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Mar. 7, 1965 - This House received President's message on housing. S. Res. 99. Print of document.

Mar. 8, 1965 - Sen. Sparkman introduced and discussed S. 1755 which was referred to the Senate Banking and Currency Committee. Print of bill and remarks of sponsor.

LEGISLATIVE HISTORY

Public Law 89-117 H. R. 7984

Mar. 8, 1965 - Rep. Pickett introduced and discussed H. R. 7984 which was referred to the House Banking and Currency Committee. Print of bill and remarks of sponsor.

Apr. 6, 1965 - Sen. Javits submitted and discussed an amendment to S. 1755.

Apr. 28, 1965 - Sen. Hart submitted and discussed an amendment to S. 1755.

May 6, 1965 - House Committee voted to report S. R. 7984.

May 6, 1965 - Rep. Pickett introduced H. R. 7984 which was referred to the House Banking and Currency Committee. Print of bill as introduced.

May 12, 1965 - Sen. Sparkman introduced and discussed S. 1755 which was referred to the Senate Banking and Currency Committee. Print of bill and remarks of sponsor.

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May 19, 1965 - House Committee voted to report H. R. 7984.

May 26, 1965 - House Committee reported H. R. 7984 without amendment. H. Res. 303. Print of bill and report.

June 15, 1965 - House Rules Committee granted an hour rule on H. R. 7984.

June 16, 1965 - House Rules Committee reported H. R. 7984 for consideration of H. R. 7984. H. Res. 303, H. Res. 304. Print of resolutions and report.

June 23, 1965 - House began debate on H. R. 7984.

Senate Banking and Currency Committee reported S. 1755 (a class bill) at about midnight. S. Res. 303. Print of bill and report.

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INDEX AND SUMMARY OF H. R. 7984

- Mar. 2, 1965 Both Houses received President's message on housing. D. Doc. 99. Print of document.
- Mar. 4, 1965 Sen. Sparkman introduced and discussed S. 1354 which was referred to the Senate Banking and Currency Committee. Print of bill and remarks of author.
- Rep. Patman introduced and discussed H. R. 5840 which was referred to the House Banking and Currency Committee. Print of bill and remarks of author.
- Apr. 6, 1965 Sen. Javits submitted and discussed an amendment to S. 1354.
- Apr. 28, 1965 Sen. Hart submitted and discussed an amendment to S. 1354.
- May 6, 1965 House subcommittee voted to report H. R. 5840.
- Rep. Patman introduced H. R. 7984 which was referred to the House Banking and Currency Committee. Print of bill as introduced.
- May 11, 1965 Sen. Douglas introduced and discussed S. 1942 which was referred to the Senate Banking and Currency Committee. Print of bill and remarks of author.
- May 19, 1965 House committee voted to report H. R. 7984.
- May 21, 1965 House committee reported H. R. 7984 without amendment. H. Report 365. Print of bill and report.
- June 15, 1965 House Rules Committee granted an open rule on H. R. 7984.
- June 16, 1965 House Rules Committee reported resolution for consideration of H. R. 7984. H. Res. 425, H. Rept. 524. Print of resolution and report.
- June 28, 1965 House began debate on H. R. 7984.
- Senate Banking and Currency Committee reported S. 2213 (a clean bill) without amendment. S. Report 378. Print of bill and report.
- June 29, 1965 House continued debate on H. R. 7984.

INDEX AND SUMMARY OF H. R. 7984

June 30, 1965 House passed H. R. 7984 with amendments.

July 6, 1965 H. R. 7984 was placed on the Senate calendar.

July 13, 1965 Senate made S. 2213 the unfinished business.
Sen. Douglas reviewed purpose and provisions of S. 2213.

July 14, 1965 Senate began debate on S. 2213.

July 15, 1965 Senate passed H. R. 7984 with amendments (in lieu of S. 2213).
S. 2213 indefinitely postponed due to passage of H. R. 7984.

July 16, 1965 Print of H. R. 7984 as passed by Senate.

July 19, 1965 Both Houses appointed conferees on H. R. 7984.

July 22, 1965 Conferees agreed to file a report.

July 23, 1965 House received the conference report on H. R. 7984. H. Report 679. Print of report.

July 26, 1965 Senate received and agreed to the conference report.

July 27, 1965 House agreed to conference report.
Sen. Williams, N. J., commended farm labor housing provision of bill.

Aug. 10, 1965 Approved: Public Law 89-117.
President's remarks when signing bill.

Aug. 11, 1965 Committee Print: Highlights of the Housing and Urban Development Act of 1965.

Hearings: Senate Banking and Currency Committee on S. 1354.

House Banking and Currency Committee on H. R. 5840, Part 1 and 2.

June 30, 1965	House passed H. R. 7981 with amendments.
July 6, 1965	H. R. 7981 was placed on the Senate calendar.
July 13, 1965	Senate made S. 2213 the unfinished business.
	Sen. Douglas reviewed purpose and provisions of S. 2213.
July 14, 1965	Senate began debate on S. 2213.
July 15, 1965	Senate passed H. R. 7981 with amendments (in lieu of S. 2213).
	S. 2213 indefinitely postponed due to passage of H. R. 7981.
July 16, 1965	Print of H. R. 7981 as passed by Senate.
July 19, 1965	Both Houses separated conference on H. R. 7981.
July 21, 1965	Conference agreed to file a report.
July 23, 1965	House received the conference report on H. R. 7981. H. Report 678. Print of report.
July 26, 1965	Senate received and agreed to the conference report.
July 27, 1965	House agreed to conference report.
	Sen. Williams, W. J., introduced Taxpayers' Housing provision of bill.
Aug. 10, 1965	Approved: Public Law 89-117.
Aug. 11, 1965	President's remarks when signing bill.
	Committee Print: Highlights of the Housing and Urban Development Act of 1965.

Executive: Senate Banking and Currency Committee on S. 1354.

House Banking and Currency Committee on H. R. 5840, Part I and S.

DIGEST OF PUBLIC LAW 89-117

HOUSING AND URBAN DEVELOPMENT ACT OF 1965.

Authorizes special provisions for disadvantaged persons, such as rent supplements; extends and expands Federal Housing Administration insurance operations; continues urban renewal programs; establishes uniform land acquisition procedures in connection with land acquired under eminent domain; extends college housing programs; authorizes grants to provide basic water facilities; and authorizes creation of open space recreation areas.

Authorizes the Farmers Home Administration to make loans to persons in any age group to buy previously occupied dwellings, farm service buildings, and adequate farm land.

Establishes a new loan program which authorizes the Secretary of Agriculture to make and to insure loans for rural home improvement. Limits total amount of loans that can be made or insured in the low- and moderate- income bracket to a total of \$300 million annually, but places no limit on the amount of loans for higher income people.

Defines a rural area for loan purposes as a place not associated with an urban area and having a population not in excess of 2,500, or a population between 2,500 and 5,500, if rural in character.

Increases from \$10 million to \$50 million the authorization for grants to provide low rent housing for domestic farm labor.

Extends authorizations for rural housing programs for four years, to Oct. 1969.

DIGEST OF PUBLIC LAW 82-117

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Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE

Washington, D. C. 20250

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OFFICE OF
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89th.-1st; No. 39

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HIGHLIGHTS: House debated Appalachia bill. House received President's message on housing and urban development. Rep. Findley inserted Lubbeck Cotton Exchange letter criticizing cotton program. Rep. Reifel commended cooperation of REA coops and private power companies in S. Dak.

HOUSE

1. APPALACHIA. Continued debate on S. 3, to provide public works and economic development programs and the planning and coordination needed to assist in development of the Appalachian region. pp. 3819-51, 3882

Rejected the following amendments:

By Rep. Cramer, 65 to 152, which would have substituted the text of H.R. 4466, to extend the proposed program to other economically depressed areas throughout the U. S. pp. 3838-45

By Rep. Cramer, 66 to 118, to strike out a provision which he stated would give the Federal Cochairman of the Appalachian Regional Commission "an absolute veto over any program and over any project. pp. 3845-7

By Rep. Baldwin, to strike out provisions authorizing the construction of access roads in the area. pp. 3848-50

By Rep. Saylor, to increase from 70 to 90 percent Federal assistance for construction of highways in the area. p. 3851

2. HOUSING. Received the President's message on housing and urban development (H. Doc. 99) (pp. ~~3812-16~~) in which he called for establishment of a Department of Housing and Urban Development; proposed a program of matching grants to local governments for building new basic community facilities with an appropriation of \$100 million for fiscal year 1966; and urged Congress "to continue, on a modified basis, the existing housing programs which have proven their ability to meet important needs." The message includes the following statement: "Nor can we forget that most of our programs are designed to help all the people, in every part of the country. We do not intend to forget or neglect those who live on the farms, in villages, and in small towns. Coordinated with the Department of Agriculture, the programs I have outlined above can do much to meet rural America's need for housing and the development of better communities."

Reps. Albert, Boggs, and others commended the message. pp. 3816-8, 3883-4

3. EDUCATION. The Education and Labor Committee voted to report (but did not actually report) H. R. 2362, to strengthen and improve educational quality and educational opportunities in elementary and secondary schools. p. D145
4. ELECTRIFICATION. Rep. Reifel commended the agreements worked out between REA cooperatives, municipal power users, and investor-owned power companies in S. Dak. recently "over the troublesome territorial integrity dispute," and inserted several items discussing the agreements. pp. 3877-8
5. COTTON. Rep. Findley inserted a letter he received from the president of the Lubbock Cotton Exchange critical of the present cotton program and stating that it "has brought about a decrease in cotton exports, an increase in Government cotton stocks and much added costs, and a reduction in the cotton farmers income." pp. 3874-5
6. APPROPRIATIONS. Received from the President proposed supplemental appropriations for pay act costs (H. Doc. 98) (p. 3890) which include proposals for this Department as shown on the attached table. This document includes proposed supplemental appropriations of \$14,578,000. Together with supplemental appropriations for pay costs previously submitted to Congress (H. Doc. 80), a total of \$24,515,000 is requested for pay costs.
Reps. Mahon, Bow, and Minshall reviewed the history and highlights of the House Appropriations Committee on the 100th anniversary of its establishment. pp. 3863-8
7. ECONOMIC STATISTICS. Rep. Curtis inserted an item by Osker Morgenstern, professor of political economy, Princeton Univ., discussing margins of error in the collection and publication of economic statistics. pp. 3875-6
8. RESEARCH. Rep. Rousch criticized the geographical distribution of Federal research and development funds among the States. p. 3852

PROBLEMS AND FUTURE OF THE CENTRAL CITY AND
ITS SUBURBS

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

RELATIVE TO

THE PROBLEMS AND FUTURE OF THE CENTRAL CITY AND ITS
SUBURBS

MARCH 2, 1965.—Referred to the Committee of the Whole House on the State
of the Union and ordered to be printed

To the Congress of the United States:

Throughout man's history, the city¹ has been at the center of civilization. It is at the center of our own society.

Over 70 percent of our population—135 million Americans—live in urban areas. A half century from now 320 million of our 400 million Americans will live in such areas. And our largest cities will receive the greatest impact of growth.

Numbers alone do not make this an urban nation. Finance and culture, commerce and government make their home in the city and draw their vitality from it. Within the borders of our urban centers can be found the most impressive achievements of man's skill and the highest expressions of man's spirit, as well as the worst examples of degradation and cruelty and misery to be found in modern America.

The city is not an assembly of shops and buildings. It is not a collection of goods and services. It is a community for the enrichment of the life of man. It is a place for the satisfaction of man's most urgent needs and his highest aspirations. It is an instrument for the advance of civilization. Our task is to put the highest concerns of our people at the center of urban growth and activity. It is to create and

¹ In this message the word "city" is used to mean the entire urban area—the central city and its suburbs.

preserve the sense of community with others which gives us significance and security, a sense of belonging and of sharing in the common life.

Aristotle said: "Men come together in cities in order to live. They remain together in order to live the good life."

The modern city can be the most ruthless enemy of the good life, or it can be its servant. The choice is up to this generation of Americans. For this is truly the time of decision for the American city.

* * *

In our time, two giant and dangerous forces are converging on our cities: the forces of growth and of decay.

Between today and the year 2000, more than 80 percent of our population increase will occur in urban areas. During the next 15 years, 30 million people will be added to our cities—equivalent to the combined population of New York, Chicago, Los Angeles, Philadelphia, Detroit, and Baltimore. Each year, in the coming generation, we will add the equivalent of 15 cities of 200,000 each.

Already old cities are tending to combine into huge clusters. The strip of land from southern New Hampshire to northern Virginia contains 21 percent of America's population in 1.8 percent of its areas. Along the west coast, the Great Lakes, and the Gulf of Mexico, other urban giants are merging and growing.

Our new city dwellers will need homes and schools and public services. By 1975 we will need over 2 million new homes a year. We will need schools for 10 million additional children, welfare and health facilities for 5 million more people over the age of 60, transportation facilities for the daily movement of 200 million people and more than 80 million automobiles.

In the remainder of this century—in less than 40 years—urban population will double, city land will double, and we will have to build in our cities as much as all that we have built since the first colonist arrived on these shores. It is as if we had 40 years to rebuild the entire urban United States.

Yet these new overwhelming pressures are being visited upon cities already in distress. We have over 9 million homes, most of them in cities, which are run down or deteriorating; over 4 million do not have running water or even plumbing. Many of our central cities are in need of major surgery to overcome decay. New suburban sprawl reaches out into the countryside, as the process of urbanization consumes a million acres a year. The old, the poor, the discriminated against are increasingly concentrated in central city ghettos; while others move to the suburbs leaving the central city to battle against immense odds.

Physical decay, from obsolescent schools to polluted water and air, helps breed social decay. It casts a pall of ugliness and despair on the spirits of the people. And this is reflected in rising crime rates, school dropouts, delinquency, and social disorganization.

Our cities are making a valiant effort to combat the mounting dangers to the good life. Between 1954 and 1963 per capita municipal tax revenues increased by 43 percent, and local government indebtedness increased by 119 percent. City officials with inadequate resources, limited authority, too few trained people, and often with too little public support, have, in many cases, waged a heroic battle to improve the life of the people they serve.

But we must do far more as a nation if we are to deal effectively with one of the most critical domestic problems of the United States.

Let us be clear about the core of this problem. The problem is people and the quality of the lives they lead. We want to build not just housing units, but neighborhoods; not just to construct schools, but to educate children; not just to raise income, but to create beauty and end the poisoning of our environment. We must extend the range of choices available to all our people so that all, and not just the fortunate, can have access to decent homes and schools, to recreation, and to culture. We must work to overcome the forces which divide our people and erode the vitality which comes from the partnership of those with diverse incomes and interests and backgrounds.

The problems of the city are problems of housing and education. They involve increasing employment and ending poverty. They call for beauty and nature, recreation, and an end to racial discrimination. They are, in large measure, the problems of American society itself. They call for a generosity of vision, a breadth of approach, a magnitude of effort which we have not yet brought to bear on the American city.

Whatever the scale of its programs, the Federal Government will only be able to do a small part of what is required. The vast bulk of resources and energy, of talent and toil, will have to come from State and local governments, private interests, and individual citizens. But the Federal Government does have a responsibility. It must help to meet the most urgent national needs; in housing, in education, in health, and in many other areas. It must also be sure that its efforts serve as a catalyst and as a lever to help and guide State and local governments toward meeting their problems.

We must also recognize that this message, and the program it proposes, does not fully meet the problems of the city. In part, this is because many other programs, such as those for education and health, are dealt with separately. But it is also because we do not have all the answers. In the last few years there has been an enormous growth of interest and knowledge and intellectual ferment. We need more thought and wisdom and knowledge as we painfully struggle to identify the ills, the dangers, and the cures for the American city. We need to reshape, at every level of government, our approach to problems which are often different than we thought and larger than we had imagined.

I want to begin that process today.

We begin with the awareness that the city, possessed of its own inexorable vitality, has ignored the classic jurisdictions of municipalities and counties and States. That organic unit we call the city spreads across the countryside, enveloping towns, building vast new suburbs destroying trees and streams. Access to suburbs has changed the character of the central city. The jobs and income of suburbanites may depend upon the opportunities for work and learning offered by the central city. Polluted air and water do not respect the jurisdictions of mayors and city councils, or even of Governors. Wealthy suburbs often form an enclave whereby the well-to-do and the talented can escape from the problems of their neighbors, thus impoverishing the ability of the city to deal with its problems.

The interests and needs of many of the communities which make up the modern city often seem to be in conflict. But they all have an overriding interest in improving the quality of life of their people.

And they have an overriding interest in enriching the quality of American civilization. These interests will only be served by looking at the metropolitan area as a whole, and planning and working for its development.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

To give greater force and effectiveness to our effort in the cities *I ask the Congress to establish a Department of Housing and Urban Development.*

Our urban problems are of a scope and magnitude that demand representation at the highest level of government. The Housing and Home Finance Agency was created two decades ago. It has taken on many new programs. Others are proposed in this message. Much of our hopes for American progress will depend on the effectiveness with which these programs are carried forward. These problems are already in the front rank of national concern and interest. They deserve to be in the front rank of government as well.

The new Department will consist of all the present programs of HHFA. In addition it will be primarily responsible for Federal participation in metropolitan area thinking and planning. This new department will provide a focal point for thought and innovation and imagination about the problems of our cities. It will cooperate with other Federal agencies, including those responsible for programs providing essential education, health, employment, and social services. And it will work to strengthen the constructive relationships between Nation, State, and city—the creative federalism—which is essential to progress. This partnership will demand the leadership of mayors, Governors, and State legislatures.

INCENTIVES TO METROPOLITAN AREA COOPERATION

The Federal Government cannot, and should not, require the communities which make up a metropolitan area to cooperate against their wills in the solution of their problems. But we can offer incentives to metropolitan area planning and cooperation. We can help those who want to make the effort but lack the trained personnel and other necessary resources. And the new Department should have regional representatives in our metropolitan areas to assist, where assistance is requested, in the development of metropolitan area plans.

We already have Federal programs in which assistance depends upon the completion of soundly conceived metropolitan area plans, such as the mass transportation program passed by the 88th Congress. This program strikes at the heart of one of our most critical and urgent needs—a transportation system which can relieve congestion and make it possible for people to travel with comparative ease to places of work, learning, and pleasure.

I am proposing other programs which will also require sound, long-range development programs as a condition of Federal assistance. Wherever it can be done without leaving vital needs unmet, existing programs will also be keyed to planning requirements.

Among the most vital needs of our metropolitan areas is the requirement for basic community facilities—for water and sewerage. Many existing systems are obsolete or need major rehabilitation. And population growth will require a vastly increased effort in years ahead.

These basic facilities, by their very nature, require cooperation among adjacent communities. *I propose a program of matching grants to local governments for building new basic community facilities with an appropriation of \$100 million for fiscal 1966.* These grants will be contingent upon comprehensive, areawide planning for future growth; and will be made only for projects consistent with such planning.

One of the greatest handicaps to sound programs for future needs is the difficulty of obtaining desirable land for public buildings and other facilities. As growth is foreseen it should be possible to acquire land in advance of its actual use. Thus, when the need arises, the land will be there. *I recommend a Federal program for financial assistance to help in this advance acquisition of land.* Federal grants would be made available to cover the interest charges for 5 years on loans obtained by public bodies. Thus we will cover the costs during the period before the facilities are constructed.

Last year alone 1 million acres were urbanized. As our cities spread, far too often we create the ugliness and waste which we call urban sprawl. At times we find we have built new slum areas in our suburbs. Some of our programs are designed to stem this tide by helping city governments to plan their growth. But we must continue to depend upon the private developer and lender for most of our construction. And they sometimes lack the economic resources to insure high standards of development. *I therefore recommend a program of federally insured private loans, backed by Federal mortgage purchases where necessary, to finance the acquisition and development of land for entire new communities and planned subdivisions.*

This program should enable us to help build better suburbs. And it will also make it easier to finance the construction of brandnew communities on the rim of the city. Often such communities can help break the pattern of central city ghettos by providing low- and moderate-income housing in suburban areas.

This program will be complemented with a program of Federal financial assistance to State land development agencies. Under this program public bodies would acquire land, install basic facilities, and then resell the improved land to private builders for the construction of suburbs or new communities.

All of these programs would be dependent upon the existence of areawide planning for growth to which the aided developments must conform. They are designed to stimulate the farsighted planning for future growth which is necessary if we are to prevent sprawl and new slums, and to create standards which will guarantee a decent environment for our future city dwellers, whatever their race or income. In addition, these programs should enable us to build better suburbs; since it will be possible to acquire land and improve it before the imminent approach of the city has sent costs skyrocketing upward.

RESOURCES FOR PLANNING

To plan for the growth and development of an entire metropolitan area takes a wide range of skills and a large number of trained people. These vital human resources are in short supply. They are beyond the command of many of our cities. To help meet this need *I propose to establish an Institute of Urban Development as part of the new Department.*

This Institute will help support training of local officials in a wide range of administrative and program skills. It will administer grants to States and cities for studies and the other basic work which are the foundation of long-term programs. And it will support research aimed especially at reducing the costs of building and home construction through the development of new technology.

TEMPORARY NATIONAL COMMISSION

Good planning for our metropolitan areas will take not only determination, the spirit of cooperation and added resources. It will also take knowledge, more knowledge than we have now. *We need to study the structure of building codes across the country*, their impact on housing costs, how building codes can be simplified and made more uniform, and how housing codes might be more effectively enforced to help eliminate slums.

Zoning regulations also affect both the cost and pattern of development. We must better learn how zoning can be made consistent with sound urban development.

Few factors have greater impact on cost, on land speculation, and on the ability of private enterprise to respond to the public interest, than *local and Federal tax policies*. These, too, must be examined to determine how they can best serve the public interest.

Finally, *we must begin to develop better and more realistic standards for suburban development*. Even where local authorities wish to prevent sprawl and blight, to preserve natural beauty, and insure decent, durable housing they find it difficult to know what standards should be expected of private builders. We must examine what kind of standards are both economically feasible and will provide livable suburbs.

To examine all these problems *I recommend the establishment of a Temporary National Commission on Codes, Zoning, Taxation, and Development Standards*. I predict that the body masked by such an unwieldy name may emerge with ideas and instruments for a revolutionary improvement in the quality of the American city.

This entire range of programs is designed to help us begin to think and act across historic boundaries to enrich the life of the people of our metropolitan areas. We do not believe such planning is a cure-all or a panacea. It can sometimes be a slender reed. It must be flexible and open to change, and we cannot wait for completed plans before trying to meet urgent needs in many areas. But it will teach us to think on a scale as large as the problem itself and act to prepare for the future as well as to repair the past.

I hope that, as time goes by, more and more of our Federal programs can be brought into harmony with metropolitan area programs. For in this approach lies one of our brightest hopes for the effective use of local, as well as Federal, resources in improving the American city.

THE PHYSICAL ENVIRONMENT

We owe the quality of American housing to the initiative and vitality of our private housing industry. It has provided the homes which have made most of our citizens the best housed people in the world. Our Federal housing programs are designed to work in support of

private effort and to meet the critical needs which can only be met through government action.

After World War II we worked to revitalize the housing market and provide homes for a growing number of our people. This effort has been successful far beyond our initial hopes. However, the problem now has a different shape. It is not enough simply to build more and more units of housing. We must build neighborhoods and communities. This means combining construction with social services and community facilities. It means to build so that people can live in attractive surroundings sharing a strong sense of community.

To meet new objectives we must work to redirect, modernize, and streamline our housing programs. I will ask the Congress to begin the process this year, while continuing those programs which are providing necessary assistance.

We hope to achieve a large increase of homes for low- and moderate-income families—those in greatest need of assistance—through an array of old and new instruments designed to work together toward a single goal—

To insist on stricter enforcement of housing codes by communities receiving Federal aid, thus mounting an intensified attack on slums.

But such insistence is not realistic, and often not desirable, unless we can provide realistic alternatives to slum housing. We will do this by—

providing rent supplements for families across a wide range of lower and moderate income brackets so they can afford decent housing.

providing rent supplement assistance to those forced out of their homes by code enforcement and all forms of federally assisted government action, from highways to urban renewal.

using both urban renewal funds and public housing funds to rehabilitate existing housing and make it available to low- and moderate-income families. There is no reason to tear down and rebuild if existing housing can be improved and made desirable.

emphasizing residential construction and rehabilitation on a neighborhoodwide scale in the urban renewal program.

These instruments, combined with existing public housing and direct loan programs, will greatly strengthen our existing effort. They should offer direct assistance to the housing of 1 million families over the next 4 years. Moreover they will immensely add to our flexibility in the process of building neighborhoods.

RENT SUPPLEMENTS

The most crucial new instrument in our effort to improve the American city is the rent supplement.

Up to now Government programs for low- and moderate-income families have concentrated on either direct financing of construction; or on making below-the-market-rate loans to private builders. We now propose to add to these programs through direct payment of a portion of the rent of needy individuals and families.

The homes themselves will be built by private builders, with Federal Housing Administration insurance, and, where necessary, mortgage purchases by the Federal National Mortgage Association. The major Federal assistance will be the rent supplement payment for each eligible family.

This approach has immense potential advantages over low-interest loan programs:

First, its flexibility will allow us to help people across a much broader range of income than has hitherto been possible. And it will therefore make it possible significantly to increase the supply of housing available to those of moderate income.

Second, the payment can be keyed to the income of the family. Those with lower incomes will receive a greater supplement. Under present direct loan programs the amount of the subsidy is the same for all who live in a federally assisted development regardless of individual need.

Third, the amount of assistance can be reduced as family income rises. It can be ended completely when income reaches an adequate level. Thus we will not end up, as is sometimes the case, helping those who no longer need help.

Fourth, it will be unnecessary to evict from their homes those whose income has risen above the point of need. This will eliminate what is often a great personal hardship.

Fifth, since the supplement is flexible it will permit us to encourage housing in which families of different incomes, and in different age groups, can live together. It will make it unnecessary for the Government to assist and even require the segregation by income level which detracts from the variety and quality of urban life.

In the long run this may prove the most effective instrument of our new housing policy. In order to give it a fair chance we are limiting it to carefully designed categories of need—

in a program of rental and cooperative housing for those low and moderate income families displaced by Government action or now living in substandard housing. The subsidy will help them pay rent or meet payments on a federally insured mortgage.

in a program of homeownership for those displaced or living in substandard housing who display a capacity for increasing income and eventually owning their own home.

in a program to provide a broader range of housing for the elderly with inadequate incomes. The existing direct loan program for the elderly will continue at its existing level with the funds already provided by the Congress. I intend to insure a steadily increasing supply of federally assisted housing for older Americans.

On this basis our rent supplement program should finance more than 500,000 homes over the next 4 years, while improving our ability to make these homes serve the social needs of those who live in them. If it works as well as we expect, it should be possible to phase out most of our existing programs of low-interest loans.

REHABILITATION

We have concentrated almost all our past effort on building new units, when it is often possible to improve, rebuild, and rehabilitate existing homes with less cost and less human dislocation. Even some areas now classed as slums can be made decent places to live with intensive rehabilitation. In this way it may often be possible to meet our housing objectives without tearing people away from their familiar neighborhoods and friends. Sometimes the same objective can be achieved by helping local authorities to lease standard homes for low-rent families.

I recommend a change in the public housing formula so that we can more readily use public housing funds to acquire and rehabilitate existing dwellings—and to permit local authorities to lease standard housing for low-rent families. This will assist particularly in providing housing for large families.

I recommend the use of urban renewal funds to permit low-income homeowners to repair their homes and nonprofit sponsors to rehabilitate and operate homes for low-income families at rents they can afford.

I have recommended the appropriation of funds for low-interest rehabilitation loans under urban renewal, designed to help rescue our existing housing from blight and decay.

EXISTING PROGRAMS

I ask Congress to continue, on a modified basis, the existing housing programs which have proven their ability to meet important needs. But I also wish to state my intention to reduce or eliminate these programs whenever new and more flexible instruments have shown they can do a better job.

The public housing program should be continued with an authorization ample enough to permit an increase in the number of new units as well as to conduct a program of rehabilitation.

I ask the continuation, at the rate of 40,000 additional units for fiscal 1966, of the program of below-market interest rate mortgage purchases for housing for moderate income families. At the same time we must recognize that the benefits of this program are decreasing as the rising costs of Federal borrowing narrows the difference between the interest we ask and that demanded in the private market.

I urge continued support for our college housing program which is struggling to keep up with the needs of a rising volume of students.

I ask that our urban renewal program be increased to a level of \$750 million a year by 1968. This program has done much to help our cities. But we have also learned, through hard experience, that there is more to eliminating slums and building neighborhoods than knocking down old buildings and putting up new ones.

Through using funds for rebuilding existing housing and by providing more and better assistance to families forced out by urban renewal, we can make this program better serve the people it is meant to help. We will continue to use urban renewal to help revitalize the business and industrial districts which are the economic base of the central city. *But this program should be more and more concentrated on the development of residential areas so that all our tools—from the poverty program, to education and construction—can be used together to create meaningful and livable communities within the city.*

To accomplish this purpose cities must develop long-range programs which take into account human as well as construction needs. Therefore *I recommend that every city of 50,000 or larger develop a community renewal program as a condition of Federal help for urban renewal.* These programs will provide an orderly schedule and pattern for development of areas of blight and decay—combining social and educational services with the planning of physical construction.

NEIGHBORHOOD FACILITIES

A community must offer added dimensions to the possibilities of daily life. It must meet the individual's most pressing needs and provide places for recreation and for meeting with neighbors. *I therefore recommend a new program of matching grants to help local governments build multipurpose neighborhood centers for health and recreation and community activity.* Related to our housing programs these centers can help urban renewal and public housing meet the goal of creating a meaningful community.

At the same time these centers must not be isolated expressions of interest. They should be part of an overall program for improving the life of people in disadvantaged areas. Therefore, I am recommending that in cities participating in the war against poverty these grants be made only when they are consistent with an approved community action program.

BEAUTIFYING THE CITY

In my message on natural beauty I pointed out that much of the effort of the new conservation would be directed toward the city. *I recommend changes in the open space program, broadening its authority to help local governments acquire and clear areas to create small parks and squares, malls, and playgrounds. In addition I recommend special grants to cities for landscaping, the planting of trees, the improvement of city parks, and other measures to bring beauty and nature to the city dweller.*

But beauty is not simply a matter of trees and parks. The attractiveness of our cities depends upon the design and architecture of buildings and blocks and entire urban neighborhoods. I intend to take further steps to insure that Federal construction does not contribute to drab and ugly architecture. But in this field, as in so many others, most of our hopes rest on the concern and work of local governments and private citizens.

CONCLUSION

This message can only deal with a fragment of the effort increasingly directed toward improving the quality of life in the American city. The creation of jobs, the war against poverty, support for education and health, programs for natural beauty and antipollution are all part of an effort to build the great cities which are at the foundation of our hopes for a Great Society.

Nor can we forget that most of our programs are designed to help all the people, in every part of the country. We do not intend to forget or neglect those who live on the farms, in villages, and in small towns. Coordinated with the Department of Agriculture, the programs I have outlined above can do much to meet rural America's need for housing and the development of better communities.

Many of these programs are intended to help the poor and those stripped of opportunity. But our goal is more ambitious than that. It is nothing less than to improve the quality of life for every American. In this quest the future of the American city will play the most vital role. There are a few whose affluence enables them to move through the city guarded and masked from the realities of the life around them.

But they are few indeed. For the rest of us the quality and condition of our lives is inexorably fixed by the nature of the community in which we live. Slums and ugliness, crime and congestion, growth and decay inevitably touch the life of all. Those who would like to enjoy the lovely parks of some of our great cities soon realize that neither wealth nor position fully protects them against the failures of society. Even among strangers, we are neighbors.

We are still only groping toward solution. The next decade should be a time of experimentation. Our cities will not settle into a drab uniformity directed from a single center. Each will choose its own course of development—whether it is to unite communities or build entirely new metropolitan areas. We will seek new ways to structure our suburbs and our transportation; new techniques for introducing beauty and improving homes. This is an effort which must command the most talented and trained of our people, and call upon administrators and officials to act with generosity of vision and spaciousness of imagination.

I believe today's proposals are an important start along that road. They should help us to look upon the city as it really is: a vast and myriad complex of homes and communities, people and their needs, hopes and frustrations. It can liberate the expectations of men, or it can crush them in body and spirit.

For underneath all the rest, at the very bottom of all we do, is the effort to protect, under the conditions of the modern world, values as old as this Nation and the civilization from which it comes. We work in our cities to satisfy our needs for shelter and work and the ability to command a satisfying way of life. We wish to create a city where men and women can feed the hunger of the spirit for beauty and have access to the best of man's work; where education and the richness of diversity expands our horizons and extends our expectations. But we also look for something more.

The American city should be a collection of communities where every member has a right to belong. It should be a place where every man feels safe on his streets and in the house of his friends. It should be a place where each individual's dignity and self-respect is strengthened by the respect and affection of his neighbors. It should be a place where each of us can find the satisfaction and warmth which comes only from being a member of the community of man. This is what man sought at the dawn of civilization. It is what we seek today.

LYNDON B. JOHNSON.

THE WHITE HOUSE, *March 2, 1965.*



59TH CONGRESS

H. R. 5840

IN THE HOUSE OF REPRESENTATIVES

A BILL

To assist in the provision of housing for low- and moderate-

89TH CONGRESS
1ST SESSION

H. R. 5840

IN THE HOUSE OF REPRESENTATIVES

MARCH 4, 1965

Mr. PATMAN introduced the following bill; which was referred to the Committee on Banking and Currency

A BILL

To assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*
- 3 That this Act may be cited as the "Housing and Urban
- 4 Development Act of 1965".

1 TITLE I—SPECIAL PROVISIONS FOR DIS-
2 ADVANTAGED PERSONS
3 FINANCIAL ASSISTANCE TO ENABLE CERTAIN PRIVATE
4 HOUSING TO BE AVAILABLE FOR LOWER INCOME FAM-
5 ILIES WHO ARE ELDERLY, HANDICAPPED, DISPLACED,
6 OR OCCUPANTS OF SUBSTANDARD HOUSING

7 SEC. 101. (a) AUTHORITY TO MAKE PAYMENTS.—
8 The Housing and Home Finance Administrator (herein-
9 after referred to as the “Administrator”) is hereby author-
10 ized to make, and contract to make, annual payments to a
11 “housing owner” on behalf of “qualified tenants”, as those
12 terms are defined herein, in such maximum amounts and
13 under such circumstances as are prescribed in, or pursuant
14 to, this section. In no case shall a contract provide for
15 such payments with respect to any housing for a period
16 exceeding forty years. The aggregate amount of the con-
17 tracts to make such payments shall not exceed amounts ap-
18 proved in appropriation Acts and shall not exceed \$50,000,-
19 000 per annum prior to July 1, 1966, which maximum
20 dollar amount shall be increased by \$50,000,000 on July 1
21 in each of the years 1966, 1967, and 1968.

22 (b) HOUSING OWNER.—As used herein, a “housing
23 owner” shall mean a private nonprofit corporation or other
24 entity, a limited dividend corporation or other entity, or a
25 cooperative mortgagor under section 221(d)(3) of the

1 National Housing Act which, since the enactment of this
2 Act, has been approved for mortgage insurance thereunder
3 and has been approved for receiving the benefits of this
4 section: *Provided*, That no housing owner receiving pay-
5 ments under this section may receive the benefits of the inter-
6 est rate provided for in the proviso in clause (5) of section
7 221 (d) of that Act.

8 (c) QUALIFIED TENANT.—As used in this section, a
9 “qualified tenant” means any individual or family who has,
10 pursuant to criteria and procedures established by the Ad-
11 ministrator, been determined—

12 (1) to have an income below the amount required
13 to obtain standard privately owned housing in the area
14 that is conventionally financed or that is financed with
15 a market interest rate mortgage insured under said
16 section 221 (d) (3), but above the amount which would
17 be necessary for low-income families generally to obtain
18 admission to public housing dwellings, in the same or a
19 similar area, of a size comparable to the dwelling of the
20 housing owner which is occupied, or to be occupied,
21 by the qualified tenant; and

22 (2) to be one of the following—

23 (A) displaced by governmental action;

24 (B) sixty-two years of age or older in the case
25 of an individual or, in the case of a family, to have a

1 head who is, or whose spouse is, sixty-two years of
2 age or over;

3 (C) physically handicapped; or

4 (D) occupying substandard housing.

5 (d) AMOUNT OF PAYMENT.—The amount of the annual
6 payment with respect to any dwelling unit shall not exceed
7 (1) the amount by which the fair market rental for such
8 unit exceeds one-fifth (or one-fourth in the case of a unit to
9 be rented under a lease with an option to purchase the unit
10 or a cooperative ownership interest therein) of the tenant's
11 income as determined by the Administrator pursuant to pro-
12 cedures and regulations established by him, nor (2) the
13 estimated amount of subsidy contracted for under the United
14 States Housing Act of 1937 with respect to a dwelling unit
15 of comparable size and type in the same or a comparable
16 locality.

17 (e) CRITERIA AND PROCEDURES RELATING TO TENANT
18 ELIGIBILITY, RENTAL CHARGES AND ANNUAL PAY-
19 MENTS.—(1) For purposes of carrying out the provisions of
20 this section, the Administrator shall establish criteria and
21 procedures for determining the eligibility of occupants and
22 rental charges, including criteria and procedures with respect
23 to periodic review of tenant incomes and periodic adjustment
24 of rental charges. The Administrator shall issue, upon the
25 request of a housing owner, certificates as to the following

1 facts concerning the individuals and families applying for
2 admission to, or residing in, dwellings of such owner:

3 (A) the income of the individual or family; and

4 (B) whether the individual or family was displaced
5 by governmental action, is elderly, is physically handi-
6 capped, or is occupying substandard housing.

7 (2) Procedures adopted by the Administrator hereunder
8 shall provide for recertifications of the incomes of occupants,
9 except the elderly, at intervals of two years (or at shorter
10 intervals in cases where the Administrator may deem it
11 desirable) for the purpose of adjusting rental charges and
12 annual payments on the basis of occupants' incomes, but in
13 no event shall rental charges adjusted under this section for
14 any dwelling exceed the fair market rental of the dwelling.

15 (3) The Administrator may enter into agreements, or
16 authorize housing owners to enter into agreements, with
17 public or private agencies for services required in the selec-
18 tion of qualified tenants, including those who may be ap-
19 proved, on the basis of the probability of future increases
20 in their incomes, as lessees under an option to purchase
21 dwellings or cooperative ownership interests therein, and
22 in the establishment of rentals. The Administrator is
23 hereby authorized (without limiting his authority under
24 any other provision of law) to delegate to any such public

1 or private agency his authority to issue certificates pursuant
2 to this subsection.

3 (f) WAIVER OF WORKABLE PROGRAM.—Section
4 101 (c) of the Housing Act of 1949 is amended by inserting
5 “(i)” after the phrase “a mortgage under” in the first
6 proviso thereof and by inserting immediately prior to the
7 colon at the end of the first proviso: “, or (ii) section
8 221 (d) (3) of the National Housing Act if payments with
9 respect to the mortgaged property are paid or to be paid
10 under section 101 of the Housing and Urban Development
11 Act of 1965, except that no such mortgage shall be in-
12 sured, and no commitment to insure such a mortgage shall
13 be issued, with respect to property in any community for
14 which a workable program for community improvement
15 was required and in effect at the time a contract for a loan
16 or capital grant was entered into under this title, or a con-
17 tract for annual contributions or capital grants was entered
18 into pursuant to the United States Housing Act of 1937,
19 unless there is a workable program for community improve-
20 ment which meets the requirements of this subsection in
21 effect in such community at the time of such insurance or
22 commitment”.

23 (g) REGULATIONS.—The Administrator is authorized
24 to make such rules and regulations, to enter into such agree-
25 ments, and to adopt such procedures as he may deem neces-

1 sary or desirable to carry out the provisions of this section.
2 Nothing contained in this section shall affect the authority
3 of the Federal Housing Commissioner with respect to any
4 housing assisted under this section and under section 221 (d)
5 (3) of the National Housing Act, including his authority to
6 prescribe occupancy requirements under other provisions of
7 law or to determine the portion of any such housing which
8 may be occupied by qualified tenants.

9 (h) APPROPRIATIONS.—There are hereby authorized to
10 be appropriated such sums as may be necessary to carry out
11 the provisions of this section, including, but not limited to,
12 such sums as may be necessary to make annual payments,
13 pay for services provided under (or pursuant to agreements
14 entered into under) subsection (e), and provide administra-
15 tive expenses.

16 (i) CONFORMING AMENDMENT.—Section 114 (c) (2)
17 of the Housing Act of 1949 is amended by inserting before
18 the colon at the end of the first proviso the following:
19 “, or a dwelling unit assisted under section 101 of the Hous-
20 ing and Urban Development Act of 1965”.

21 EXTENSION OF FHA SECTION 221 PROGRAMS

22 SEC. 102. The fifth sentence of section 221 (f) of the
23 National Housing Act is amended by striking out “subsec-
24 tion (d) (2) or (d) (4) after September 30, 1965, or under

1 subsection (d) (3) after September 30, 1965,” and inserting
2 in lieu thereof “this section after October 1, 1969,”.

3 REHABILITATION GRANTS TO HOMEOWNERS IN URBAN
4 RENEWAL AREAS

5 SEC. 103. (a) Title I of the Housing Act of 1949 is
6 amended by adding at the end thereof the following new
7 section:

8 “REHABILITATION GRANTS

9 “SEC. 115. (a) Notwithstanding any other provision
10 of this title, the Administrator may authorize a local public
11 agency to make grants (and the urban renewal project may
12 include the making of such grants) as prescribed in this sec-
13 tion. Any such grant may be made only to an individual or
14 family, as described in subsection (b), who owns and oc-
15 cupies a structure in the urban renewal area and for the pur-
16 pose of covering the cost of repairs and improvements
17 necessary to make such structure conform to public standards
18 for decent, safe, and sanitary housing as required by applica-
19 ble codes or other requirements of the urban renewal plan
20 for the area. Any contract for financial assistance under this
21 title shall provide that the capital grant otherwise payable
22 for the project shall be increased by an amount equal to the
23 total amount of such grants and that no part of the total
24 amount of such grants shall be required to be contributed as
25 part of the local grant-in-aid.

1 “(b) A grant authorized by this section may be made
 2 to an individual or family whose income does not exceed
 3 \$2,000 a year, and such grant may be in an amount which
 4 does not exceed the lesser of (1) the actual (and approved)
 5 cost of the repairs and improvements, or (2) \$1,000. In
 6 case the income of the individual or family exceeds \$2,000 a
 7 year, a grant may be made under this section, subject to the
 8 limitations specified in clauses (1) and (2) of the preceding
 9 sentence, in an amount not to exceed that portion of the cost
 10 of such repairs and improvements as cannot be paid for with
 11 any available loan which can be amortized as part of such
 12 individual's or family's monthly housing expense without
 13 requiring such monthly housing expense to exceed 25 per
 14 centum of such individual's or family's monthly income.”.

15 (b) Any contract with a local public agency which was
 16 executed under title I of the Housing of 1949 before the date
 17 of enactment of this Act may be amended to provide for
 18 grants authorized by section 115 of the Housing Act of
 19 1949.

20 PARITY OF TREATMENT FOR THE HANDICAPPED AND
 21 ELDERLY IN PUBLIC HOUSING

22 SEC. 104. Section 2 (2) of the United States Housing
 23 Act of 1937 is amended to read as follows:

24 “(2) The term ‘families of low income’ means families

1 (including elderly and displaced families) who are in the
 2 lowest income group and who cannot afford to pay enough
 3 to cause private enterprise in their locality or metropolitan
 4 area to build an adequate supply of decent, safe, and sanitary
 5 dwellings for their use. The term 'families' includes families
 6 consisting of a single person in the case of elderly families
 7 and displaced families, and includes the remaining member
 8 of a tenant family. The term 'elderly families' means families
 9 whose heads (or their spouses) , or whose sole members, have
 10 attained the age at which an individual may elect to receive
 11 an old-age benefit under title II of the Social Security Act,
 12 or who are under a disability as defined in section 223 of that
 13 Act, or who are handicapped within the meaning of section
 14 202 of the Housing Act of 1959. The term 'displaced fami-
 15 lies' means families displaced by urban renewal or other
 16 governmental action."

17 RELOCATION PAYMENTS UNDER URBAN MASS

18 TRANSPORTATION ACT

19 SEC. 105. Section 7 (b) of the Urban Mass Transporta-
 20 tion Act of 1964 is amended by striking out all that follows
 21 the second sentence and inserting in lieu thereof the follow-
 22 ing: "The term 'relocation payments' means payments by the
 23 applicant which are (1) made to an individual, family, busi-
 24 ness concern, or nonprofit organization displaced by a project
 25 on or after March 4, 1965, (2) not otherwise authorized

1 under any Federal law, and (3) made only on such terms
 2 and conditions and subject to such limitations (as applicable,
 3 but not including the date of displacement) as are provided
 4 for relocation payments, at the time such payment is ap-
 5 proved, by sections 114 (b) and (c) of the Housing Act of
 6 1949. Relocation payments authorized by this subsection
 7 shall be made subject to such rules and regulations as may
 8 be prescribed by the Administrator.”

9 TITLE II—FHA INSURANCE OPERATIONS

10 LAND DEVELOPMENT

11 SEC. 201. (a) The National Housing Act is amended
 12 by adding at the end thereof the following new title:

13 “TITLE X—MORTGAGE INSURANCE FOR LAND 14 DEVELOPMENT

15 “PURPOSE

16 “SEC. 1001. The purpose of this title is to provide appro-
 17 priate credit assistance in order that private enterprise may
 18 better serve the needs of a rapidly expanding urban popula-
 19 tion by means of additional well-planned and adequately
 20 improved sites for the development of desirable residential
 21 neighborhoods, subdivisions, and sound communities.

22 “DEFINITIONS

23 “SEC. 1002. As used in this title—

24 “(a) the term ‘mortgage’ means a lien or liens on
 25 real estate in fee simple, or on a leasehold (1) under a

1 lease for not less than ninety-nine years which is renew-
2 able or (2) under a lease having a period of not less
3 than fifty years to run from the date the mortgage was
4 executed;

5 “(b) the term ‘first mortgage’ includes such classes
6 of first liens as are commonly given to secure advances
7 (including but not limited to advances during con-
8 struction) on, or the unpaid purchase price of, real
9 estate under the laws of the State in which the real
10 estate is located, together with the credit instrument
11 or instruments, if any, secured hereby, and may be in the
12 form of trust mortgages or mortgage indentures or
13 deeds of trusts securing notes, bonds, or other credit
14 instruments;

15 “(c) the terms ‘mortgagee’, ‘mortgagor’, and ‘State’
16 shall have the same meaning as in section 207 of this
17 Act;

18 “(d) the term ‘improvements’ means water lines
19 and water supply installations, sewer lines and sewage
20 disposal installations, roads, streets, curbs, gutters, side-
21 walks, storm drainage facilities, and other installations
22 or work, whether on or off the site, which the Commis-
23 sioner deems necessary or desirable to prepare land
24 primarily for residential and related uses or to provide
25 facilities for public or common use. These facilities shall

1 include only such buildings as are needed in connection
2 with water supply or sewage disposal installations and
3 such buildings, other than schools, as the Commissioner
4 considers appropriate, which are to be owned and main-
5 tained jointly by the property owners; and

6 “(e) the term ‘land development’ means the process
7 of making, installing, or constructing improvements.

8 “BASIC CONDITIONS FOR INSURANCE

9 “SEC. 1003. The Commissioner is authorized (1) to
10 insure, upon such terms and conditions as he may prescribe,
11 any first mortgage (including advances on such mortgage) in
12 accordance with the provisions of this title and (2) to make
13 a commitment for the insurance of such mortgage prior to
14 the date of execution of such mortgage or prior to the date
15 of disbursement of the mortgage proceeds. No mortgage
16 shall be insured under this title after October 1, 1969, except
17 pursuant to a commitment to insure issued before such date.

18 “SEC. 1004. The mortgage shall—

19 “(a) be executed by a mortgagor, other than a
20 public body, approved by the Commissioner;

21 “(b) be made to and held by a mortgagee approved
22 by the Commissioner;

23 “(c) cover the land to be developed and the im-
24 provements made with the assistance of the mortgage

1 insurance, except facilities intended for public use and in
2 public ownership.

3 “SEC. 1005. The principal obligation of the mortgage
4 shall (1) not exceed 75 per centum of the Commissioner’s
5 estimate of the value of the property upon completion of
6 the land development, and (2) not exceed the sum of 50
7 per centum of the Commissioner’s estimate of the value of
8 the land before development and 90 per centum of his
9 estimate of the cost of such development. The outstanding
10 principal obligations of mortgages involving a single land
11 development undertaking, as defined by the Commissioner,
12 shall at no time exceed \$25,000,000.

13 “SEC. 1006. The mortgage shall—

14 “(a) have a maturity and contain repayment pro-
15 visions satisfactory to the Commissioner;

16 “(b) bear interest at a rate satisfactory to the Com-
17 missioner, and such interest shall be exclusive of pre-
18 mium charges for mortgage insurance and such service
19 charges and fees as may be approved by the Commis-
20 sioner; and

21 “(c) contain such terms and provisions with re-
22 spect to protection of the security, payment of taxes,
23 delinquency charges, prepayment, additional and second-
24 ary liens, and other matters as the Commissioner may
25 in his discretion prescribe.

1 “SEC. 1007. A property or project to be financed by a
2 mortgage insured under this title shall—

3 “(a) represent an acceptable mortgage insurance
4 risk, giving consideration to the expected contributions
5 of the land development to sound economic community
6 growth; and

7 “(b) involve improvements that comply with all
8 applicable State and local governmental requirements
9 and with minimum standards approved by the Com-
10 missioner.

11 “LAND PLANNING

12 “SEC. 1008. (a) The land development shall be under-
13 taken pursuant to a schedule, conforming to such require-
14 ments and procedures as the Commissioner may prescribe,
15 that will assure the use of the land for the purposes for which
16 it is to be developed within the shortest reasonable period
17 consistent with the objectives of sound and economic com-
18 munity growth or urban development.

19 “(b) The land development shall be undertaken in ac-
20 cordance with an overall development plan, appropriate to
21 the scope and character of the undertaking, which—

22 “(1) has received all governmental approvals re-
23 quired by State or local law or by the Commissioner;

24 “(2) is acceptable to the Commissioner as providing
25 reasonable assurance that the land development will con-

1 tribute to the establishment or growth of a well-planned
2 neighborhood, subdivision, or community which (i)
3 will have a sound economic base and a long economic
4 life, (ii) will be characterized by sound land-use pat-
5 terns, and (iii) will include or be served by such shop-
6 ping, school, recreational, transportation, and other facili-
7 ties as the Commissioner deems adequate or necessary;
8 and

9 “(3) is consistent with a comprehensive plan which
10 covers, or with comprehensive planning being carried
11 on for, the area in which the land is situated and which
12 meets criteria established by the Housing and Home
13 Finance Administrator for such plans or planning.

14 “(c) The Administrator may establish a category of ex-
15 tensive new developments for which overall development
16 plans, including the adequacy of housing to be provided for
17 those who would be employed within the planned develop-
18 ment, shall be reviewed by him for consistency with such
19 comprehensive plans or planning.

20 “DEVELOPMENT PRIORITIES

21 “SEC. 1009. The Commissioner shall adopt such re-
22 quirements as he deems necessary to encourage the mainte-
23 nance of a diversified local homebuilding industry and the
24 inclusion of a proper balance of housing for families of
25 moderate or low income. He may give such priority as he

1 deems reasonable to land development undertakings that
2 will, through open marketing of the developed land or other
3 means, encourage broad participation by builders and that
4 will serve families having a broad range of incomes.

5 "WATER AND SEWERAGE FACILITIES

6 "SEC. 1010. After development of the land it shall be
7 served by public systems for water and sewerage which are
8 consistent with other existing or prospective systems within
9 the area. If the Commissioner determines that public owner-
10 ship of such a system is not feasible, he may approve an
11 adequate privately or cooperatively owned system which
12 will be regulated, during the period of such ownership, in a
13 manner acceptable to him with respect to user rates and
14 charges, capital structure, methods of operation, and rate
15 of return. Approval of such system shall be given only
16 where the Commissioner receives assurances, satisfactory to
17 him, with respect to eventual public ownership and operation
18 of the system and with respect to the conditions and terms
19 for any sale or transfer.

20 "RELEASES—SUBORDINATION OF MORTGAGE LIEN

21 "SEC. 1011. The Commissioner may, on such terms and
22 conditions as he may prescribe, (1) consent to the release
23 of a part or parts of the mortgaged property from the lien
24 of the mortgage, and (2) consent to the subordination of

1 the lien of an insured mortgage upon a part or parts of the
2 mortgaged property where the subordination is necessary
3 to obtain construction financing for a dwelling on which an
4 application for the insurance of permanent financing has
5 been filed under any other title of this Act.

6 "PREMIUMS AND FEES

7 "SEC. 1012. The Commissioner shall collect reasonable
8 premiums for the insurance of any mortgage under this title
9 and make such charges as he determines are reasonable for
10 the analysis of the land development plan and the appraisal
11 and inspection of the property and improvements. On or
12 before January 1, 1969, the Commissioner shall make a
13 report to the Congress concerning the premium rates and
14 other charges under this title that he estimates will be ade-
15 quate to provide income sufficient for a self-supporting
16 program.

17 "INSURANCE BENEFITS

18 "SEC. 1013. The provisions of subsections (e), (g),
19 (h), (i), (j), (k), (l), and (n) of section 207 of this
20 Act shall be applicable to mortgages insured under this title,
21 except that as applied to such mortgages (1) any reference
22 therein to section 207 shall be deemed to refer to this title,
23 and (2) any reference to an annual premium shall be deemed
24 to refer to such premiums as the Commissioner may desig-
25 nate under this title.

1 "INCONTESTABILITY PROVISIONS

2 "SEC. 1014. Any contract of insurance executed by the
3 Commissioner under this title shall be conclusive evidence
4 of the eligibility of the mortgage for insurance, and the
5 validity of any contract of insurance so executed shall be
6 incontestable in the hands of an approved mortgagee from
7 the date of the execution of such contract, except for fraud
8 or misrepresentation on the part of such approved
9 mortgagee.

10 "RULES AND REGULATIONS

11 "SEC. 1015. The Commissioner is authorized to make
12 such rules and regulations and to require such agreements
13 as he may deem necessary or desirable to carry out the
14 provisions of this title.

15 "TAXATION PROVISIONS

16 "SEC. 1016. Nothing in this title shall be construed to
17 exempt any real property acquired and held by the Com-
18 missioner under this title from taxation by any State or
19 political subdivision thereof to the same extent, according to
20 its value, as other real property is taxed.

21 "COST CERTIFICATION

22 "SEC. 1017. (a) The Commissioner shall adopt such
23 requirements as he determines necessary to assure, at reason-
24 able intervals of time during land development and upon
25 completion of such development, that the amount of the

1 mortgage loan outstanding at each such interval does not
2 exceed with respect to that portion of the land remaining
3 under the lien of the mortgage: (1) 50 per centum of the
4 Commissioner's estimate of the value of such remaining land
5 before development; plus (2) 90 per centum of the actual
6 cost of the development allocated by the Commissioner to
7 such remaining land.

8 “(b) From time to time during and upon completion
9 of the development, the Commissioner shall require the
10 mortgagor to certify as to the actual costs of development
11 of the land.

12 “(c) Certifications required pursuant to this section
13 shall be accompanied by such data and records as the Com-
14 missioner shall prescribe.

15 “(d) A mortgagor's certification approved by the Com-
16 missioner shall be final and incontestable except for fraud
17 or material misrepresentation on the part of the mortgagor.

18 “(e) As used in this section, the term ‘actual costs’
19 means the costs (exclusive of kickbacks, rebates, or trade
20 discounts) to the mortgagor of the improvements. These
21 costs may include amounts paid for labor, materials, con-
22 struction contracts, land planning, engineers' and architects'
23 fees, surveys, taxes, and interest during development, organi-
24 zational and legal expenses, such allocation of general over-
25 head expenses as are acceptable to the Commissioner, and

1 other items of expense incidental to development which
 2 may be approved by the Commissioner. If the Commis-
 3 sioner determines there is an identity of interest between
 4 the mortgagor and the contractor, there may be included
 5 an allowance for contractor's profit in an amount deemed
 6 reasonable by the Commissioner."

7 CONFORMING AMENDMENTS

8 (b) (1) Section 212 (a) of the National Housing Act
 9 is amended by inserting the following new sentence at the
 10 end thereof: "The provisions of this section shall also apply
 11 to insurance under title X with respect to laborers or me-
 12 chanics employed in land development financed with the pro-
 13 ceeds of any mortgage insured under that title."

14 (2) Section 302 (b) of the Federal National Mortgage
 15 Association Charter Act is amended by—

16 (A) inserting after "or title VIII," in the proviso
 17 the following: "or under title X with respect to land
 18 development the plans for which were approved by the
 19 Housing and Home Finance Administrator pursuant to
 20 section 1008 (c) , of the National Housing Act,"; and

21 (B) striking out "the term 'mortgages' " in the last
 22 sentence and substituting "the terms 'mortgages' and
 23 'home mortgages' ".

24 (3) The first paragraph of section 24 of the Federal
 25 Reserve Act is amended by inserting before the last sentence

1 the following new sentence: "Notwithstanding the limita-
2 tions and restrictions in this section, any national banking
3 association may make loans for land development which are
4 secured by mortgages insured under title X of the National
5 Housing Act."

6 (4) Section 5(c) of the Home Owners Loan Act of
7 1933 is amended by adding at the end thereof the following
8 new paragraph:

9 "Without regard to any other provision of this sub-
10 section, any such association may, to such extent as the
11 Federal Home Loan Bank Board may by regulation per-
12 mit, invest in loans, and interests in loans, secured by mort-
13 gages as to which the association has the benefit of insurance
14 under title X of the National Housing Act or of a commit-
15 ment or agreement for such insurance, and investments
16 under this sentence shall not be included in any percentage
17 of assets or other percentage referred to in this subsection."

18 (5) Section 701(a) of the Housing Act of 1954 is
19 amended by inserting the following before the semicolon in
20 paragraph (4): " , or for areas where rapid urbanization is
21 expected to result from the establishment of an extensive
22 new development on land acquired or to be acquired by State
23 land development agencies with assistance under section
24 202(b)(1) of the Housing Amendments of 1955, or on

1 land developed or to be developed with assistance under title
2 X of the National Housing Act”.

3 (6) Section 202 (b) (redesignated below as section
4 202 (c)) of the Housing Amendments of 1955 is amended
5 by inserting “(A)” after “public works or facilities” in the
6 second sentence of paragraph (4), and adding the following
7 before the period at the end thereof: “, or (B) to be pro-
8 vided in connection with the establishment of an extensive
9 new development on land developed or to be developed with
10 assistance under title X of the National Housing Act”.

11 LOANS TO STATE LAND DEVELOPMENT AGENCIES

12 (c) (1) Section 202 of the Housing Amendments of
13 1955 is amended by inserting after subsection (a) the fol-
14 lowing new subsection (b) and redesignating the remaining
15 subsections accordingly:

16 “(b) (1) In order to encourage and assist in the timely
17 acquisition of open or predominantly undeveloped land to be
18 utilized in connection with the development of well-planned
19 residential neighborhoods, subdivisions, and communities,
20 the Administrator is authorized to purchase the securities
21 and obligations of, or make loans to, State land development
22 agencies to finance the acquisition of a fee simple or other
23 interest in such land for subsequent sale in accordance with
24 this subsection. A loan under this subsection may be in an

1 amount which shall not exceed the total cost, as approved by
2 the Administrator, of acquiring such interest; shall be rea-
3 sonably secured; shall be repaid in such manner and within
4 such period, not exceeding fifteen years, as may be deter-
5 mined by the Administrator; and shall bear interest at the
6 rate prescribed for financial assistance extended under sub-
7 section (a) of this section. As used in this subsection, 'State
8 land development agencies' means public corporations au-
9 thorized to carry out, and created or designated by or pur-
10 suant to State law for the purpose of carrying out, the
11 functions for which financial assistance is available under
12 this subsection.

13 “(2) The Administrator shall not extend any financial
14 assistance for the acquisition of land under this subsection
15 unless he determines that (A) the financial assistance applied
16 for is not otherwise available on reasonable terms, (B) the
17 development of a well-planned residential neighborhood, sub-
18 division, or community on such land would be consistent with
19 a comprehensive plan or comprehensive planning, meeting
20 criteria established by the Administrator, for the area in
21 which the land is located, and (C) a preliminary develop-
22 ment plan for the use of the land meets criteria established
23 by the Administrator for such preliminary development plans.

1 “(3) Land acquired with financial assistance under this
2 subsection shall be disposed of for development in accordance
3 with a current development plan for the land which has been
4 approved by the Administrator and shall not be sold or other-
5 wise disposed of for less than its fair value for uses in accord
6 with such development plan. Such plan shall, wherever
7 feasible in the light of current conditions, encourage the pro-
8 vision of sites providing a proper balance of types of housing
9 to serve families having a broad range of incomes.”

10 (c) (2) Section 203 (a) of the Housing Amendments
11 of 1955 is amended by striking out “section 202 (a)” and
12 inserting in lieu thereof “section 202 (a) and pursuant to
13 section 202 (b)”.

14 EXTENSION OF INSURANCE AUTHORIZATIONS

15 SEC. 202. (a) Section 2 (a) of the National Housing
16 Act is amended by striking out “October 1, 1965” and insert-
17 ing in lieu thereof “October 1, 1969”.

18 (b) Section 217 of such Act is amended by—

19 (1) striking out “title VIII” and inserting in lieu
20 thereof “titles VIII or X”, and

21 (2) striking out “October 1, 1965” and inserting
22 in lieu thereof “October 1, 1969”.

(c) The second sentences of sections 809 (f) and 810 (k) of such Act are each amended by striking out "October 1, 1965" and inserting in lieu thereof "October 1, 1969".

MULTIFAMILY MORTGAGE LIMITS FOR FOUR OR MORE

BEDROOM UNITS

6 SEC. 203. (a) Section 207 of the National Housing Act
7 is amended by—

8 (1) striking out “and \$18,500 per family unit with
9 three or more bedrooms” in subsection (c) (3) and in-
10 serting in lieu thereof “\$18,500 per family with three
11 bedrooms, and \$21,000 per family unit with four or
12 more bedrooms”; and

13 (2) striking out “and \$22,500 per family unit with
14 three or more bedrooms” in subsection (c) (3) and
15 inserting in lieu thereof “\$22,500 per family unit with
16 three bedrooms, and \$25,500 per family unit with four
17 or more bedrooms”.

18 (b) Section 213 of the National Housing Act is
19 amended by—

(1) striking out “and \$18,500 per family unit with three or more bedrooms” in subsection (b) (2) and inserting in lieu thereof “\$18,500 per family unit with three bedrooms, and \$21,000 per family unit with four or more bedrooms”;

25 (2) striking out “and \$22,500 per family unit with

three or more bedrooms” in subsection (b) (2) and inserting in lieu thereof “\$22,500 per family unit with three bedrooms, and \$25,500 per family unit with four or more bedrooms”;

(3) striking out “not to exceed the greater of the following amounts (1) A” in subsection (c) and inserting in lieu thereof “not to exceed a”; and

(4) striking out subsection (c) (2).

(c) Section 220 of the National Housing Act is amended by—

(1) striking out “and \$18,500 per family unit with three or more bedrooms” in subsection (d) (3) (B) (iii) and inserting in lieu thereof “\$18,500 per family unit with three bedrooms, and \$21,000 per family unit with four or more bedrooms”; and

(2) striking out “and \$22,500 per family unit with three or more bedrooms” in subsection (d) (3) (B) (iii) and inserting in lieu thereof “\$22,500 per family unit with three bedrooms, and \$25,500 per family unit with four or more bedrooms”.

(d) Section 221 of the National Housing Act is amended by—

(1) striking out “and \$17,000 per family unit with three or more bedrooms” in subsections (d) (3) (ii) and (d) (4) (ii) and inserting in lieu thereof in each subsec-

1 tion “\$17,000 per family unit with three bedrooms,
2 and \$19,250 per family unit with four or more bed-
3 rooms”; and

4 (2) striking out “and \$20,000 per family unit with
5 three or more bedrooms” in subsections (d) (3) (ii)
6 and (d) (4) (ii) and inserting in lieu thereof in each
7 subsection “\$20,000 per family unit with three bed-
8 rooms, and \$22,750 per family unit with four or more
9 bedrooms”.

10 (e) Section 231 of the National Housing Act is
11 amended by—

12 (1) striking out “and \$17,000 per family unit with
13 three or more bedrooms” in subsection (c) (2) and in-
14 serting in lieu thereof “\$17,000 per family unit with
15 three bedrooms, and \$19,250 per family unit with four
16 or more bedrooms”; and

17 (2) striking out “and \$20,000 per family unit with
18 three or more bedrooms” in subsection (c) (2) and in-
19 serting in lieu thereof “\$20,000 per family unit with
20 three bedrooms, and \$22,750 per family unit with four
21 or more bedrooms”.

22 (f) Section 234 of the National Housing Act is
23 amended by—

24 (1) striking out “and \$18,500 per family unit with
25 three or more bedrooms” in subsection (e) (3) and in-

serting in lieu thereof “\$18,500 per family unit with three bedrooms, and \$21,000 per family unit with four or more bedrooms”; and

(2) striking out “and \$22,500 per family unit with three or more bedrooms” in subsection (e) (3) and inserting in lieu thereof “\$22,500 per family unit with three bedrooms, and \$25,500 per family unit with four or more bedrooms”.

REHABILITATION IN URBAN RENEWAL AREAS

SEC. 204. Section 220 of the National Housing Act is amended by—

(1) striking out the colon and the second proviso preceding the semicolon at the end of clause (i) in subsection (d) (3) (A) ;

(2) striking out clause (ii) in subsection (d) (3) (A) and inserting in lieu thereof the following:

“(ii) in a case where the mortgagor is not the occupant of the property and the mortgagor intends to hold the property for rental purposes, have a principal obligation in an amount not to exceed 93 per centum of the amount available to a mortgagor who is the occupant of the property computed under the provisions of clause (i) ;

“(iii) in a case where the mortgagor is not the

1 occupant of the property and intends to hold the prop-
2 erty for the purpose of sale, have a principal obligation
3 in an amount not to exceed 85 per centum of the amount
4 computed under the provisions of clause (i), or in the
5 alternative, an amount computed under the provisions
6 of clause (i) if the mortgagor and mortgagee assume
7 responsibility in a manner satisfactory to the Com-
8 missioner for the reduction of the mortgage by an
9 amount not less than 15 per centum of the outstanding
10 principal amount thereof, or such greater amount as
11 may be required to meet the limitations of clause (iv),
12 in the event the mortgaged property is not, prior to
13 the due date of the eighteenth amortization payment of
14 the mortgage, sold to a purchaser acceptable to the
15 Commissioner who is the occupant of the property and
16 who assumes and agrees to pay the mortgage indebted-
17 ness; and

18 “(iv) in no case involving refinancing (except as
19 provided in clause (iii)), have a principal obligation
20 in an amount exceeding the sum of the estimated cost
21 of repair and rehabilitation and the amount (as deter-
22 mined by the Commissioner) required to refinance
23 existing indebtedness secured by the property or project
24 and any existing indebtedness incurred in connection

1 with improving, repairing, or rehabilitating the prop-
2 erty; or”.

3 NONDWELLING FACILITIES FOR URBAN RENEWAL HOUSING

4 SEC. 205. Section 220 of the National Housing Act is
5 amended by striking out clause (iv) in subsection (d) (3)
6 (B) and inserting in lieu thereof the following:

7 “(iv) include such nondwelling facilities as the
8 Commissioner deems desirable and consistent with the
9 urban renewal plan: *Provided*, That the project shall
10 be predominantly residential and any nondwelling fa-
11 cility included in the mortgage shall be found by the
12 Commissioner to contribute to the economic feasibility
13 of the project.”

14 LARGER INSURED MORTGAGES FOR SERVICEMEN

15 SEC. 206. Section 222 (b) of the National Housing Act
16 is amended by—

17 (1) striking out “\$20,000” in clause (2) and
18 inserting in lieu thereof “\$30,000”;

19 (2) striking out in clause (3) “in an amount”
20 and “of 95 per centum of the appraised value of the
21 property or such higher amount as may be”; and

22 (3) inserting “of the amount” in clause (3) after
23 “in excess”.

REFINANCING OF INSURED MORTGAGES

SEC. 207. Section 223 of the National Housing Act is amended by striking out in subsection (a) (7) immediately before the first proviso "section 608 of title VI prior to the effective date of the Housing Act of 1954 or under section 220, 221, 903 or section 908" and inserting in lieu thereof "this Act".

CONSOLIDATION OF FHA INSURANCE FUNDS

SEC. 208. Title V of the National Housing Act is amended by adding at the end thereof the following new section:

"SEC. 519. (a) There is hereby created a General Insurance Fund which shall be used by the Commissioner, on and after the date of the enactment of the Housing and Urban Development Act of 1965, as a revolving fund for carrying out all the insurance provisions of this Act with the exception of the provisions in sections 203 (b) , 203 (h) , and 203 (i) . All mortgages or loans insured pursuant to commitments issued on or after the date of the enactment of the Housing and Urban Development Act of 1965, except those insured under sections 203 (b) , 203 (h) , and 203 (i) , and all loans reported for insurance under section 2 on and after the date of the enactment of the Housing and Urban Develop-

1 ment Act of 1965 shall be insured under the General Insur-
2 ance Fund. The Commissioner shall transfer to the General
3 Insurance Fund—

4 “(1) the assets and liabilities of all insurance ac-
5 counts and funds, except the Mutual Mortgage Insurance
6 Fund, existing on the date of the enactment of the Hous-
7 ing and Urban Development Act of 1965;

8 “(2) all outstanding commitments for insurance
9 issued prior to the date of the enactment of the Housing
10 and Urban Development Act of 1965, except commit-
11 ments issued under sections 203 (b), 203 (h), and
12 203 (i) ;

13 “(3) the insurance on all mortgages and loans in-
14 sured prior to the date of the enactment of the Housing
15 and Urban Development Act of 1965, except the in-
16 surance under sections 203 (b), 203 (h), and 203 (i) ;
17 and

18 “(4) the insurance of loans made by approved
19 financial institutions pursuant to section 2 prior to the
20 date of the enactment of the Housing and Urban De-
21 velopment Act of 1965.

22 “(b) The general expenses of the operations of the Fed-

1 eral Housing Administration relating to mortgages and loans
2 which are the obligation of the General Insurance Fund
3 may be charged to the General Insurance Fund.

4 “(c) Moneys in the General Insurance Fund not needed
5 for the current operations of the Federal Housing Admin-
6 istration with respect to mortgages and loans which are the
7 obligation of the General Insurance Fund shall be deposited
8 with the Treasurer of the United States to the credit of such
9 Fund, or invested in bonds or other obligations of, or in
10 bonds or other obligations guaranteed as to principal and
11 interest by, the United States. The Commissioner may, with
12 the approval of the Secretary of the Treasury, purchase in
13 the open market debentures issued as obligations of the Fund
14 created by this section or issued prior to the enactment of
15 the Housing and Urban Development Act of 1965 under
16 the provisions of any other title and section of this Act, ex-
17 cept debentures issued under the Mutual Mortgage Insur-
18 ance Fund. Such purchases shall be made at a price which
19 will provide an investment yield of not less than the yield
20 obtainable from other investments authorized by this sec-
21 tion. Debentures so purchased shall be cancelled and not
22 reissued.

23 “(d) Premium charges, adjusted premium charges, and
24 appraisal and other fees received on account of the insurance
25 of any mortgage or loan which is the obligation of the Gen-

1 eral Insurance Fund, the receipts derived from the property
2 covered by such mortgages and loans and from the claims,
3 debts, contracts, property, or security assigned to the Com-
4 missioner in connection therewith, and all earnings on the
5 assets of the Fund shall be credited to the General Insurance
6 Fund. The principal of, and interest paid and to be paid on,
7 debentures which are the obligation of such Fund, cash in-
8 surance payments and adjustments, and expenses incurred in
9 the handling, management, renovation, and disposal of prop-
10 erties acquired in connection with mortgages and loans which
11 are the obligation of such Fund, shall be charged to such
12 Fund.”.

13 OPTIONAL CASH PAYMENT OF INSURANCE BENEFITS

14 SEC. 209. Title V of the National Housing Act is
15 amended by adding the following section :

16 “SEC. 520. (a) Notwithstanding any other provisions
17 of this Act with respect to the payment of insurance benefits,
18 the Commissioner is authorized, in his discretion, to pay in
19 cash or in debentures any insurance claim or any part thereof
20 which is paid on or after the date of enactment of the Hous-
21 ing and Urban Development Act of 1965 on a mortgage or a
22 loan which was insured under any section of this Act either
23 before or after such date. If payment is made in cash, it
24 shall be in an amount equivalent to the face amount of
25 the debentures that would otherwise be issued plus an amount

1 equivalent to the interest which the debentures would have
2 earned, computed to a date to be established pursuant to regu-
3 lations issued by the Commissioner.

4 “(b) The Commissioner is hereby authorized to borrow
5 from the Treasury from time to time such amounts as the
6 Commissioner shall determine are necessary to make pay-
7 ments in cash (in lieu of issuing debentures, which are guar-
8 anteed by the United States, as provided in this Act) pur-
9 suant to the provisions of this section. Notes or other obli-
10 gations issued by the Commissioner under this section shall
11 be subject to such terms and conditions as the Secretary of
12 the Treasury may prescribe. Each sum borrowed pursuant
13 to the provisions of this subsection shall bear interest at a
14 rate determined by the Secretary of the Treasury, taking into
15 consideration the average market yield on outstanding mar-
16 ketable obligations of the United States of comparable maturi-
17 ties during the month preceding the issuance of such notes or
18 other obligations.”

19 TITLE III—URBAN RENEWAL

20 GENERAL NEIGHBORHOOD RENEWAL PLANS

21 SEC. 301. Section 102 (d) of the Housing Act of 1949
22 is amended by—

23 (1) striking out the fifth sentence and inserting in
24 lieu thereof: “In order to facilitate proper preliminary
25 planning for the attainment of the urban renewal objec-

tives of this title, the Administrator may also make advances of funds (in addition to those authorized above) to local public agencies for the preparation of General Neighborhood Renewal Plans (as herein defined). A General Neighborhood Renewal Plan may be prepared for an area consisting of an urban renewal area or areas, together with any adjoining areas having specially related problems, and which is of such size that the urban renewal activities in the urban renewal area or areas may have to be initiated in stages, consistent with the capacity and resources of the respective local public agency, over an estimated period of not more than ten years.”; and

(2) striking out clause (1) of the sixth sentence and inserting in lieu thereof: “(1) in the interest of sound community planning, it is desirable that the urban renewal activities proposed for the area be planned in their entirety;”.

INCREASE IN AUTHORIZATION FOR CAPITAL GRANTS

SEC. 302. (a) Section 103 (b) of the Housing Act of 1949 is amended by striking out “\$4,725,000,000” and inserting in lieu thereof “\$4,700,000,000, which amount shall be increased by \$675,000,000 on the date of enactment of the Housing and Urban Development Act of 1965,

1 by \$725,000,000 on July 1, 1966, and by \$750,000,000
2 on July 1 in each of the years 1967 and 1968”.

3 (b) The first proviso of section 103 (b) of the Housing
4 Act of 1949 and the second sentence of section 6 (b) of the
5 Urban Mass Transportation Act of 1964 are hereby repealed.

6 COMMUNITY RENEWAL PROGRAM REQUIREMENT

7 SEC. 303. (a) Section 103 of the Housing Act of 1949
8 is amended by inserting the following paragraph at the end
9 of subsection (d) :

10 “No loan or grant contract may be entered into by the
11 Administrator for an urban renewal project which has re-
12 ceived Federal recognition later than six months after the
13 date of enactment of the Housing and Urban Development
14 Act of 1965, in a community of over fifty thousand popula-
15 tion according to the most recent decennial census, unless he
16 determines that the community has prepared and kept up to
17 date a community renewal program eligible for assistance
18 under this subsection and that the proposed project is in ac-
19 cord with the program: *Provided*, That if, prior to three
20 years after the date of enactment of such Act, a loan or grant
21 application is received for such a project from a community
22 which is actively preparing but has not yet completed such
23 a community renewal program, the Administrator may in-
24 stead determine that the proposed project may reasonably be
25 expected to be in accord with the program upon its comple-

1 tion. The Administrator shall establish reasonable require-
 2 ments regarding the scope and content of such programs
 3 (including their relationship to proposed urban renewal proj-
 4 ects) and shall assure that such programs adequately take
 5 into consideration the needs of low- and moderate-income
 6 persons and are adequately coordinated with and contribute
 7 to related community programs and activities, including
 8 those eligible for assistance under title II, part A, of the
 9 Economic Opportunity Act of 1964.”

10 (b) Section 111 of such Act is amended by—

11 (1) deleting “and” at the end of paragraph (5)
 12 and

13 (2) adding “; and” and a new paragraph (7), as
 14 follows, before the period at the end of paragraph (6):

15 “(7) The requirements in the second paragraph of
 16 section 103 (d) regarding preparation of, and conformity to,
 17 a community renewal program”.

18 AMENDMENT OF SECTION 316 OF HOUSING ACT OF 1954

19 SEC. 304. The first full paragraph of section 316 (2) of
 20 the Housing Act of 1954 is amended by striking out the first
 21 parenthetical clause and inserting in lieu thereof the follow-
 22 ing: “(as such projects are now or may hereafter be defined
 23 in title I of the Housing Act of 1949, including but not
 24 limited to projects authorized without regard to the resi-

1 dential or nonresidential character or reuse of the urban
2 renewal area) ”.

3 TITLE IV—LOW-RENT PUBLIC HOUSING

4 ACCEPTANCE OF LOCAL CERTIFICATION OF EQUIVALENT
5 ELIMINATION

6 SEC. 401. The fourth sentence of section 10 (a) of the
7 United States Housing Act of 1937 is amended by inserting
8 immediately before the comma after the word “elimination”,
9 where the word first appears, the following: “, as certified
10 by the local governing body”.

11 GREATER USE OF EXISTING PRIVATE HOUSING

SEC. 402. Section 10 (c) of the United States Housing Act of 1937 is amended by striking out "*And provided*" and inserting in lieu thereof "*Provided*", and by inserting a colon and the following proviso before the period at the end thereof: "*And provided further*, That the amount of the fixed annual contribution which would be established under this Act for a newly constructed project by a public housing agency designed to accommodate a number of families of a given size and kind may be established, as a maximum annual contribution in lieu of any other guaranteed contribution authorized under this section, for a project by such public housing agency which would provide housing for the comparable number, sizes and kinds of families through the acquisition, acquisition and rehabilitation, or use under lease

1 of existing structures which are suitable for low-rent housing
2 use and obtainable in the local market”.

3 INCREASE IN AUTHORIZATION FOR ANNUAL
4 CONTRIBUTIONS

5 SEC. 403. Section 10 (e) of the United States Housing
6 Act of 1937 is amended by inserting immediately following
7 the comma after the words “per annum”, the following:
8 “which limit shall be increased by \$47,000,000 on the date
9 of enactment of the Housing and Urban Development Act
10 of 1965, and by further amounts of \$47,000,000 on July 1
11 in each of the years 1966, 1967, and 1968, respectively,”.

12 SALE OF FEDERALLY OWNED PROJECTS TO PRIVATE
13 PURCHASERS

14 SEC. 404. The first sentence of section 12 (c) of the
15 United States Housing Act of 1937 is amended to read as
16 follows: “The Authority may sell a Federal project only
17 to a public housing agency or to a nonprofit body for use
18 as low-rent housing.”

19 TITLE V—COLLEGE HOUSING

20 INCREASE IN AUTHORIZATION FOR COLLEGE HOUSING

21 LOANS

22 SEC. 501. Section 401 (d) of the Housing Act of 1950
23 is amended to read as follows:

24 “(d) To obtain funds for loans under subsection (a)

1 of this section, the Administrator may issue and have out-
 2 standing at any one time notes and obligations for purchase
 3 by the Secretary of the Treasury in an amount not to ex-
 4 ceed \$2,985,000,000, which amount shall be increased by
 5 \$285,000,000 on July 1 in each of the years 1966 and
 6 1967, and by \$275,000,000 on July 1, 1968: *Provided*,
 7 That the amount outstanding for other educational facilities,
 8 as defined herein, shall not exceed \$295,000,000, which
 9 limit shall be increased by \$30,000,000 on July 1 in each
 10 of the years 1965 through 1968: *Provided further*, That
 11 the amount outstanding for hospitals, referred to in clause
 12 (2) of section 404 (b) of this title, shall not exceed
 13 \$220,000,000, which limit shall be increased by \$15,000,000
 14 on July 1 in each of the years 1965 through 1968.”

15 TITLE VI—GRANTS FOR BASIC PUBLIC WORKS,
 16 NEIGHBORHOOD FACILITIES, AND THE AD-
 17 VANCE ACQUISITION OF LAND

18 PURPOSE

19 SEC. 601. The purpose of this title is to assist and en-
 20 courage the communities of the Nation fully to meet the needs
 21 of their citizens by making it possible, with Federal grant
 22 assistance, for their governmental bodies (1) to construct
 23 adequate basic water and sewer facilities needed to promote
 24 the efficient and orderly growth and development of our com-
 25 munities; (2) to construct neighborhood facilities needed to

1 enable them to carry on programs of necessary social serv-
2 ices; and (3) to acquire, in a planned and orderly fashion,
3 land to be utilized in connection with the future construction
4 of public works and facilities.

5 GRANTS FOR BASIC WATER AND SEWER FACILITIES

6 SEC. 602. (a) The Housing and Home Finance Ad-
7 ministrator (hereinafter referred to as the "Administrator")
8 is authorized to make grants to local public bodies and agen-
9 cies to finance specific projects for basic public water and
10 sewer facilities (including works for the storage, treatment,
11 purification, or distribution of water).

12 (b) The amount of any grant made under the authority
13 of this section shall not exceed 40 per centum of the develop-
14 ment cost of that portion of the project necessary to enable
15 the project to adequately serve the reasonably foreseeable
16 growth needs of the area.

17 (c) No grant shall be made under this section in con-
18 nection with any project unless the Administrator determines
19 that the project will serve an area which is expected to expe-
20 rience significant population growth in the reasonably fore-
21 seeable future and that the project is (1) designed so that
22 an adequate capacity will be available to serve the reasonably
23 foreseeable growth needs of the area, (2) consistent with a
24 program meeting criteria established by the Administrator,
25 for a unified or officially coordinated areawide water or sewer

1 facilities systems as part of the comprehensively planned
2 development of the area, except that prior to July 1, 1968,
3 grants may, in the discretion of the Administrator, be made
4 under this section when such a program for an areawide
5 water and sewer facilities system is under active prepara-
6 tion, although not yet completed, if the facility for which
7 assistance is sought can reasonably be expected to be required
8 as a part of such program, and there is urgent need for the
9 facility, and (3) necessary to orderly community develop-
10 ment.

11 GRANTS FOR NEIGHBORHOOD FACILITIES

12 SEC. 603. (a) The Administrator is authorized to make
13 grants in accordance with the provisions of this section, to
14 local public bodies and agencies to finance specific projects
15 for neighborhood facilities.

16 (b) The amount of any grant made under the authority
17 of this section shall not exceed $66\frac{2}{3}$ per centum of the develop-
18 ment cost of the project for which the grant is made (or 75
19 per centum of such cost in the case of a project located in
20 an area which at the time the grant is made is designated
21 as a redevelopment area under section 5 of the Area Redevel-
22 opment Act).

23 (c) No grant shall be made under this section for any
24 project unless the Administrator determines that the project
25 will provide a neighborhood facility which is (1) necessary

1 for carrying out a program of health, recreational, social, or
2 similar community service (including a community action
3 program approved under title II of the Economic Opportu-
4 nity Act of 1964) in the area, (2) consistent with compre-
5 hensive planning for the development of the community, and
6 (3) so located as to be available for use by a significant por-
7 tion (or number in the case of large urban places) of the
8 area's low- or moderate-income residents.

9 (d) For a period of twenty years, no neighborhood fa-
10 cility for which a grant has been made under this section
11 shall, without the approval of the Administrator, be con-
12 verted to uses other than those proposed by the applicant
13 in its application for a grant under this section. The Ad-
14 ministrator shall not approve any conversion in the use of
15 such a neighborhood facility unless he finds that such con-
16 version is in accord with the then applicable program of
17 health, recreational, social, or similar community services in
18 the area and consistent with comprehensive planning for the
19 development of the community in which the facility is lo-
20 cated. In approving any such conversion, the Administra-
21 tor may impose such additional conditions and requirements
22 as he deems necessary.

23 (e) The Administrator shall give priority to applica-
24 tions for projects designed primarily to benefit members of
25 low-income families or otherwise substantially further the

1 objectives of a community action program approved under
2 title II of the Economic Opportunity Act of 1964.

3 ADVANCE ACQUISITION OF LAND

4 SEC. 604. (a) In order to encourage and assist in the
5 timely acquisition of land planned to be utilized in connection
6 with the future construction of public works or facilities, the
7 Administrator is authorized to make grants to local public
8 bodies and agencies to assist in financing the acquisition of
9 a fee simple estate or other interest in such land.

10 (b) The amount of any grant made under the authority
11 of this section shall not exceed the aggregate amount of
12 reasonable interest charges on the loan or other financial
13 obligation incurred to finance the acquisition of such land
14 for a period not exceeding the lesser of five years from the
15 date of issue of such loan or financial obligation or the period
16 of time between the date of issue of such loan or other finan-
17 cial obligation and the date construction is begun on the
18 public work or facility for which the land acquired was
19 planned to be utilized.

20 (c) No grant shall be made under this section for any
21 project for the acquisition of land unless the Administrator
22 determines that the public work or facility for which such
23 land is to be utilized is planned to be constructed or initiated
24 within a reasonable period of time and that construction of
25 such public work or facility will contribute to economy,

1 efficiency, and the comprehensively planned development of
2 the area.

3 (d) As a condition to providing assistance under this
4 section, the Administrator may require an applicant to agree
5 to repay such assistance (and prescribe the terms and con-
6 ditions of such repayment) if land purchased with such
7 assistance is not utilized (within a reasonable period of
8 time) in connection with the construction of the public
9 work or facility for which such land was acquired, or if
10 such land is diverted to other uses.

11 GENERAL PROVISIONS

12 SEC. 605. (a) In the performance of, and with respect
13 to, the functions, powers, and duties vested in him by this
14 title, the Administrator shall (in addition to any authority
15 otherwise vested in him) have the functions, powers, and
16 duties set forth in section 402, except subsections (a), (c)
17 (2), and (f), of the Housing Act of 1950.

18 (b) The Administrator is authorized, notwithstanding
19 the provisions of section 3648 of the Revised Statutes, as
20 amended, to make advance or progress payments on account
21 of any grant made pursuant to this title. No part of any
22 grant authorized to be made by the provisions of this title
23 shall be used for the payment of ordinary governmental oper-
24 ating expenses.

DEFINITIONS

SEC. 606. As used in this title—

(a) The term “State” means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

(b) The term “local public bodies and agencies” includes public corporate bodies or political subdivisions; public agencies or instrumentalities of one or more States, municipalities, or political subdivisions of one or more States (including public agencies and instrumentalities of one or more municipalities or other political subdivision of one or more States); Indian tribes; and boards or commissions established under the laws of any State to finance specific capital improvement projects.

(c) The term “development cost” means costs of the construction of the facility and the land on which it is located, including necessary site improvements to permit its use as a site for the facility.

LABOR STANDARDS

SEC. 607. All laborers and mechanics employed by contractors or subcontractors on projects assisted under sections 602 and 603 of this title shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—

1 276a-5). No such project shall be approved without first
2 obtaining adequate assurance that these labor standards will
3 be maintained upon the construction work. The Secretary
4 of Labor shall have, with respect to the labor standards speci-
5 fied in this provision, the authority and functions set forth
6 in Reorganization Plan Numbered 14 of 1950 (15 F.R.
7 3176; 64 Stat. 1267; 5 U.S.C. 133z-15), and section 2
8 of the Act of June 13, 1934, as amended (48 Stat. 948,
9 as amended; 40 U.S.C. 276c).

10 **APPROPRIATIONS**

11 **SEC. 608.** There are hereby authorized to be appro-
12 priated such sums as may be necessary to carry out the
13 provisions of this title. All funds so appropriated shall
14 remain available until expended.

15 **TITLE VII—SECONDARY MARKET AND SPECIAL**
16 **ASSISTANCE FUNCTIONS**

17 **INCREASE IN FEDERAL NATIONAL MORTGAGE ASSOCIATION**
18 **SPECIAL ASSISTANCE AUTHORITY**

19 **SEC. 701.** (a) Section 305 (c) of the National Housing
20 Act is amended by inserting at the end thereof preceding the
21 period the following: "which limit shall be increased by
22 \$150,000,000 on the date of enactment of the Housing and
23 Urban Development Act of 1965, by \$550,000,000 on July
24 1, 1966, by \$700,000,000 on July 1, 1967, and by
25 \$725,000,000 on July 1, 1968".

1 (b) Section 305 (f) of such Act is amended by inserting
 2 at the end thereof preceding the period the following: “:
 3 *Provided further*, That any portion of the total amount
 4 of authority as set forth in the first proviso of this subsection,
 5 which on the date of enactment of the Housing and Urban
 6 Development Act of 1965 and on each July 1 thereafter
 7 would otherwise be available for making purchases and com-
 8 mitments pursuant to this subsection, shall be transferred to
 9 and merged with the authority granted by subsection (a) and
 10 added to the amount of such authority as set forth in subsec-
 11 tion (c) ; and the total amount of authority as set forth in
 12 the first proviso of this subsection shall progressively be
 13 reduced by the amount of each such transfer”.

14 FEDERAL NATIONAL MORTGAGE ASSOCIATION PURCHASE OF
 15 MORTGAGES HELD BY FEDERAL INSTRUMENTALITIES

16 SEC. 702. (a) Section 302 (b) of the National Housing
 17 Act is amended by striking out in clause (2) “Federal.”.

18 (b) Section 306 (e) of the National Housing Act is
 19 amended to read as follows:

20 “(e) Notwithstanding any of the provisions of this
 21 Act or of any other law, the Association is authorized, under
 22 the aforesaid separate accountability, to make commitments
 23 to purchase and to purchase, service, or sell any mortgages
 24 offered to it by any Federal instrumentality, or the head
 25 thereof. There shall be excluded from the total amounts

1 set forth in subsection (c) hereof the amounts of any mort-
2 gages purchased by the Association pursuant to this sub-
3 section.”

4 TITLE VIII—OPEN-SPACE LAND AND URBAN
5 BEAUTIFICATION AND IMPROVEMENT

6 REVISION OF TITLE HEADING AND FINDINGS AND PURPOSE

7 SEC. 801. (a) The heading of title VII of the Housing
8 Act of 1961 is amended to read as follows: “TITLE VII—
9 OPEN-SPACE LAND AND URBAN BEAUTIFICA-
10 TION AND IMPROVEMENT”.

11 (b) Section 701 of such Act is amended by redesignig-
12 nating subsection (b) as subsection “(c)” and inserting a
13 new subsection (b) as follows:

14 “(b) The Congress further finds that there is an urgent
15 need both for the additional provision of parks and other
16 open-space areas in the developed portions of the Nation’s
17 urban areas, and for greater and better coordinated local
18 efforts to beautify and improve open space and other public
19 land throughout urban areas, to facilitate their increased use
20 and enjoyment by our Nation’s urban population.”

21 (c) Redesignated section 701(c) of such Act is
22 amended by—

23 (1) inserting “(1) provide and” before “preserve
24 open-space land”, and

25 (2) inserting the following before the period at the

1 end thereof: “, and (2) beautify and improve open
2 space and other public urban land, in accordance with
3 programs to encourage and coordinate local public and
4 private efforts toward this end”.

5 INCREASED GRANT LEVEL FOR PRESERVATION OF OPEN-
6 SPACE LAND

7 SEC. 802. Section 702 (a) of such Act is amended by
8 striking out “20 per centum” and “30 per centum” and
9 inserting in lieu thereof “30 per centum” and “40 per
10 centum”, respectively.

11 SUBSTITUTION OF APPROPRIATION AUTHORITY, WITHOUT
12 DOLLAR LIMITATION, FOR GRANT CONTRACT AU-
13 THORITY

14 SEC. 803. (a) Section 702 (a) of the Housing Act of
15 1961 is amended by striking out—

16 (1) “to enter into contracts” in the first sentence,
17 and

18 (2) all of the third sentence.

19 (b) Section 702 (b) of such Act is amended by striking
20 out the first two sentences and inserting in lieu thereof the
21 following: “There are hereby authorized to be appropriated
22 such amounts as may be necessary to carry out the purposes
23 of this title.”

24 (c) Section 703 (a) of such Act is amended by strik-
25 out “enter into contracts to”.

GRANTS FOR PROVISION OF OPEN-SPACE LAND IN BUILT-UP
URBAN AREAS

SEC. 804. Title VII of the Housing Act of 1961 is amended by redesignating sections 705 and 706 as "SEC. 708" and "SEC. 709", respectively, and inserting a new section 705 as follows:

"GRANTS FOR PROVISION OF OPEN-SPACE LAND IN BUILT-UP URBAN AREAS

"SEC. 705. (a) The Administrator is further authorized to make grants to States and local public bodies to help finance the acquisition of title to, or other permanent interests in, developed land in built-up portions of urban areas to be cleared and used as permanent open-space land, as defined herein. The Administrator shall make such grants only where the local governing body determines that adequate open-space land cannot effectively be provided through the use of existing undeveloped or predominantly undeveloped land and the Administrator determines that the proposed acquisition is important to the comprehensively planned development of the locality. Grants under this section shall not exceed 40 per centum of the cost of acquiring such interests and of necessary demolition and removal of improvements.

"(b) Financial assistance extended to any project under this section may include grants for relocation payments, as

1 herein defined. Such grants may be in addition to other
 2 financial assistance under this section, and no part of the
 3 amount of such relocation payments shall be required to be
 4 contributed as a local grant. The term 'relocation payments'
 5 means payments by the applicant which are (1) made to
 6 an individual, family, business concern, or nonprofit organi-
 7 zation displaced by a project on or after ,
 8 (2) not otherwise authorized under any Federal law, and
 9 (3) made only on such terms and conditions and subject
 10 to such limitations (as applicable, but not including the date
 11 of displacement) as are provided for relocation payments,
 12 at the time such payment is approved, by sections 114 (b)
 13 and (c) of the Housing Act of 1949. Relocation payments
 14 authorized by this subsection shall be made subject to such
 15 rules and regulations as may be prescribed by the Adminis-
 16 trator."

17 GRANTS FOR URBAN BEAUTIFICATION AND IMPROVEMENT

18 SEC. 805. (a) Title VII of the Housing Act of 1961
 19 is further amended by inserting a new section 706 as follows:

20 "GRANTS FOR URBAN BEAUTIFICATION AND IMPROVEMENT

21 "SEC. 706. The Administrator is authorized to make
 22 grants, as herein provided, to States and local public bodies
 23 to assist in carrying out local programs for the greater use
 24 and enjoyment of open-space and other public land in urban
 25 areas. The Administrator shall establish criteria for such

1 programs to assure that each (1) represents significant and
2 effective efforts, involving all available public and private
3 resources, for the beautification of such land and its improve-
4 ment for open-space uses, and (2) is important to the com-
5 prehensively planned development of the locality. Grants
6 made under this section shall not exceed 40 per centum of
7 the amount by which the cost of the activities carried on by
8 an applicant during a fiscal year under an approved program
9 exceeds its usual expenditures for comparable activities:
10 *Provided, That, notwithstanding any other provision of this*
11 *section, the Administrator may use not to exceed \$5,000,000*
12 *of the funds available for grants under this section to make*
13 *grants in amounts up to the cost of activities which he deter-*
14 *mines to have special value in developing and demonstrating*
15 *new and improved methods and materials for use in carrying*
16 *out the purposes of this section."*

17 (b) Section 702 (c) of such Act is amended by striking
18 out "development costs or".

19 USE OF FUNDS FOR STUDIES AND PUBLICATION

20 SEC. 806. The second sentence of redesignated section
21 708 of the Housing Act of 1961 is amended to read as
22 follows: "The Administrator is authorized to use during
23 any fiscal year not to exceed \$100,000 of the funds available
24 for grants under this title to undertake such studies and
25 publish such information."

CONFORMING AMENDMENTS

SEC. 807. (a) The heading of section 702 of the Housing Act of 1961 is amended to read as follows: "GRANTS FOR PRESERVATION OF OPEN-SPACE LAND".

(b) Section 702 (a) of such Act is amended by striking out "provisions of this title" and "purposes of this title" and inserting in lieu thereof "provisions of this section" and "purposes of this section", respectively.

(c) Section 702 (e) of such Act is amended by striking out in the second sentence "served by the open-space land acquired" and inserting in lieu thereof "assisted".

(d) Section 704 of such Act is amended by striking out in the first sentence "for which" and inserting in lieu thereof "for the acquisition of which".

TITLE IX—RURAL HOUSING

LOANS FOR PREVIOUSLY OCCUPIED BUILDINGS AND
MINIMUM SITE ACQUISITION

SEC. 901. (a) Section 501 (a) of the Housing Act of 1949 is amended by—

(1) inserting the following after "their farms" in clause (1) : "and to purchase previously occupied buildings and land constituting a minimum adequate site, in order"; and

(2) inserting the following after "rural areas" in clause (2) : "for the construction, improvement, altera-

tion, or repair of dwellings, related facilities, and farm buildings and to rural residents for such purposes and for the purchase of previously occupied buildings and the purchase of land constituting a minimum adequate site, in order”.

(b) Section 501 (c) of such Act is amended by inserting the following after “or a rural resident” in clause (1) : “or that he is the owner of other real estate in a rural area”.

INTEREST RATE ON DIRECT RURAL HOUSING LOANS

SEC. 902. Section 502 (a) of the Housing Act of 1949 is amended by striking out “with interest at a rate not to exceed 4 per centum per annum on the unpaid balance of principal.” and inserting in lieu thereof the following: “with interest for loans under this section pursuant to clauses (1) and (2) of section 501 (a) at a rate not to exceed 5 per centum per annum and for loans under this section pursuant to clause (3) of section 501 (a) and under sections 503 and 504 at a rate not to exceed 4 per centum per annum. Borrowers with loans made or insured under this title shall pay such fees and other charges as the Secretary may require.”

INSURED RURAL HOUSING LOANS

SEC. 903. (a) Title V of the Housing Act of 1949 is amended by adding at the end thereof the following new sections:

“SEC. 517. (a) The Secretary is authorized to insure

1 and to make loans to be sold and insured in accordance with
2 the provisions of sections 501, 502, 514, 515, and this sec-
3 tion, exclusive of 514 (a) (3) and (5) and (b) and 515
4 (a) and (b) (4), and except that such loans in accordance
5 with sections 501 and 502—

6 “(1) to persons of low or moderate income as de-
7 fined by the Secretary shall not exceed amounts neces-
8 sary to provide adequate housing, modest in size, design,
9 and cost, as determined by the Secretary, and shall bear
10 interest at a rate not to exceed 5 per centum per an-
11 num; and the aggregate of such loans made and insured
12 in any one fiscal year shall not exceed \$300,000,000;
13 and

14 “(2) to others than persons of low or moderate in-
15 come shall bear interest and provide for insurance or
16 service charges at rates determined by the Secretary,
17 comparable to the combined rate of interest and premium
18 charges in effect under section 203 of the National Hous-
19 ing Act.

20 “(b) The Secretary may use the Rural Housing Insur-
21 ance Fund created by this section for the purpose of making
22 loans to be sold and insured under this section, provided that
23 the aggregate of such loans made and not disposed of at any
24 one time shall not exceed \$100,000,000.

25 “(c) The Secretary may insure loans advanced by

1 lenders other than the United States, and may sell and insure
2 loans made from or held in the Fund by the Secretary, for
3 the payment of principal and interest thereon as the same
4 becomes due. Any contract of insurance executed by the
5 Secretary shall be an obligation supported by the full faith
6 and credit of the United States and incontestable except
7 for fraud or misrepresentation of which the holder has actual
8 knowledge. In connection with loans insured under this
9 section the Secretary may take liens running to the United
10 States notwithstanding the fact that the notes evidencing
11 such loans may be held by lenders other than the United
12 States. Notes evidencing such loans shall be freely assign-
13 able but the Secretary shall not be bound by any assignment
14 until notice thereof is given to and acknowledged by the
15 Secretary.

16 “(d) After ninety days after the original capitalization
17 of the Fund created by this section, no loans, other than loans
18 then held or insured by the Secretary pursuant to section
19 514 or 515 (b), shall be made or insured under section
20 514 or 515 (b) except in accordance with this section.

21 “(e) There is hereby created the Rural Housing In-
22 surance Fund (hereinafter referred to as the ‘Fund’) which
23 shall be used by the Secretary as a revolving fund for carry-
24 ing out the provisions of this section. There are hereby

1 authorized to be appropriated to the Secretary such sums
2 as may be necessary for the purposes of the Fund.

3 “ (f) Money in the Fund not needed for current opera-
4 tions shall be invested in direct obligations of the United
5 States or obligations guaranteed by the United States.

6 “ (g) All funds, claims, notes, mortgages, contracts, and
7 property acquired by the Secretary under this section, and
8 all collections and proceeds therefrom, shall constitute assets
9 of the Fund; and all liabilities and obligations of such assets
10 shall be liabilities and obligations of the Fund. Loans may
11 be held in the Fund and collected in accordance with their
12 terms or may be sold by the Secretary with or without agree-
13 ments for insurance thereof. The Secretary is authorized to
14 make agreements with respect to servicing loans held or in-
15 sured by him under this section and, when necessary for
16 liquidation or servicing, purchasing such insured loans on
17 such terms and conditions as he may prescribe. Loans may
18 be sold by the Secretary at prices within the range of market
19 prices for the particular classes of loans, as determined by
20 the Secretary from time to time. The aggregate of (1) any
21 amount by which the balance outstanding on loans at the
22 time of sale exceeds the price at which the loans are sold
23 and (2) the amount of any fees and charges paid in connec-
24 tion with any sales shall be reimbursed to the Fund by annual
25 appropriations.

1 “(h) The Secretary is authorized to issue notes to the
2 Secretary of the Treasury to obtain funds necessary for
3 discharging obligations under this section and for author-
4 ized expenditures out of the Fund, but, except as may be
5 authorized in an appropriation Act, not for the original
6 or any additional capital of the Fund or to reimburse the
7 Fund for losses from any sales of loans at less than par
8 value. Such notes shall be in such form and denominations
9 and have such maturities and be subject to such terms and
10 conditions as may be prescribed by the Secretary with the
11 approval of the Secretary of the Treasury. Each note shall
12 bear interest at such rate as may be determined by the
13 Secretary of the Treasury, taking into consideration the
14 current average market yields on outstanding marketable
15 obligations of the United States with remaining periods to
16 maturities comparable to the average maturities of the loans
17 held by the Secretary in the Fund, adjusted to the nearest
18 one-eighth of 1 per centum, during the month of June
19 preceding the fiscal year in which the loans were made.
20 The Secretary of the Treasury is authorized and directed
21 to purchase any notes of the Secretary issued hereunder,
22 and for that purpose the Secretary of the Treasury is au-
23 thorized to use as a public debt transaction the proceeds
24 from the sale of any securities issued under the Second
25 Liberty Bond Act, as amended, and the purposes for which

1 such securities may be issued under such Act, as amended,
2 are extended to include purchases of notes issued by the
3 Secretary. All redemptions, purchases, and sales by the
4 Secretary of the Treasury of such notes shall be treated as
5 public debt transactions of the United States. The notes
6 issued by the Secretary to the Secretary of the Treasury
7 shall constitute obligations of the Fund.

8 “(i) The Secretary may retain out of interest payments
9 by the borrower an annual charge in an amount specified
10 in the insurance or sale agreement applicable to the loan.
11 Of the charges retained by the Secretary, if any, not to
12 exceed 1 per centum per annum of the unpaid balance of the
13 loan shall be deposited in the Fund. Any retained charges
14 not deposited in the Fund shall be available for administrative
15 expenses in carrying out the provisions of this title, to be
16 transferred annually and become merged with any appro-
17 priation for administrative expenses of the Farmers Home
18 Administration, when and in such amounts as may be
19 authorized in appropriation Acts.

20 “(j) The Secretary may also utilize the Fund—

21 “(1) to pay amounts to which the holder of the
22 note is entitled in accordance with an insurance or sale
23 agreement under this section accruing between the date
24 of any prepayment by the borrower to the Secretary and
25 the date of transmittal of any such prepayments to the

holder of the note; and in the discretion of the Secretary, prepayments other than final payments need not be remitted to the holder until due;

“(2) to pay the holder of any note insured under this section any defaulted installment or, upon assignment of the note to the Secretary at the Secretary’s request, the entire balance outstanding on the note;

“(3) to pay taxes, insurance, prior liens, expenses necessary to make fiscal adjustments in connection with the application and transmittal of collections, and other expenses and advances to protect the security for loans which are insured under this section or held in the Fund, and to acquire such security property at foreclosure sale or otherwise; and

“(4) to pay fees and charges in connection with sales by the Secretary of loans insured under this section.

“SEC. 518. (a) There is hereby created the Rural Housing Direct Loan Account (hereinafter referred to as the ‘Account’) which shall be used by the Secretary for carrying out the provisions of this section. There are hereby authorized to be appropriated to the Secretary such sums as may be necessary for the purposes of the Account.

“(b) There are hereby transferred to the Account (1) all funds, claims, notes, mortgages, contracts, and property,

1 and all collections and proceeds therefrom, held by the
2 Secretary under the direct loan provisions of this title, in-
3 cluding those securing notes issued by the Secretary to the
4 Secretary of the Treasury under section 511 and any un-
5 expended balance of amounts borrowed upon such notes,
6 and (2) all unexpended balances of appropriations for direct
7 loans under this title, including the fund authorized by sec-
8 tion 515 (a). All amounts hereafter borrowed by the
9 Secretary from the Secretary of the Treasury under section
10 511 shall be deposited in the Account. All collections and
11 proceeds from assets acquired by the Account shall be
12 deposited in the Account.

13 “(c) When and in such amounts as may be authorized
14 in appropriation Acts, the Secretary may issue notes to the
15 Secretary of the Treasury to obtain funds to be deposited in
16 the Account. The form, denominations, maturities, and other
17 terms and conditions of such notes shall be prescribed by
18 the Secretary with the approval of the Secretary of the
19 Treasury. Each note shall bear interest at such rate as may
20 be determined by the Secretary of the Treasury, taking into
21 consideration the current average market yields on outstand-
22 ing marketable obligations of the United States with remain-
23 ing periods to maturities comparable to the average maturi-
24 ties of the loans held by the Secretary in the Account, ad-
25 justed to the nearest one-eighth of 1 per centum, during the

1 month of June preceding the fiscal year in which the loans
2 were made. The Secretary of the Treasury is authorized and
3 directed to purchase any notes of the Secretary issued here-
4 under, and for that purpose the Secretary of the Treasury is
5 authorized to use as a public debt transaction the proceeds
6 from the sale of any securities issued under the Second
7 Liberty Bond Act, as amended, and the purposes for which
8 such securities may be issued under such Act, as amended,
9 are extended to include the purchase of notes issued by the
10 Secretary. All redemptions, purchases, and sales by the
11 Secretary of the Treasury of such notes shall be treated as
12 public debt transactions of the United States.

13 “(d) The Account shall remain available to the Secre-
14 tary for the payment of interest and principal on notes issued
15 by the Secretary to the Secretary of the Treasury under sec-
16 tion 511 or this section, and for direct loans and related ad-
17 vances under this title in such amounts as are now author-
18 ized by law and in such further amounts as shall be authorized
19 in appropriation Acts. Amounts so authorized for such loans
20 and advances shall remain available until expended.”

21 (b) Section 511 of the Housing Act of 1949 is amended
22 by—

23 (1) in the first sentence (i) inserting “direct”
24 after “making” and (ii) striking out “(other than loans
25 under section 504 (b) or 515 (a))”;

(2) in the second sentence (i) striking out “, of which \$50,000,000 shall be available exclusively for assistance to elderly persons as provided in clause (3) of section 501 (a)” and (ii) striking out “September 30, 1965” and inserting in lieu thereof “October 1, 1969”; and

(3) in the fifth sentence striking out “rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the notes or obligations by the Secretary” and inserting in lieu thereof the following: “yields on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of the loans held by the Secretary in the Rural Housing Direct Loan Account, adjusted to the nearest one-eighth of 1 per centum, during the month of June preceding the fiscal year in which the loans were made.”

FEDERAL NATIONAL MORTGAGE ASSOCIATION SECONDARY
MARKET OPERATIONS FOR INSURED RURAL HOUSING
LOANS

SEC. 904. (a) Section 302 (b) of the Federal National Mortgage Association Charter Act, as amended by section 702 (a) of this Act, is further amended by—

(1) inserting after “which are insured under the

1 National Housing Act” and before the comma the fol-
2 lowing: “or title V of the Housing Act of 1949”;

3 (2) inserting the following after “any mortgage”
4 in clause (2) of the proviso: “, except a mortgage in-
5 sured under title V of the Housing Act of 1949”; and

6 (3) inserting the following in the last sentence be-
7 fore the period: “ or title V of the Housing Act of
8 1949”.

9 (b) Section 303 (b) of such Act is amended by insert-
10 ing “and other” in the first sentence, after “private”.

11 EXTENSION OF RURAL HOUSING AUTHORIZATIONS

12 SEC. 905. (a) Section 512 of the Housing Act of 1949
13 is amended by striking out “September 30, 1965” and in-
14 serting in lieu thereof “October 1, 1969”.

15 (b) Section 513 of such Act is amended by—

16 (1) striking out “September 30, 1965” in clause

17 (b) and inserting in lieu thereof “October 1, 1969”;

18 (2) striking out “\$10,000,000” in clause (c) and
19 inserting in lieu thereof “\$50,000,000” and striking out
20 “September 30, 1965” in the same clause and inserting
21 in lieu thereof “October 1, 1969”; and

22 (3) striking out “September 30, 1965” in clause

23 (d) and inserting in lieu thereof “October 1, 1969”.

24 (c) Section 515 (b) of such Act is amended by striking

1 out "September 30, 1965" in clause (5) and inserting in
2 lieu thereof "October 1, 1969".

3 (d) Section 506 (a) of such Act is amended by strik-
4 ing out "sections 501 to 504, inclusive, and sections 514-
5 516", each place it occurs and inserting in lieu thereof "this
6 title".

7 PAYMENTS OF INTEREST TO THE TREASURY ON APPROPRIA-
8 TIONS FOR RURAL HOUSING LOANS

9 SEC. 906. Title V of the Housing Act of 1949 is
10 amended by adding at the end thereof the following new
11 section:

12 "SEC. 519. (a) The Secretary shall pay to the Secretary
13 of the Treasury interest at a rate determined under the
14 formulas contained in sections 517 (h) and 518 (c) on any
15 portion of any future appropriation deposited in the Rural
16 Housing Insurance Fund or the Rural Housing Direct Loan
17 Account for the purpose of making loans as distinguished
18 from appropriations for the purpose of restoring losses or
19 expenditures from said Fund or Account. Said interest shall
20 be payable annually upon any sum so deposited until an
21 amount equal to such sum is paid from the Fund or Account
22 to which it was deposited and returned to miscellaneous
23 receipts of the Treasury.

24 "(b) Any sums in the Rural Housing Insurance Fund

1 or the Rural Housing Direct Loan Account which the Sec-
2 retary determines are in excess of amounts needed to meet
3 the obligations and carry out the purposes of said Fund or
4 Account shall be returned to miscellaneous receipts of the
5 Treasury.”

6 TITLE X—MISCELLANEOUS

7 INCREASE IN AUTHORIZATION FOR URBAN PLANNING

8 GRANTS

9 SEC. 1001. Section 701 (b) of the Housing Act of
10 1954 is amended by striking out “not exceeding \$105,000,-
11 000” in the fifth sentence and inserting in lieu thereof “such
12 amounts as may be necessary”.

13 INCREASE IN AUTHORIZATION FOR FEDERAL-STATE

14 TRAINING PROGRAMS

15 SEC. 1002. (a) Section 802 (d) of the Housing Act of
16 1964 is amended by (1) striking out the phrase “for grants
17 under this part”, and (2) striking out the phrase “not to
18 exceed \$10,000,000” and inserting in lieu thereof “such
19 amounts as may be necessary to carry out the purposes of
20 this part”.

21 (b) Section 803 of such Act is amended by (1) strik-
22 ing out the phrase “authorized to be”, and (2) striking out
23 the phrase “by section 802 (d) ” and inserting in lieu thereof
24 “for the purposes of this part”.

1 INCREASE IN AUTHORIZATION FOR PUBLIC WORKS

2 PLANNING ADVANCES

3 SEC. 1003. The second sentence of section 702 (e) of
4 the Housing Act of 1954 is amended by (1) striking out
5 "Housing Act of 1964" and inserting in lieu thereof
6 "Housing and Urban Development Act of 1965", and (2)
7 striking out " , not to exceed \$20,000,000 ,".

8 ADVISORY COMMITTEES—TECHNICAL PROVISION

9 SEC. 1004. Section 601 of the Housing Act of 1949
10 is amended by striking out the second sentence.

11 PUBLIC FACILITY LOANS TO NONPROFIT CORPORATIONS

12 SEC. 1005. Section 202 (c) (as redesignated by section
13 201 (c) (1) of this Act) of the Housing Amendments of
14 1955 is amended by adding at the end thereof the following
15 new sentence: "Notwithstanding any other provision of this
16 title, the Administrator may extend financial assistance, as
17 otherwise authorized by clause (1) of subsection (a) of this
18 section, to private nonprofit corporations to finance the con-
19 struction of works for the storage, treatment, purification, or
20 distribution of water; sewage, sewage treatment, and sewer
21 facilities needed to serve such smaller municipalities if he
22 determines that no existing public body is able to construct
23 and operate such facilities."

FHA CONFORMING AMENDMENTS

SEC. 1006. (a) Section 2 (f) of the National Housing Act is amended by striking out all that follows the first sentence.

(b) Section 8 of such Act is amended by—

(1) striking out in subsection (g) “Title I Housing Insurance Fund” and inserting in lieu thereof “General Insurance Fund”; and

(2) repealing subsections (h) and (i).

(c) Section 203 (k) of such Act is amended by—

(1) striking out in designated clause (3) in the first sentence “a separate section 203 Home Improvement Account to be maintained as hereinafter provided under the Mutual Mortgage Insurance Fund” and inserting in lieu thereof “the General Insurance Fund”;

(2) striking out in designated clause (4) in the first sentence “the section 203 Home Improvement Account or in debentures executed in the name of such Account” and inserting in lieu thereof “the General Insurance Fund or in debentures executed in the name of such Fund”;

(3) striking out in the third sentence immediately

1 after “refer to this section 203 (k)” the comma and all
2 that precedes the period; and

3 (4) striking out the fourth and fifth sentences.

4 (d) Section 204 of such Act is amended by—

5 (1) striking out in the first sentence of subsection

6 (a) “or section 210”;

7 (2) striking out in the second sentence of subsection

8 (c) after “the mortgagee” all that follows preceding the
9 period and inserting in lieu thereof “from the Mutual
10 Mortgage Insurance Fund”;

11 (3) striking out in the first sentence of subsection

12 (d) after “shall be negotiable” the first place it appears
13 all that follows preceding the period;

14 (4) striking out in subsection (d) “the Fund” each
15 place it appears and inserting in lieu thereof “the Mutual
16 Mortgage Insurance Fund”;

17 (5) striking out in the fifth sentence of subsection

18 (d) “or the Housing Fund, as the case may be,”;

19 (6) striking out in the sixth sentence of subsection

20 (d) “or the Housing Fund”; and

21 (7) striking out in subsection (f) (1) (i) after
22 “section 203” all that follows preceding the colon.

23 (e) Section 207 of such Act is amended by—

24 (1) striking out in the first sentence of subsection

25 (d) “and section 210”;

1 (2) striking out in the first sentence of subsection
 2 (d) “of the Housing Insurance Fund issued by the
 3 Commissioner under this title” and inserting in lieu
 4 thereof the following: “issued by the Commissioner
 5 under any title and section of this Act, except debentures
 6 of the Mutual Mortgage Insurance Fund”;

7 (3) repealing subsections (f), (m), and (p); and

8 (4) striking out “the Housing Insurance Fund”
 9 and “the Housing Fund” each place they appear in sub-
 10 sections (b), (h), (i), (j), (k), and (l) and inserting
 11 in lieu thereof “the General Insurance Fund”.

12 (f) Section 209 of such Act is amended by striking out
 13 in the second sentence “or account or accounts,”.

14 (g) Section 213 of such Act is amended by—

15 (1) striking out in subsection (a) (3) “the Hous-
 16 ing Fund” and inserting in lieu thereof “the General
 17 Insurance Fund”; and

18 (2) striking out “(l), (m), (n), and (p)” in
 19 subsection (e) and inserting in lieu thereof “(l), and
 20 (n)”.

21 (h) Section 220 of such Act is amended by—

22 (1) striking out “the section 220 Housing Insur-
 23 ance Fund” each place it appears in subsections (d) (2)
 24 and (f) and inserting in lieu thereof “the General
 25 Insurance Fund”;

1 (2) inserting “and” immediately before clause (B)
2 in subsection (f) (3), striking out the comma at the
3 end of clause (B) and all that follows preceding the
4 period;

5 (3) repealing subsections (g) and (h) (4); and

6 (4) striking out “the section 220 Home Improve-
7 ment Account” each place it appears in subsections
8 (h) (5) and (h) (7) and inserting in lieu thereof “the
9 General Insurance Fund”.

10 (i) Section 221 of such Act is amended by—

11 (1) striking out in subsections (d) (4), (f),
12 (g) (1), and (g) (3) “the section 221 Housing Insur-
13 ance Fund” each place it appears and inserting in lieu
14 thereof “the General Insurance Fund”;

15 (2) striking out in subsection (g) (2) after “mort-
16 gages insured under this section” the comma and all that
17 precedes the semicolon;

18 (3) inserting “and” immediately before clause
19 (B) in subsection (g) (3), striking out the comma at
20 the end of clause (B) and all that follows preceding the
21 period; and

22 (4) repealing subsection (h).

23 (j) Section 222 of such Act is amended by—

24 (1) striking out in subsection (e) “Servicemen’s

Mortgage Insurance Fund” and inserting in lieu thereof
“General Insurance Fund”; and

(2) repealing subsection (f).

(k) Section 229 of such Act is amended by striking out
in the first sentence “and Accounts”.

(l) Section 231 of such Act is amended by—

(1) striking out in subsection (c) (4) “the section
207 Housing Insurance Fund” and inserting in lieu
thereof “the General Insurance Fund”; and

(2) striking out “(f), (g), (h), (i), (j), (k),
(l), (m), (n), and (p)” in subsection (e) and insert-
ing in lieu thereof “(g), (h), (i), (j), (k), (l),
and (n)”.

(m) Section 232 of such Act is amended by—

(1) striking out in subsection (d) (1) “the section
207 Housing Insurance Fund” and inserting in lieu
thereof “the General Insurance Fund”; and

(2) striking out “(f), (g), (h), (i), (j), (k),
(l), (m), (n), and (p)” in subsection (f) and insert-
ing in lieu thereof “(g), (h), (i), (j), (k), (l),
and (n)”.

(n) Section 233 of such Act is amended by—

(1) striking out “the Experimental Housing Insur-
ance Fund” in designated clause (1) in the third sen-

1 tence of subsection (f) and inserting in lieu thereof “the
2 General Insurance Fund”;

3 (2) inserting “and” immediately before designated
4 clause (2) in the third sentence of subsection (f),
5 striking out the comma at the end of designated clause
6 (2) and all that follows preceding the period; and

7 (3) repealing subsection (g).

8 (o) Section 234 of such Act is amended by—

9 (1) striking out in subsections (d) (2) and (g)
10 “the Apartment Unit Insurance Fund” and inserting in
11 lieu thereof “the General Insurance Fund”;

12 (2) amending subsection (h) to read as follows:

13 “(h) The provisions of subsections (d), (e), (g),
14 (h), (i), (j), (k), (l), and (n) of section 207 shall be
15 applicable to mortgages insured under subsection (d) of this
16 section.”; and

17 (3) repealing subsection (i), and redesignating
18 subsection (j) as (i).

19 (p) Section 604 of such Act is amended by striking out
20 “the War Housing Insurance Fund” each place it appears in
21 subsection (c), (d), and (f) (1) (i) and inserting in lieu
22 thereof “the General Insurance Fund”.

23 (q) Section 608 of such Act is amended by—

24 (1) striking out “the War Housing Insurance
25 Fund” each place it appears in subsections (b) (1) and

1 (d) and inserting in lieu thereof “the General Insur-
2 ance Fund”; and

3 (2) amending subsection (f) to read as follows:

4 “(f) The provisions of section 207 (k) of this Act shall
5 be applicable to mortgages insured under this section, except
6 that as applied to such mortgages, the reference therein to
7 subsection (g) shall be construed to refer to subsection (c)
8 of this section.”.

9 (r) Section 609 of such Act is amended by striking out
10 designated clause (1) in subsection (f) and renumbering
11 designated clauses (2), (3), and (4) as (1), (2), and
12 (3), respectively.

13 (s) Section 707 of such Act is amended by striking
14 out “the Housing Investment Insurance Fund” and insert-
15 ing in lieu thereof “the General Insurance Fund”.

16 (t) Section 708 of such Act is amended by striking out
17 in subsections (c), (e), (g), and (h) “the Housing Invest-
18 ment Insurance Fund” each place it appears and inserting
19 in lieu thereof “the General Insurance Fund”.

20 (u) Section 803 of such Act is amended by—

21 (1) striking out in subsections (b) (1), (b) (2),
22 (e), (f), and (g) “the Armed Services Housing
23 Mortgage Insurance Fund” each place it appears and
24 inserting in lieu thereof “the General Insurance Fund”;
25 and

1 (2) amending subsection (h) to read as follows:

2 “(h) The provisions in section 207 (k) and section 207
3 (1) of this Act shall be applicable to mortgages insured un-
4 der this title and to property acquired by the Commissioner
5 hereunder, except that as applied to such mortgages and
6 property, the reference in section 207 (k) to subsection (g)
7 shall be construed to refer to subsection (d) of this section.”

8 (v) Section 809 of such Act is amended by striking out
9 in subsections (b), (e), and (g) “the Armed Services
10 Housing Mortgage Insurance Fund” each place it appears
11 and inserting in lieu thereof “the General Insurance Fund”.

12 (w) Section 810 of such Act is amended by—

13 (1) striking out “the Armed Services Housing
14 Mortgage Insurance Fund” in subsection (e) and in-
15 serting in lieu thereof “General Insurance Fund”;

16 (2) striking out “(l), (m), (n), and (p)” in
17 subsection (j) and inserting in lieu thereof “(l), and
18 (n)”;

19 (3) striking out the proviso in subsection (j) and
20 inserting in lieu thereof the following: “*Provided*, That
21 wherever the words ‘Fund’ or ‘Mutual Mortgage Insur-
22 ance Fund’ appear in section 204, such reference shall
23 refer to the General Insurance Fund with respect to
24 mortgages insured under this section.”

25 (x) Section 903 of such Act is amended by striking

1 out in subsection (a) “the National Defense Housing In-
2 surance Fund” each place it appears and inserting in lieu
3 thereof “the General Insurance Fund”.

4 (y) Section 904 of such Act is amended by—

5 (1) striking out in subsections (c) and (d) “the
6 National Defense Housing Insurance Fund” each place
7 it appears and inserting in lieu thereof “the General
8 Insurance Fund”; and

9 (2) striking out in subsection (e) after “of this
10 Act” and all that follows preceding the period.

11 (z) Section 908 of such Act is amended by—

12 (1) striking out in subsection (b) (1) “the Na-
13 tional Defense Housing Insurance Fund” and inserting
14 in lieu thereof “the General Insurance Fund”;

15 (2) striking out in subsection (d) after “of this
16 Act” the comma and all that follows preceding the
17 period; and

18 (3) amending subsection (f) to read as follows:

19 “(f) The provisions of section 207(k) and section
20 207(1) of this Act shall be applicable to mortgages insured
21 under this section and to property acquired by the Com-
22 missioner hereunder, except that as applied to such mortgages
23 and property, the reference therein to subsection (g) shall
24 be construed to refer to subsection (c) of this section.”

1 (aa) Sections 219, 602, 605, 710, 802, 804, 902, and
2 905 of such Act are hereby repealed.

3 REPEAL OF SPECIAL PROVISION IN URBAN MASS
4 TRANSPORTATION ACT

5 SEC. 1007. Section 9 of the Urban Mass Transportation
6 Act of 1964 is amended by striking out subsection (c) and
7 redesignating subsections (d), (e), and (f) as subsections
8 “(c)”, “(d)”, and “(e)”, respectively.

89TH CONGRESS
1ST Session

H. R. 5840

A BILL

To assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

By Mr. PATMAN

MARCH 4, 1965

Referred to the Committee on Banking and Currency

89TH CONGRESS
1ST SESSION

S. 1354

IN THE SENATE OF THE UNITED STATES

MARCH 4, 1965

MR. SPARKMAN (by request) introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

A BILL

To assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*
- 3 That this Act may be cited as the "Housing and Urban
- 4 Development Act of 1965".

TITLE I—SPECIAL PROVISIONS FOR DIS-
ADVANTAGED PERSONS

FINANCIAL ASSISTANCE TO ENABLE CERTAIN PRIVATE
HOUSING TO BE AVAILABLE FOR LOWER INCOME FAM-
ILIES WHO ARE ELDERLY, HANDICAPPED, DISPLACED,
OR OCCUPANTS OF SUBSTANDARD HOUSING

SEC. 101. (a) AUTHORITY TO MAKE PAYMENTS.—

8 The Housing and Home Finance Administrator (herein-
9 after referred to as the "Administrator") is hereby author-
10 ized to make, and contract to make, annual payments to a
11 "housing owner" on behalf of "qualified tenants", as those
12 terms are defined herein, in such maximum amounts and
13 under such circumstances as are prescribed in, or pursuant
14 to, this section. In no case shall a contract provide for
15 such payments with respect to any housing for a period
16 exceeding forty years. The aggregate amount of the con-
17 tracts to make such payments shall not exceed amounts ap-
18 proved in appropriation Acts and shall not exceed \$50,000,-
19 000 per annum prior to July 1, 1966, which maximum
20 dollar amount shall be increased by \$50,000,000 on July 1
21 in each of the years 1966, 1967, and 1968.

(b) HOUSING OWNER.—As used herein, a “housing owner” shall mean a private nonprofit corporation or other entity, a limited dividend corporation or other entity, or a cooperative mortgagor under section 221(d)(3) of the

1 National Housing Act which, since the enactment of this
2 Act, has been approved for mortgage insurance thereunder
3 and has been approved for receiving the benefits of this
4 section: *Provided*, That no housing owner receiving pay-
5 ments under this section may receive the benefits of the inter-
6 est rate provided for in the proviso in clause (5) of section
7 221 (d) of that Act.

8 (c) QUALIFIED TENANT.—As used in this section, a
9 “qualified tenant” means any individual or family who has,
10 pursuant to criteria and procedures established by the Ad-
11 ministrator, been determined—

12 (1) to have an income below the amount required
13 to obtain standard privately owned housing in the area
14 that is conventionally financed or that is financed with
15 a market interest rate mortgage insured under said
16 section 221 (d) (3), but above the amount which would
17 be necessary for low-income families generally to obtain
18 admission to public housing dwellings, in the same or a
19 similar area, of a size comparable to the dwelling of the
20 housing owner which is occupied, or to be occupied,
21 by the qualified tenant; and

22 (2) to be one of the following—

23 (A) displaced by governmental action;

24 (B) sixty-two years of age or older in the case
25 of an individual or, in the case of a family, to have a

1 head who is, or whose spouse is, sixty-two years of
2 age or over;

3 (C) physically handicapped; or

4 (D) occupying substandard housing.

5 (d) AMOUNT OF PAYMENT.—The amount of the annual
6 payment with respect to any dwelling unit shall not exceed
7 (1) the amount by which the fair market rental for such
8 unit exceeds one-fifth (or one-fourth in the case of a unit to
9 be rented under a lease with an option to purchase the unit
10 or a cooperative ownership interest therein) of the tenant's
11 income as determined by the Administrator pursuant to pro-
12 cedures and regulations established by him, nor (2) the
13 estimated amount of subsidy contracted for under the United
14 States Housing Act of 1937 with respect to a dwelling unit
15 of comparable size and type in the same or a comparable
16 locality.

17 (e) CRITERIA AND PROCEDURES RELATING TO TENANT
18 ELIGIBILITY, RENTAL CHARGES AND ANNUAL PAY-
19 MENTS.—(1) For purposes of carrying out the provisions of
20 this section, the Administrator shall establish criteria and
21 procedures for determining the eligibility of occupants and
22 rental charges, including criteria and procedures with respect
23 to periodic review of tenant incomes and periodic adjustment
24 of rental charges. The Administrator shall issue, upon the
25 request of a housing owner, certificates as to the following

1 facts concerning the individuals and families applying for
2 admission to, or residing in, dwellings of such owner:

3 (A) the income of the individual or family; and

4 (B) whether the individual or family was displaced
5 by governmental action, is elderly, is physically handi-
6 capped, or is occupying substandard housing.

7 (2) Procedures adopted by the Administrator hereunder
8 shall provide for recertifications of the incomes of occupants,
9 except the elderly, at intervals of two years (or at shorter
10 intervals in cases where the Administrator may deem it
11 desirable) for the purpose of adjusting rental charges and
12 annual payments on the basis of occupants' incomes, but in
13 no event shall rental charges adjusted under this section for
14 any dwelling exceed the fair market rental of the dwelling.

15 (3) The Administrator may enter into agreements, or
16 authorize housing owners to enter into agreements, with
17 public or private agencies for services required in the selec-
18 tion of qualified tenants, including those who may be ap-
19 proved, on the basis of the probability of future increases
20 in their incomes, as lessees under an option to purchase
21 dwellings or cooperative ownership interests therein, and
22 in the establishment of rentals. The Administrator is
23 hereby authorized (without limiting his authority under
24 any other provision of law) to delegate to any such public

1 or private agency his authority to issue certificates pursuant
2 to this subsection.

3 (f) WAIVER OF WORKABLE PROGRAM.—Section
4 101 (c) of the Housing Act of 1949 is amended by inserting
5 “(i)” after the phrase “a mortgage under” in the first
6 proviso thereof and by inserting immediately prior to the
7 colon at the end of the first proviso: “, or (ii) section
8 221 (d) (3) of the National Housing Act if payments with
9 respect to the mortgaged property are paid or to be paid
10 under section 101 of the Housing and Urban Development
11 Act of 1965, except that no such mortgage shall be in-
12 sured, and no commitment to insure such a mortgage shall
13 be issued, with respect to property in any community for
14 which a workable program for community improvement
15 was required and in effect at the time a contract for a loan
16 or capital grant was entered into under this title, or a con-
17 tract for annual contributions or capital grants was entered
18 into pursuant to the United States Housing Act of 1937,
19 unless there is a workable program for community improve-
20 ment which meets the requirements of this subsection in
21 effect in such community at the time of such insurance or
22 commitment”.

23 (g) REGULATIONS.—The Administrator is authorized
24 to make such rules and regulations, to enter into such agree-
25 ments, and to adopt such procedures as he may deem neces-

sary or desirable to carry out the provisions of this section. Nothing contained in this section shall affect the authority of the Federal Housing Commissioner with respect to any housing assisted under this section and under section 221 (d) (3) of the National Housing Act, including his authority to prescribe occupancy requirements under other provisions of law or to determine the portion of any such housing which may be occupied by qualified tenants.

(h) APPROPRIATIONS.—There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section, including, but not limited to, such sums as may be necessary to make annual payments, pay for services provided under (or pursuant to agreements entered into under) subsection (e), and provide administrative expenses.

(i) CONFORMING AMENDMENT.—Section 114 (c) (2) of the Housing Act of 1949 is amended by inserting before the colon at the end of the first proviso the following: “, or a dwelling unit assisted under section 101 of the Housing and Urban Development Act of 1965”.

EXTENSION OF FHA SECTION 221 PROGRAMS

SEC. 102. The fifth sentence of section 221 (f) of the National Housing Act is amended by striking out “subsection (d) (2) or (d) (4) after September 30, 1965, or under

1 subsection (d) (3) after September 30, 1965," and inserting
2 in lieu thereof "this section after October 1, 1969,".

3 REHABILITATION GRANTS TO HOMEOWNERS IN URBAN
4 RENEWAL AREAS

5 SEC. 103. (a) Title I of the Housing Act of 1949 is
6 amended by adding at the end thereof the following new
7 section:

8 "REHABILITATION GRANTS

9 "SEC. 115. (a) Notwithstanding any other provision
10 of this title, the Administrator may authorize a local public
11 agency to make grants (and the urban renewal project may
12 include the making of such grants) as prescribed in this sec-
13 tion. Any such grant may be made only to an individual or
14 family, as described in subsection (b), who owns and oc-
15 cupies a structure in the urban renewal area and for the pur-
16 pose of covering the cost of repairs and improvements
17 necessary to make such structure conform to public standards
18 for decent, safe, and sanitary housing as required by applica-
19 ble codes or other requirements of the urban renewal plan
20 for the area. Any contract for financial assistance under this
21 title shall provide that the capital grant otherwise payable
22 for the project shall be increased by an amount equal to the
23 total amount of such grants and that no part of the total
24 amount of such grants shall be required to be contributed as
25 part of the local grant-in-aid.

1 “(b) A grant authorized by this section may be made
 2 to an individual or family whose income does not exceed
 3 \$2,000 a year, and such grant may be in an amount which
 4 does not exceed the lesser of (1) the actual (and approved)
 5 cost of the repairs and improvements, or (2) \$1,000. In
 6 case the income of the individual or family exceeds \$2,000 a
 7 year, a grant may be made under this section, subject to the
 8 limitations specified in clauses (1) and (2) of the preceding
 9 sentence, in an amount not to exceed that portion of the cost
 10 of such repairs and improvements as cannot be paid for with
 11 any available loan which can be amortized as part of such
 12 individual's or family's monthly housing expense without
 13 requiring such monthly housing expense to exceed 25 per
 14 centum of such individual's or family's monthly income.”.

15 (b) Any contract with a local public agency which was
 16 executed under title I of the Housing of 1949 before the date
 17 of enactment of this Act may be amended to provide for
 18 grants authorized by section 115 of the Housing Act of
 19 1949.

20 PARITY OF TREATMENT FOR THE HANDICAPPED AND
 21 ELDERLY IN PUBLIC HOUSING

22 SEC. 104. Section 2 (2) of the United States Housing
 23 Act of 1937 is amended to read as follows:

24 “(2) The term ‘families of low income’ means families

1 (including elderly and displaced families) who are in the
 2 lowest income group and who cannot afford to pay enough
 3 to cause private enterprise in their locality or metropolitan
 4 area to build an adequate supply of decent, safe, and sanitary
 5 dwellings for their use. The term 'families' includes families
 6 consisting of a single person in the case of elderly families
 7 and displaced families, and includes the remaining member
 8 of a tenant family. The term 'elderly families' means families
 9 whose heads (or their spouses), or whose sole members, have
 10 attained the age at which an individual may elect to receive
 11 an old-age benefit under title II of the Social Security Act,
 12 or who are under a disability as defined in section 223 of that
 13 Act, or who are handicapped within the meaning of section
 14 202 of the Housing Act of 1959. The term 'displaced fami-
 15 lies' means families displaced by urban renewal or other
 16 governmental action."

17 RELOCATION PAYMENTS UNDER URBAN MASS

18 TRANSPORTATION ACT

19 SEC. 105. Section 7 (b) of the Urban Mass Transporta-
 20 tion Act of 1964 is amended by striking out all that follows
 21 the second sentence and inserting in lieu thereof the follow-
 22 ing: "The term 'relocation payments' means payments by the
 23 applicant which are (1) made to an individual, family, busi-
 24 ness concern, or nonprofit organization displaced by a project
 25 on or after March 4, 1965, (2) not otherwise authorized

1 under any Federal law, and (3) made only on such terms
 2 and conditions and subject to such limitations (as applicable,
 3 but not including the date of displacement) as are provided
 4 for relocation payments, at the time such payment is ap-
 5 proved, by sections 114 (b) and (c) of the Housing Act of
 6 1949. Relocation payments authorized by this subsection
 7 shall be made subject to such rules and regulations as may
 8 be prescribed by the Administrator.”

9 TITLE II—FHA INSURANCE OPERATIONS

10 LAND DEVELOPMENT

11 SEC. 201. (a) The National Housing Act is amended
 12 by adding at the end thereof the following new title:

13 “TITLE X—MORTGAGE INSURANCE FOR LAND 14 DEVELOPMENT

15 “PURPOSE

16 “SEC. 1001. The purpose of this title is to provide appro-
 17 priate credit assistance in order that private enterprise may
 18 better serve the needs of a rapidly expanding urban popula-
 19 tion by means of additional well-planned and adequately
 20 improved sites for the development of desirable residential
 21 neighborhoods, subdivisions, and sound communities.

22 “DEFINITIONS

23 “SEC. 1002. As used in this title—

24 “(a) the term ‘mortgage’ means a lien or liens on
 25 real estate in fee simple, or on a leasehold (1) under a

1 lease for not less than ninety-nine years which is renew-
2 able or (2) under a lease having a period of not less
3 than fifty years to run from the date the mortgage was
4 executed;

5 “(b) the term ‘first mortgage’ includes such classes
6 of first liens as are commonly given to secure advances
7 (including but not limited to advances during con-
8 struction) on, or the unpaid purchase price of, real
9 estate under the laws of the State in which the real
10 estate is located, together with the credit instrument
11 or instruments, if any, secured hereby, and may be in the
12 form of trust mortgages or mortgage indentures or
13 deeds of trusts securing notes, bonds, or other credit
14 instruments;

15 “(c) the terms ‘mortgagee’, ‘mortgagor’, and ‘State’
16 shall have the same meaning as in section 207 of this
17 Act;

18 “(d) the term ‘improvements’ means water lines
19 and water supply installations, sewer lines and sewage
20 disposal installations, roads, streets, curbs, gutters, side-
21 walks, storm drainage facilities, and other installations
22 or work, whether on or off the site, which the Commis-
23 sioner deems necessary or desirable to prepare land
24 primarily for residential and related uses or to provide
25 facilities for public or common use. These facilities shall

1 include only such buildings as are needed in connection
2 with water supply or sewage disposal installations and
3 such buildings, other than schools, as the Commissioner
4 considers appropriate, which are to be owned and main-
5 tained jointly by the property owners; and

6 “(e) the term ‘land development’ means the process
7 of making, installing, or constructing improvements.

8 “BASIC CONDITIONS FOR INSURANCE

9 “SEC. 1003. The Commissioner is authorized (1) to
10 insure, upon such terms and conditions as he may prescribe,
11 any first mortgage (including advances on such mortgage) in
12 accordance with the provisions of this title and (2) to make
13 a commitment for the insurance of such mortgage prior to
14 the date of execution of such mortgage or prior to the date
15 of disbursement of the mortgage proceeds. No mortgage
16 shall be insured under this title after October 1, 1969, except
17 pursuant to a commitment to insure issued before such date.

18 “SEC. 1004. The mortgage shall—

19 “(a) be executed by a mortgagor, other than a
20 public body, approved by the Commissioner;

21 “(b) be made to and held by a mortgagee approved
22 by the Commissioner;

23 “(c) cover the land to be developed and the im-
24 provements made with the assistance of the mortgage

1 insurance, except facilities intended for public use and in
2 public ownership.

3 "SEC. 1005. The principal obligation of the mortgage
4 shall (1) not exceed 75 per centum of the Commissioner's
5 estimate of the value of the property upon completion of
6 the land development, and (2) not exceed the sum of 50
7 per centum of the Commissioner's estimate of the value of
8 the land before development and 90 per centum of his
9 estimate of the cost of such development. The outstanding
10 principal obligations of mortgages involving a single land
11 development undertaking, as defined by the Commissioner,
12 shall at no time exceed \$25,000,000.

13 "SEC. 1006. The mortgage shall—

14 " (a) have a maturity and contain repayment pro-
15 visions satisfactory to the Commissioner;

16 " (b) bear interest at a rate satisfactory to the Com-
17 missioner, and such interest shall be exclusive of pre-
18 mium charges for mortgage insurance and such service
19 charges and fees as may be approved by the Commis-
20 sioner; and

21 " (c) contain such terms and provisions with re-
22 spect to protection of the security, payment of taxes,
23 delinquency charges, prepayment, additional and second-
24 ary liens, and other matters as the Commissioner may
25 in his discretion prescribe.

1 “SEC. 1007. A property or project to be financed by a
2 mortgage insured under this title shall—

3 “(a) represent an acceptable mortgage insurance
4 risk, giving consideration to the expected contributions
5 of the land development to sound economic community
6 growth; and

7 “(b) involve improvements that comply with all
8 applicable State and local governmental requirements
9 and with minimum standards approved by the Com-
10 missioner.

11 “LAND PLANNING

12 “SEC. 1008. (a) The land development shall be under-
13 taken pursuant to a schedule, conforming to such require-
14 ments and procedures as the Commissioner may prescribe,
15 that will assure the use of the land for the purposes for which
16 it is to be developed within the shortest reasonable period
17 consistent with the objectives of sound and economic com-
18 munity growth or urban development.

19 “(b) The land development shall be undertaken in ac-
20 cordance with an overall development plan, appropriate to
21 the scope and character of the undertaking, which—

22 “(1) has received all governmental approvals re-
23 quired by State or local law or by the Commissioner;

24 “(2) is acceptable to the Commissioner as providing
25 reasonable assurance that the land development will con-

1 tribute to the establishment or growth of a well-planned
2 neighborhood, subdivision, or community which (i)
3 will have a sound economic base and a long economic
4 life, (ii) will be characterized by sound land-use pat-
5 terns, and (iii) will include or be served by such shop-
6 ping, school, recreational, transportation, and other facili-
7 ties as the Commissioner deems adequate or necessary;
8 and

9 “(3) is consistent with a comprehensive plan which
10 covers, or with comprehensive planning being carried
11 on for, the area in which the land is situated and which
12 meets criteria established by the Housing and Home
13 Finance Administrator for such plans or planning.

14 “(c) The Administrator may establish a category of ex-
15 tensive new developments for which overall development
16 plans, including the adequacy of housing to be provided for
17 those who would be employed within the planned develop-
18 ment, shall be reviewed by him for consistency with such
19 comprehensive plans or planning.

20 “DEVELOPMENT PRIORITIES

21 “SEC. 1009. The Commissioner shall adopt such re-
22 quirements as he deems necessary to encourage the mainte-
23 nance of a diversified local homebuilding industry and the
24 inclusion of a proper balance of housing for families of
25 moderate or low income. He may give such priority as he

1 deems reasonable to land development undertakings that
2 will, through open marketing of the developed land or other
3 means, encourage broad participation by builders and that
4 will serve families having a broad range of incomes.

5 “WATER AND SEWERAGE FACILITIES

6 “SEC. 1010. After development of the land it shall be
7 served by public systems for water and sewerage which are
8 consistent with other existing or prospective systems within
9 the area. If the Commissioner determines that public owner-
10 ship of such a system is not feasible, he may approve an
11 adequate privately or cooperatively owned system which
12 will be regulated, during the period of such ownership, in a
13 manner acceptable to him with respect to user rates and
14 charges, capital structure, methods of operation, and rate
15 of return. Approval of such system shall be given only
16 where the Commissioner receives assurances, satisfactory to
17 him, with respect to eventual public ownership and operation
18 of the system and with respect to the conditions and terms
19 for any sale or transfer.

20 “RELEASES—SUBORDINATION OF MORTGAGE LIEN

21 “SEC. 1011. The Commissioner may, on such terms and
22 conditions as he may prescribe, (1) consent to the release
23 of a part or parts of the mortgaged property from the lien
24 of the mortgage, and (2) consent to the subordination of

1 the lien of an insured mortgage upon a part or parts of the
2 mortgaged property where the subordination is necessary
3 to obtain construction financing for a dwelling on which an
4 application for the insurance of permanent financing has
5 been filed under any other title of this Act.

6 "PREMIUMS AND FEES

7 "SEC. 1012. The Commissioner shall collect reasonable
8 premiums for the insurance of any mortgage under this title
9 and make such charges as he determines are reasonable for
10 the analysis of the land development plan and the appraisal
11 and inspection of the property and improvements. On or
12 before January 1, 1969, the Commissioner shall make a
13 report to the Congress concerning the premium rates and
14 other charges under this title that he estimates will be ade-
15 quate to provide income sufficient for a self-supporting
16 program.

17 "INSURANCE BENEFITS

18 "SEC. 1013. The provisions of subsections (e), (g),
19 (h), (i), (j), (k), (l), and (n) of section 207 of this
20 Act shall be applicable to mortgages insured under this title,
21 except that as applied to such mortgages (1) any reference
22 therein to section 207 shall be deemed to refer to this title,
23 and (2) any reference to an annual premium shall be deemed
24 to refer to such premiums as the Commissioner may desig-
25 nate under this title.

1 "INCONTESTABILITY PROVISIONS

2 "SEC. 1014. Any contract of insurance executed by the
3 Commissioner under this title shall be conclusive evidence
4 of the eligibility of the mortgage for insurance, and the
5 validity of any contract of insurance so executed shall be
6 incontestable in the hands of an approved mortgagee from
7 the date of the execution of such contract, except for fraud
8 or misrepresentation on the part of such approved
9 mortgagee.

10 "RULES AND REGULATIONS

11 "SEC. 1015. The Commissioner is authorized to make
12 such rules and regulations and to require such agreements
13 as he may deem necessary or desirable to carry out the
14 provisions of this title.

15 "TAXATION PROVISIONS

16 "SEC. 1016. Nothing in this title shall be construed to
17 exempt any real property acquired and held by the Com-
18 missioner under this title from taxation by any State or
19 political subdivision thereof to the same extent, according to
20 its value, as other real property is taxed.

21 "COST CERTIFICATION

22 "SEC. 1017. (a) The Commissioner shall adopt such
23 requirements as he determines necessary to assure, at reason-
24 able intervals of time during land development and upon
25 completion of such development, that the amount of the

1 mortgage loan outstanding at each such interval does not
2 exceed with respect to that portion of the land remaining
3 under the lien of the mortgage: (1) 50 per centum of the
4 Commissioner's estimate of the value of such remaining land
5 before development; plus (2) 90 per centum of the actual
6 cost of the development allocated by the Commissioner to
7 such remaining land.

8 “(b) From time to time during and upon completion
9 of the development, the Commissioner shall require the
10 mortgagor to certify as to the actual costs of development
11 of the land.

12 “(c) Certifications required pursuant to this section
13 shall be accompanied by such data and records as the Com-
14 missioner shall prescribe.

15 “(d) A mortgagor's certification approved by the Com-
16 missioner shall be final and incontestable except for fraud
17 or material misrepresentation on the part of the mortgagor.

18 “(e) As used in this section, the term ‘actual costs’
19 means the costs (exclusive of kickbacks, rebates, or trade
20 discounts) to the mortgagor of the improvements. These
21 costs may include amounts paid for labor, materials, con-
22 struction contracts, land planning, engineers' and architects'
23 fees, surveys, taxes, and interest during development, organi-
24 zational and legal expenses, such allocation of general over-
25 head expenses as are acceptable to the Commissioner, and

1 other items of expense incidental to development which
 2 may be approved by the Commissioner. If the Commis-
 3 sioner determines there is an identity of interest between
 4 the mortgagor and the contractor, there may be included
 5 an allowance for contractor's profit in an amount deemed
 6 reasonable by the Commissioner."

7 CONFORMING AMENDMENTS

8 (b) (1) Section 212 (a) of the National Housing Act
 9 is amended by inserting the following new sentence at the
 10 end thereof: "The provisions of this section shall also apply
 11 to insurance under title X with respect to laborers or me-
 12 chanics employed in land development financed with the pro-
 13 ceeds of any mortgage insured under that title."

14 (2) Section 302 (b) of the Federal National Mortgage
 15 Association Charter Act is amended by—

16 (A) inserting after "or title VIII," in the proviso
 17 the following: "or under title X with respect to land
 18 development the plans for which were approved by the
 19 Housing and Home Finance Administrator pursuant to
 20 section 1008 (c) , of the National Housing Act,"; and

21 (B) striking out "the term 'mortgages' " in the last
 22 sentence and substituting "the terms 'mortgages' and
 23 'home mortgages' ".

24 (3) The first paragraph of section 24 of the Federal
 25 Reserve Act is amended by inserting before the last sentence

1 the following new sentence: "Notwithstanding the limita-
2 tions and restrictions in this section, any national banking
3 association may make loans for land development which are
4 secured by mortgages insured under title X of the National
5 Housing Act."

6 (4) Section 5(c) of the Home Owners Loan Act of
7 1933 is amended by adding at the end thereof the following
8 new paragraph:

9 "Without regard to any other provision of this sub-
10 section, any such association may, to such extent as the
11 Federal Home Loan Bank Board may by regulation per-
12 mit, invest in loans, and interests in loans, secured by mort-
13 gages as to which the association has the benefit of insurance
14 under title X of the National Housing Act or of a commit-
15 ment or agreement for such insurance, and investments
16 under this sentence shall not be included in any percentage
17 of assets or other percentage referred to in this subsection."

18 (5) Section 701(a) of the Housing Act of 1954 is
19 amended by inserting the following before the semicolon in
20 paragraph (4): ", or for areas where rapid urbanization is
21 expected to result from the establishment of an extensive
22 new development on land acquired or to be acquired by State
23 land development agencies with assistance under section
24 202(b)(1) of the Housing Amendments of 1955, or on

1 land developed or to be developed with assistance under title
2 X of the National Housing Act”.

3 (6) Section 202 (b) (redesignated below as section
4 202 (c)) of the Housing Amendments of 1955 is amended
5 by inserting “ (A) ” after “public works or facilities” in the
6 second sentence of paragraph (4) , and adding the following
7 before the period at the end thereof: “, or (B) to be pro-
8 vided in connection with the establishment of an extensive
9 new development on land developed or to be developed with
10 assistance under title X of the National Housing Act”.

11 LOANS TO STATE LAND DEVELOPMENT AGENCIES

12 (c) (1) Section 202 of the Housing Amendments of
13 1955 is amended by inserting after subsection (a) the fol-
14 lowing new subsection (b) and redesignating the remaining
15 subsections accordingly:

16 “(b) (1) In order to encourage and assist in the timely
17 acquisition of open or predominantly undeveloped land to be
18 utilized in connection with the development of well-planned
19 residential neighborhoods, subdivisions, and communities,
20 the Administrator is authorized to purchase the securities
21 and obligations of, or make loans to, State land development
22 agencies to finance the acquisition of a fee simple or other
23 interest in such land for subsequent sale in accordance with
24 this subsection. A loan under this subsection may be in an

1 amount which shall not exceed the total cost, as approved by
2 the Administrator, of acquiring such interest; shall be rea-
3 sonably secured; shall be repaid in such manner and within
4 such period, not exceeding fifteen years, as may be deter-
5 mined by the Administrator; and shall bear interest at the
6 rate prescribed for financial assistance extended under sub-
7 section (a) of this section. As used in this subsection, 'State
8 land development agencies' means public corporations au-
9 thorized to carry out, and created or designated by or pur-
10 suant to State law for the purpose of carrying out, the
11 functions for which financial assistance is available under
12 this subsection.

13 “(2) The Administrator shall not extend any financial
14 assistance for the acquisition of land under this subsection
15 unless he determines that (A) the financial assistance applied
16 for is not otherwise available on reasonable terms, (B) the
17 development of a well-planned residential neighborhood, sub-
18 division, or community on such land would be consistent with
19 a comprehensive plan or comprehensive planning, meeting
20 criteria established by the Administrator, for the area in
21 which the land is located, and (C) a preliminary develop-
22 ment plan for the use of the land meets criteria established
23 by the Administrator for such preliminary development plans.

“(3) Land acquired with financial assistance under this subsection shall be disposed of for development in accordance with a current development plan for the land which has been approved by the Administrator and shall not be sold or otherwise disposed of for less than its fair value for uses in accord with such development plan. Such plan shall, wherever feasible in the light of current conditions, encourage the provision of sites providing a proper balance of types of housing to serve families having a broad range of incomes.”

(c) (2) Section 203 (a) of the Housing Amendments of 1955 is amended by striking out “section 202 (a)” and inserting in lieu thereof “section 202 (a) and pursuant to section 202 (b)”.

EXTENSION OF INSURANCE AUTHORIZATIONS

SEC. 202. (a) Section 2 (a) of the National Housing Act is amended by striking out “October 1, 1965” and inserting in lieu thereof “October 1, 1969”.

(b) Section 217 of such Act is amended by—

(1) striking out “title VIII” and inserting in lieu thereof “titles VIII or X”, and

(2) striking out “October 1, 1965” and inserting in lieu thereof “October 1, 1969”.

1 (c) The second sentences of sections 809 (f) and 810 (k)
2 of such Act are each amended by striking out “October 1,
3 1965” and inserting in lieu thereof “October 1, 1969”.

4 MULTIFAMILY MORTGAGE LIMITS FOR FOUR OR MORE

5 BEDROOM UNITS

6 SEC. 203. (a) Section 207 of the National Housing Act
7 is amended by—

8 (1) striking out “and \$18,500 per family unit with
9 three or more bedrooms” in subsection (c) (3) and in-
10 serting in lieu thereof “\$18,500 per family with three
11 bedrooms, and \$21,000 per family unit with four or
12 more bedrooms”; and

13 (2) striking out “and \$22,500 per family unit with
14 three or more bedrooms” in subsection (c) (3) and
15 inserting in lieu thereof “\$22,500 per family unit with
16 three bedrooms, and \$25,500 per family unit with four
17 or more bedrooms”.

18 (b) Section 213 of the National Housing Act is
19 amended by—

20 (1) striking out “and \$18,500 per family unit with
21 three or more bedrooms” in subsection (b) (2) and in-
22 serting in lieu thereof “\$18,500 per family unit with
23 three bedrooms, and \$21,000 per family unit with four
24 or more bedrooms”;

25 (2) striking out “and \$22,500 per family unit with

1 three or more bedrooms” in subsection (b) (2) and
2 inserting in lieu thereof “\$22,500 per family unit with
3 three bedrooms, and \$25,500 per family unit with four
4 or more bedrooms”;

5 (3) striking out “not to exceed the greater of the
6 following amounts (1) A” in subsection (c) and insert-
7 ing in lieu thereof “not to exceed a”; and

8 (4) striking out subsection (c) (2).

9 (c) Section 220 of the National Housing Act is
10 amended by—

11 (1) striking out “and \$18,500 per family unit with
12 three or more bedrooms” in subsection (d) (3) (B)
13 (iii) and inserting in lieu thereof “\$18,500 per family
14 unit with three bedrooms, and \$21,000 per family unit
15 with four or more bedrooms”; and

16 (2) striking out “and \$22,500 per family unit with
17 three or more bedrooms” in subsection (d) (3) (B)
18 (iii) and inserting in lieu thereof “\$22,500 per family
19 unit with three bedrooms, and \$25,500 per family unit
20 with four or more bedrooms”.

21 (d) Section 221 of the National Housing Act is
22 amended by—

23 (1) striking out “and \$17,000 per family unit with
24 three or more bedrooms” in subsections (d) (3) (ii) and
25 (d) (4) (ii) and inserting in lieu thereof in each subsec-

1 tion “\$17,000 per family unit with three bedrooms,
2 and \$19,250 per family unit with four or more bed-
3 rooms”; and

4 (2) striking out “and \$20,000 per family unit with
5 three or more bedrooms” in subsections (d) (3) (ii)
6 and (d) (4) (ii) and inserting in lieu thereof in each
7 subsection “\$20,000 per family unit with three bed-
8 rooms, and \$22,750 per family unit with four or more
9 bedrooms”.

10 (e) Section 231 of the National Housing Act is
11 amended by—

12 (1) striking out “and \$17,000 per family unit with
13 three or more bedrooms” in subsection (c) (2) and in-
14 serting in lieu thereof “\$17,000 per family unit with
15 three bedrooms, and \$19,250 per family unit with four
16 or more bedrooms”; and

17 (2) striking out “and \$20,000 per family unit with
18 three or more bedrooms” in subsection (c) (2) and in-
19 serting in lieu thereof “\$20,000 per family unit with
20 three bedrooms, and \$22,750 per family unit with four
21 or more bedrooms”.

22 (f) Section 234 of the National Housing Act is
23 amended by—

24 (1) striking out “and \$18,500 per family unit with
25 three or more bedrooms” in subsection (e) (3) and in-

serting in lieu thereof “\$18,500 per family unit with three bedrooms, and \$21,000 per family unit with four or more bedrooms”; and

(2) striking out “and \$22,500 per family unit with three or more bedrooms” in subsection (e) (3) and inserting in lieu thereof “\$22,500 per family unit with three bedrooms, and \$25,500 per family unit with four or more bedrooms”.

REHABILITATION IN URBAN RENEWAL AREAS

SEC. 204. Section 220 of the National Housing Act is amended by—

(1) striking out the colon and the second proviso preceding the semicolon at the end of clause (i) in subsection (d) (3) (A) ;

(2) striking out clause (ii) in subsection (d) (3) (A) and inserting in lieu thereof the following:

“(ii) in a case where the mortgagor is not the occupant of the property and the mortgagor intends to hold the property for rental purposes, have a principal obligation in an amount not to exceed 93 per centum of the amount available to a mortgagor who is the occupant of the property computed under the provisions of clause (i) ;

“(iii) in a case where the mortgagor is not the

1 occupant of the property and intends to hold the prop-
2 erty for the purpose of sale, have a principal obligation
3 in an amount not to exceed 85 per centum of the amount
4 computed under the provisions of clause (i), or in the
5 alternative, an amount computed under the provisions
6 of clause (i) if the mortgagor and mortgagee assume
7 responsibility in a manner satisfactory to the Com-
8 missioner for the reduction of the mortgage by an
9 amount not less than 15 per centum of the outstanding
10 principal amount thereof, or such greater amount as
11 may be required to meet the limitations of clause (iv),
12 in the event the mortgaged property is not, prior to
13 the due date of the eighteenth amortization payment of
14 the mortgage, sold to a purchaser acceptable to the
15 Commissioner who is the occupant of the property and
16 who assumes and agrees to pay the mortgage indebted-
17 ness; and

18 “(iv) in no case involving refinancing (except as
19 provided in clause (iii)), have a principal obligation
20 in an amount exceeding the sum of the estimated cost
21 of repair and rehabilitation and the amount (as deter-
22 mined by the Commissioner) required to refinance
23 existing indebtedness secured by the property or project
24 and any existing indebtedness incurred in connection

1 with improving, repairing, or rehabilitating the prop-
 2 erty; or”.

3 NONDWELLING FACILITIES FOR URBAN RENEWAL HOUSING

4 SEC. 205. Section 220 of the National Housing Act is
 5 amended by striking out clause (iv) in subsection (d) (3)
 6 (B) and inserting in lieu thereof the following:

7 “(iv) include such nondwelling facilities as the
 8 Commissioner deems desirable and consistent with the
 9 urban renewal plan: *Provided*, That the project shall
 10 be predominantly residential and any nondwelling fa-
 11 cility included in the mortgage shall be found by the
 12 Commissioner to contribute to the economic feasibility
 13 of the project.”

14 LARGER INSURED MORTGAGES FOR SERVICEMEN

15 SEC. 206. Section 222 (b) of the National Housing Act
 16 is amended by—

17 (1) striking out “\$20,000” in clause (2) and
 18 inserting in lieu thereof “\$30,000”;

19 (2) striking out in clause (3) “in an amount”
 20 and “of 95 per centum of the appraised value of the
 21 property or such higher amount as may be”; and

22 (3) inserting “of the amount” in clause (3) after
 23 “in excess”.

1 REFINANCING OF INSURED MORTGAGES

2 SEC. 207. Section 223 of the National Housing Act is
3 amended by striking out in subsection (a) (7) immediately
4 before the first proviso “section 608 of title VI prior to
5 the effective date of the Housing Act of 1954 or under
6 section 220, 221, 903 or section 908” and inserting in lieu
7 thereof “this Act”.

8 CONSOLIDATION OF FHA INSURANCE FUNDS

9 SEC. 208. Title V of the National Housing Act is
10 amended by adding at the end thereof the following new
11 section:

12 “SEC. 519. (a) There is hereby created a General In-
13 surance Fund which shall be used by the Commissioner, on
14 and after the date of the enactment of the Housing and Urban
15 Development Act of 1965, as a revolving fund for carrying
16 out all the insurance provisions of this Act with the excep-
17 tion of the provisions in sections 203 (b) , 203 (h) , and 203
18 (i) . All mortgages or loans insured pursuant to commit-
19 ments issued on or after the date of the enactment of the
20 Housing and Urban Development Act of 1965, except those
21 insured under sections 203 (b) , 203 (h) , and 203 (i) , and all
22 loans reported for insurance under section 2 on and after the
23 date of the enactment of the Housing and Urban Develop-

1 ment Act of 1965 shall be insured under the General Insur-
2 ance Fund. The Commissioner shall transfer to the General
3 Insurance Fund—

4 “(1) the assets and liabilities of all insurance ac-
5 counts and funds, except the Mutual Mortgage Insurance
6 Fund, existing on the date of the enactment of the Hous-
7 ing and Urban Development Act of 1965;

8 “(2) all outstanding commitments for insurance
9 issued prior to the date of the enactment of the Housing
10 and Urban Development Act of 1965, except commit-
11 ments issued under sections 203 (b), 203 (h), and
12 203 (i) ;

13 “(3) the insurance on all mortgages and loans in-
14 sured prior to the date of the enactment of the Housing
15 and Urban Development Act of 1965, except the in-
16 surance under sections 203 (b), 203 (h), and 203 (i) ;
17 and

18 “(4) the insurance of loans made by approved
19 financial institutions pursuant to section 2 prior to the
20 date of the enactment of the Housing and Urban De-
21 velopment Act of 1965.

22 “(b) The general expenses of the operations of the Fed-

1 eral Housing Administration relating to mortgages and loans
2 which are the obligation of the General Insurance Fund
3 may be charged to the General Insurance Fund.

4 “(c) Moneys in the General Insurance Fund not needed
5 for the current operations of the Federal Housing Admin-
6 istration with respect to mortgages and loans which are the
7 obligation of the General Insurance Fund shall be deposited
8 with the Treasurer of the United States to the credit of such
9 Fund, or invested in bonds or other obligations of, or in
10 bonds or other obligations guaranteed as to principal and
11 interest by, the United States. The Commissioner may, with
12 the approval of the Secretary of the Treasury, purchase in
13 the open market debentures issued as obligations of the Fund
14 created by this section or issued prior to the enactment of
15 the Housing and Urban Development Act of 1965 under
16 the provisions of any other title and section of this Act, ex-
17 cept debentures issued under the Mutual Mortgage Insur-
18 ance Fund. Such purchases shall be made at a price which
19 will provide an investment yield of not less than the yield
20 obtainable from other investments authorized by this sec-
21 tion. Debentures so purchased shall be cancelled and not
22 reissued.

23 “(d) Premium charges, adjusted premium charges, and
24 appraisal and other fees received on account of the insurance
25 of any mortgage or loan which is the obligation of the Gen-

1 eral Insurance Fund, the receipts derived from the property
2 covered by such mortgages and loans and from the claims,
3 debts, contracts, property, or security assigned to the Com-
4 missioner in connection therewith, and all earnings on the
5 assets of the Fund shall be credited to the General Insurance
6 Fund. The principal of, and interest paid and to be paid on,
7 debentures which are the obligation of such Fund, cash in-
8 surance payments and adjustments, and expenses incurred in
9 the handling, management, renovation, and disposal of prop-
10 erties acquired in connection with mortgages and loans which
11 are the obligation of such Fund, shall be charged to such
12 Fund.”.

13 OPTIONAL CASH PAYMENT OF INSURANCE BENEFITS

14 SEC. 209. Title V of the National Housing Act is
15 amended by adding the following section:

16 “SEC. 520. (a) Notwithstanding any other provisions
17 of this Act with respect to the payment of insurance benefits,
18 the Commissioner is authorized, in his discretion, to pay in
19 cash or in debentures any insurance claim or any part thereof
20 which is paid on or after the date of enactment of the Hous-
21 ing and Urban Development Act of 1965 on a mortgage or a
22 loan which was insured under any section of this Act either
23 before or after such date. If payment is made in cash, it
24 shall be in an amount equivalent to the face amount of
25 the debentures that would otherwise be issued plus an amount

1 equivalent to the interest which the debentures would have
2 earned, computed to a date to be established pursuant to regu-
3 lations issued by the Commissioner.

4 “(b) The Commissioner is hereby authorized to borrow
5 from the Treasury from time to time such amounts as the
6 Commissioner shall determine are necessary to make pay-
7 ments in cash (in lieu of issuing debentures, which are guar-
8 anteed by the United States, as provided in this Act) pur-
9 suant to the provisions of this section. Notes or other obli-
10 gations issued by the Commissioner under this section shall
11 be subject to such terms and conditions as the Secretary of
12 the Treasury may prescribe. Each sum borrowed pursuant
13 to the provisions of this subsection shall bear interest at a
14 rate determined by the Secretary of the Treasury, taking into
15 consideration the average market yield on outstanding mar-
16 ketable obligations of the United States of comparable maturi-
17 ties during the month preceding the issuance of such notes or
18 other obligations.”

19 TITLE III—URBAN RENEWAL

20 GENERAL NEIGHBORHOOD RENEWAL PLANS

21 SEC. 301. Section 102 (d) of the Housing Act of 1949
22 is amended by—

23 (1) striking out the fifth sentence and inserting in
24 lieu thereof: “In order to facilitate proper preliminary
25 planning for the attainment of the urban renewal objec-

tives of this title, the Administrator may also make advances of funds (in addition to those authorized above) to local public agencies for the preparation of General Neighborhood Renewal Plans (as herein defined). A General Neighborhood Renewal Plan may be prepared for an area consisting of an urban renewal area or areas, together with any adjoining areas having specially related problems, and which is of such size that the urban renewal activities in the urban renewal area or areas may have to be initiated in stages, consistent with the capacity and resources of the respective local public agency, over an estimated period of not more than ten years.”; and

(2) striking out clause (1) of the sixth sentence and inserting in lieu thereof: “(1) in the interest of sound community planning, it is desirable that the urban renewal activities proposed for the area be planned in their entirety;”.

INCREASE IN AUTHORIZATION FOR CAPITAL GRANTS

SEC. 302. (a) Section 103 (b) of the Housing Act of 1949 is amended by striking out “\$4,725,000,000” and inserting in lieu thereof “\$4,700,000,000, which amount shall be increased by \$675,000,000 on the date of enactment of the Housing and Urban Development Act of 1965,

1 by \$725,000,000 on July 1, 1966, and by \$750,000,000
2 on July 1 in each of the years 1967 and 1968”.

3 (b) The first proviso of section 103 (b) of the Housing
4 Act of 1949 and the second sentence of section 6 (b) of the
5 Urban Mass Transportation Act of 1964 are hereby repealed.

6 COMMUNITY RENEWAL PROGRAM REQUIREMENT

7 SEC. 303. (a) Section 103 of the Housing Act of 1949
8 is amended by inserting the following paragraph at the end
9 of subsection (d) :

10 “No loan or grant contract may be entered into by the
11 Administrator for an urban renewal project which has re-
12 ceived Federal recognition later than six months after the
13 date of enactment of the Housing and Urban Development
14 Act of 1965, in a community of over fifty thousand popula-
15 tion according to the most recent decennial census, unless he
16 determines that the community has prepared and kept up to
17 date a community renewal program eligible for assistance
18 under this subsection and that the proposed project is in ac-
19 cord with the program: *Provided*, That if, prior to three
20 years after the date of enactment of such Act, a loan or grant
21 application is received for such a project from a community
22 which is actively preparing but has not yet completed such
23 a community renewal program, the Administrator may in-
24 stead determine that the proposed project may reasonably be
25 expected to be in accord with the program upon its comple-

tion. The Administrator shall establish reasonable requirements regarding the scope and content of such programs (including their relationship to proposed urban renewal projects) and shall assure that such programs adequately take into consideration the needs of low- and moderate-income persons and are adequately coordinated with and contribute to related community programs and activities, including those eligible for assistance under title II, part A, of the Economic Opportunity Act of 1964.”

(b) Section 111 of such Act is amended by—

(1) deleting “and” at the end of paragraph (5)

and

(2) adding “; and” and a new paragraph (7), as

follows, before the period at the end of paragraph (6) :

“(7) The requirements in the second paragraph of section 103 (d) regarding preparation of, and conformity to, a community renewal program”.

AMENDMENT OF SECTION 316 OF HOUSING ACT OF 1954

SEC. 304. The first full paragraph of section 316 (2) of the Housing Act of 1954 is amended by striking out the first parenthetical clause and inserting in lieu thereof the following: “(as such projects are now or may hereafter be defined in title I of the Housing Act of 1949, including but not limited to projects authorized without regard to the resi-

1 dential or nonresidential character or reuse of the urban
2 renewal area)''.

3 TITLE IV—LOW-RENT PUBLIC HOUSING

4 ACCEPTANCE OF LOCAL CERTIFICATION OF EQUIVALENT
5 ELIMINATION

6 SEC. 401. The fourth sentence of section 10 (a) of the
7 United States Housing Act of 1937 is amended by inserting
8 immediately before the comma after the word “elimination”,
9 where the word first appears, the following: “, as certified
10 by the local governing body”.

11 GREATER USE OF EXISTING PRIVATE HOUSING

SEC. 402. Section 10 (c) of the United States Housing Act of 1937 is amended by striking out "*And provided*" and inserting in lieu thereof "*Provided*", and by inserting a colon and the following proviso before the period at the end thereof: "*And provided further*, That the amount of the fixed annual contribution which would be established under this Act for a newly constructed project by a public housing agency designed to accommodate a number of families of a given size and kind may be established, as a maximum annual contribution in lieu of any other guaranteed contribution authorized under this section, for a project by such public housing agency which would provide housing for the comparable number, sizes and kinds of families through the acquisition, acquisition and rehabilitation, or use under lease

1 of existing structures which are suitable for low-rent housing
2 use and obtainable in the local market”.

3 INCREASE IN AUTHORIZATION FOR ANNUAL

4 CONTRIBUTIONS

5 SEC. 403. Section 10 (e) of the United States Housing
6 Act of 1937 is amended by inserting immediately following
7 the comma after the words “per annum”, the following:
8 “which limit shall be increased by \$47,000,000 on the date
9 of enactment of the Housing and Urban Development Act
10 of 1965, and by further amounts of \$47,000,000 on July 1
11 in each of the years 1966, 1967, and 1968, respectively,”.

12 SALE OF FEDERALLY OWNED PROJECTS TO PRIVATE

13 PURCHASERS

14 SEC. 404. The first sentence of section 12 (c) of the
15 United States Housing Act of 1937 is amended to read as
16 follows: “The Authority may sell a Federal project only
17 to a public housing agency or to a nonprofit body for use
18 as low-rent housing.”

19 TITLE V—COLLEGE HOUSING

20 INCREASE IN AUTHORIZATION FOR COLLEGE HOUSING

21 LOANS

22 SEC. 501. Section 401 (d) of the Housing Act of 1950
23 is amended to read as follows:

24 “(d) To obtain funds for loans under subsection (a)

1 of this section, the Administrator may issue and have out-
 2 standing at any one time notes and obligations for purchase
 3 by the Secretary of the Treasury in an amount not to ex-
 4 ceed \$2,985,000,000, which amount shall be increased by
 5 \$285,000,000 on July 1 in each of the years 1966 and
 6 1967, and by \$275,000,000 on July 1, 1968: *Provided*,
 7 That the amount outstanding for other educational facilities,
 8 as defined herein, shall not exceed \$295,000,000, which
 9 limit shall be increased by \$30,000,000 on July 1 in each
 10 of the years 1965 through 1968: *Provided further*, That
 11 the amount outstanding for hospitals, referred to in clause
 12 (2) of section 404 (b) of this title, shall not exceed
 13 \$220,000,000, which limit shall be increased by \$15,000,000
 14 on July 1 in each of the years 1965 through 1968.”

15 TITLE VI—GRANTS FOR BASIC PUBLIC WORKS,
 16 NEIGHBORHOOD FACILITIES, AND THE AD-
 17 VANCE ACQUISITION OF LAND

18 PURPOSE

19 SEC. 601. The purpose of this title is to assist and en-
 20 courage the communities of the Nation fully to meet the needs
 21 of their citizens by making it possible, with Federal grant
 22 assistance, for their governmental bodies (1) to construct
 23 adequate basic water and sewer facilities needed to promote
 24 the efficient and orderly growth and development of our com-
 25 munities; (2) to construct neighborhood facilities needed to

1 enable them to carry on programs of necessary social serv-
2 ices; and (3) to acquire, in a planned and orderly fashion,
3 land to be utilized in connection with the future construction
4 of public works and facilities.

5 GRANTS FOR BASIC WATER AND SEWER FACILITIES

6 SEC. 602. (a) The Housing and Home Finance Ad-
7 ministrator (hereinafter referred to as the "Administrator")
8 is authorized to make grants to local public bodies and agen-
9 cies to finance specific projects for basic public water and
10 sewer facilities (including works for the storage, treatment,
11 purification, or distribution of water).

12 (b) The amount of any grant made under the authority
13 of this section shall not exceed 40 per centum of the develop-
14 ment cost of that portion of the project necessary to enable
15 the project to adequately serve the reasonably foreseeable
16 growth needs of the area.

17 (c) No grant shall be made under this section in con-
18 nection with any project unless the Administrator determines
19 that the project will serve an area which is expected to expe-
20 rience significant population growth in the reasonably fore-
21 seeable future and that the project is (1) designed so that
22 an adequate capacity will be available to serve the reasonably
23 foreseeable growth needs of the area, (2) consistent with a
24 program meeting criteria established by the Administrator,
25 for a unified or officially coordinated areawide water or sewer

1 facilities systems as part of the comprehensively planned
2 development of the area, except that prior to July 1, 1968,
3 grants may, in the discretion of the Administrator, be made
4 under this section when such a program for an areawide
5 water and sewer facilities system is under active prepara-
6 tion, although not yet completed, if the facility for which
7 assistance is sought can reasonably be expected to be required
8 as a part of such program, and there is urgent need for the
9 facility, and (3) necessary to orderly community develop-
10 ment.

11 GRANTS FOR NEIGHBORHOOD FACILITIES

12 SEC. 603. (a) The Administrator is authorized to make
13 grants in accordance with the provisions of this section, to
14 local public bodies and agencies to finance specific projects
15 for neighborhood facilities.

16 (b) The amount of any grant made under the authority
17 of this section shall not exceed $66\frac{2}{3}$ per centum of the develop-
18 ment cost of the project for which the grant is made (or 75
19 per centum of such cost in the case of a project located in
20 an area which at the time the grant is made is designated
21 as a redevelopment area under section 5 of the Area Redevel-
22 opment Act).

23 (c) No grant shall be made under this section for any
24 project unless the Administrator determines that the project
25 will provide a neighborhood facility which is (1) necessary

1 for carrying out a program of health, recreational, social, or
2 similar community service (including a community action
3 program approved under title II of the Economic Opportu-
4 nity Act of 1964) in the area, (2) consistent with compre-
5 hensive planning for the development of the community, and
6 (3) so located as to be available for use by a significant por-
7 tion (or number in the case of large urban places) of the
8 area's low- or moderate-income residents.

9 (d) For a period of twenty years, no neighborhood fa-
10 cility for which a grant has been made under this section
11 shall, without the approval of the Administrator, be con-
12 verted to uses other than those proposed by the applicant
13 in its application for a grant under this section. The Ad-
14 ministrator shall not approve any conversion in the use of
15 such a neighborhood facility unless he finds that such con-
16 version is in accord with the then applicable program of
17 health, recreational, social, or similar community services in
18 the area and consistent with comprehensive planning for the
19 development of the community in which the facility is lo-
20 cated. In approving any such conversion, the Administra-
21 tor may impose such additional conditions and requirements
22 as he deems necessary.

23 (e) The Administrator shall give priority to applica-
24 tions for projects designed primarily to benefit members of
25 low-income families or otherwise substantially further the

1 objectives of a community action program approved under
2 title II of the Economic Opportunity Act of 1964.

3 ADVANCE ACQUISITION OF LAND

4 SEC. 604. (a) In order to encourage and assist in the
5 timely acquisition of land planned to be utilized in connection
6 with the future construction of public works or facilities, the
7 Administrator is authorized to make grants to local public
8 bodies and agencies to assist in financing the acquisition of
9 a fee simple estate or other interest in such land.

10 (b) The amount of any grant made under the authority
11 of this section shall not exceed the aggregate amount of
12 reasonable interest charges on the loan or other financial
13 obligation incurred to finance the acquisition of such land
14 for a period not exceeding the lesser of five years from the
15 date of issue of such loan or financial obligation or the period
16 of time between the date of issue of such loan or other finan-
17 cial obligation and the date construction is begun on the
18 public work or facility for which the land acquired was
19 planned to be utilized.

20 (c) No grant shall be made under this section for any
21 project for the acquisition of land unless the Administrator
22 determines that the public work or facility for which such
23 land is to be utilized is planned to be constructed or initiated
24 within a reasonable period of time and that construction of
25 such public work or facility will contribute to economy,

1 efficiency, and the comprehensively planned development of
2 the area.

3 (d) As a condition to providing assistance under this
4 section, the Administrator may require an applicant to agree
5 to repay such assistance (and prescribe the terms and con-
6 ditions of such repayment) if land purchased with such
7 assistance is not utilized (within a reasonable period of
8 time) in connection with the construction of the public
9 work or facility for which such land was acquired, or if
10 such land is diverted to other uses.

11 GENERAL PROVISIONS

12 SEC. 605. (a) In the performance of, and with respect
13 to, the functions, powers, and duties vested in him by this
14 title, the Administrator shall (in addition to any authority
15 otherwise vested in him) have the functions, powers, and
16 duties set forth in section 402, except subsections (a), (c)
17 (2), and (f), of the Housing Act of 1950.

18 (b) The Administrator is authorized, notwithstanding
19 the provisions of section 3648 of the Revised Statutes, as
20 amended, to make advance or progress payments on account
21 of any grant made pursuant to this title. No part of any
22 grant authorized to be made by the provisions of this title
23 shall be used for the payment of ordinary governmental oper-
24 ating expenses.

DEFINITIONS

SEC. 606. As used in this title—

(a) The term “State” means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

(b) The term “local public bodies and agencies” includes public corporate bodies or political subdivisions; public agencies or instrumentalities of one or more States, municipalities, or political subdivisions of one or more States (including public agencies and instrumentalities of one or more municipalities or other political subdivision of one or more States); Indian tribes; and boards or commissions established under the laws of any State to finance specific capital improvement projects.

(c) The term “development cost” means costs of the construction of the facility and the land on which it is located, including necessary site improvements to permit its use as a site for the facility.

LABOR STANDARDS

SEC. 607. All laborers and mechanics employed by contractors or subcontractors on projects assisted under sections 602 and 603 of this title shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—

1 276a-5). No such project shall be approved without first
 2 obtaining adequate assurance that these labor standards will
 3 be maintained upon the construction work. The Secretary
 4 of Labor shall have, with respect to the labor standards speci-
 5 fied in this provision, the authority and functions set forth
 6 in Reorganization Plan Numbered 14 of 1950 (15 F.R.
 7 3176; 64 Stat. 1267; 5 U.S.C. 133z-15), and section 2
 8 of the Act of June 13, 1934, as amended (48 Stat. 948,
 9 as amended; 40 U.S.C. 276c).

10 APPROPRIATIONS

11 SEC. 608. There are hereby authorized to be appro-
 12 priated such sums as may be necessary to carry out the
 13 provisions of this title. All funds so appropriated shall
 14 remain available until expended.

15 TITLE VII—SECONDARY MARKET AND SPECIAL 16 ASSISTANCE FUNCTIONS

17 INCREASE IN FEDERAL NATIONAL MORTGAGE ASSOCIATION

18 SPECIAL ASSISTANCE AUTHORITY

19 SEC. 701. (a) Section 305 (c) of the National Housing
 20 Act is amended by inserting at the end thereof preceding the
 21 period the following: "which limit shall be increased by
 22 \$150,000,000 on the date of enactment of the Housing and
 23 Urban Development Act of 1965, by \$550,000,000 on July
 24 1, 1966, by \$700,000,000 on July 1, 1967, and by
 25 \$725,000,000 on July 1, 1968".

1 (b) Section 305 (f) of such Act is amended by inserting
2 at the end thereof preceding the period the following: “:
3 *Provided further*, That any portion of the total amount
4 of authority as set forth in the first proviso of this subsection,
5 which on the date of enactment of the Housing and Urban
6 Development Act of 1965 and on each July 1 thereafter
7 would otherwise be available for making purchases and com-
8 mitments pursuant to this subsection, shall be transferred to
9 and merged with the authority granted by subsection (a) and
10 added to the amount of such authority as set forth in subsec-
11 tion (c) ; and the total amount of authority as set forth in
12 the first proviso of this subsection shall progressively be
13 reduced by the amount of each such transfer”.

14 FEDERAL NATIONAL MORTGAGE ASSOCIATION PURCHASE OF
15 MORTGAGES HELD BY FEDERAL INSTRUMENTALITIES

16 SEC. 702. (a) Section 302 (b) of the National Housing
17 Act is amended by striking out in clause (2) “Federal,”.

18 (b) Section 306 (e) of the National Housing Act is
19 amended to read as follows:

20 “(e) Notwithstanding any of the provisions of this
21 Act or of any other law, the Association is authorized, under
22 the aforesaid separate accountability, to make commitments
23 to purchase and to purchase, service, or sell any mortgages
24 offered to it by any Federal instrumentality, or the head
25 thereof. There shall be excluded from the total amounts

1 set forth in subsection (c) hereof the amounts of any mort-
2 gages purchased by the Association pursuant to this sub-
3 section.”

4 TITLE VIII—OPEN-SPACE LAND AND URBAN
5 BEAUTIFICATION AND IMPROVEMENT

6 REVISION OF TITLE HEADING AND FINDINGS AND PURPOSE

7 SEC. 801. (a) The heading of title VII of the Housing
8 Act of 1961 is amended to read as follows: “TITLE VII—
9 OPEN-SPACE LAND AND URBAN BEAUTIFICA-
10 TION AND IMPROVEMENT”.

11 (b) Section 701 of such Act is amended by redesignig-
12 nating subsection (b) as subsection “(c)” and inserting a
13 new subsection (b) as follows:

14 “(b) The Congress further finds that there is an urgent
15 need both for the additional provision of parks and other
16 open-space areas in the developed portions of the Nation’s
17 urban areas, and for greater and better coordinated local
18 efforts to beautify and improve open space and other public
19 land throughout urban areas, to facilitate their increased use
20 and enjoyment by our Nation’s urban population.”

21 (c) Redesignated section 701(c) of such Act is
22 amended by—

23 (1) inserting “(1) provide and” before “preserve
24 open-space land”, and

25 (2) inserting the following before the period at the

1 end thereof: “, and (2) beautify and improve open
2 space and other public urban land, in accordance with
3 programs to encourage and coordinate local public and
4 private efforts toward this end”.

5 INCREASED GRANT LEVEL FOR PRESERVATION OF OPEN-
6 SPACE LAND

7 SEC. 802. Section 702 (a) of such Act is amended by
8 striking out “20 per centum” and “30 per centum” and
9 inserting in lieu thereof “30 per centum” and “40 per
10 centum”, respectively.

11 SUBSTITUTION OF APPROPRIATION AUTHORITY, WITHOUT
12 DOLLAR LIMITATION, FOR GRANT CONTRACT AU-
13 THORITY

14 SEC. 803. (a) Section 702 (a) of the Housing Act of
15 1961 is amended by striking out—

16 (1) “to enter into contracts” in the first sentence,
17 and

18 (2) all of the third sentence.

(b) Section 702 (b) of such Act is amended by striking out the first two sentences and inserting in lieu thereof the following: "There are hereby authorized to be appropriated such amounts as may be necessary to carry out the purposes of this title."

24 (c) Section 703 (a) of such Act is amended by strik-
25 out “enter into contracts to”.

1 GRANTS FOR PROVISION OF OPEN-SPACE LAND IN BUILT-UP
2 URBAN AREAS

3 SEC. 804. Title VII of the Housing Act of 1961 is
4 amended by redesignating sections 705 and 706 as "SEC.
5 708" and "SEC. 709", respectively, and inserting a new
6 section 705 as follows:

7 "GRANTS FOR PROVISION OF OPEN-SPACE LAND IN BUILT-
8 UP URBAN AREAS

9 "SEC. 705. (a) The Administrator is further author-
10 ized to make grants to States and local public bodies to help
11 finance the acquisition of title to, or other permanent in-
12 terests in, developed land in built-up portions of urban areas
13 to be cleared and used as permanent open-space land, as
14 defined herein. The Administrator shall make such grants
15 only where the local governing body determines that ade-
16 quate open-space land cannot effectively be provided through
17 the use of existing undeveloped or predominantly undevel-
18 oped land and the Administrator determines that the pro-
19 posed acquisition is important to the comprehensively
20 planned development of the locality. Grants under this
21 section shall not exceed 40 per centum of the cost of ac-
22 quiring such interests and of necessary demolition and
23 removal of improvements.

24 "(b) Financial assistance extended to any project under
25 this section may include grants for relocation payments, as

1 herein defined. Such grants may be in addition to other
 2 financial assistance under this section, and no part of the
 3 amount of such relocation payments shall be required to be
 4 contributed as a local grant. The term 'relocation payments'
 5 means payments by the applicant which are (1) made to
 6 an individual, family, business concern, or nonprofit organi-
 7 zation displaced by a project on or after ,
 8 (2) not otherwise authorized under any Federal law, and
 9 (3) made only on such terms and conditions and subject
 10 to such limitations (as applicable, but not including the date
 11 of displacement) as are provided for relocation payments,
 12 at the time such payment is approved, by sections 114 (b)
 13 and (c) of the Housing Act of 1949. Relocation payments
 14 authorized by this subsection shall be made subject to such
 15 rules and regulations as may be prescribed by the Adminis-
 16 trator."

17 GRANTS FOR URBAN BEAUTIFICATION AND IMPROVEMENT

18 SEC. 805. (a) Title VII of the Housing Act of 1961
 19 is further amended by inserting a new section 706 as follows:

20 "GRANTS FOR URBAN BEAUTIFICATION AND IMPROVEMENT

21 "SEC. 706. The Administrator is authorized to make
 22 grants, as herein provided, to States and local public bodies
 23 to assist in carrying out local programs for the greater use
 24 and enjoyment of open-space and other public land in urban
 25 areas. The Administrator shall establish criteria for such

1 programs to assure that each (1) represents significant and
2 effective efforts, involving all available public and private
3 resources, for the beautification of such land and its improve-
4 ment for open-space uses, and (2) is important to the com-
5 prehensively planned development of the locality. Grants
6 made under this section shall not exceed 40 per centum of
7 the amount by which the cost of the activities carried on by
8 an applicant during a fiscal year under an approved program
9 exceeds its usual expenditures for comparable activities:
10 *Provided, That, notwithstanding any other provision of this*
11 *section, the Administrator may use not to exceed \$5,000,000*
12 *of the funds available for grants under this section to make*
13 *grants in amounts up to the cost of activities which he deter-*
14 *mines to have special value in developing and demonstrating*
15 *new and improved methods and materials for use in carrying*
16 *out the purposes of this section."*

17 (b) Section 702 (c) of such Act is amended by striking
18 out "development costs or".

19 USE OF FUNDS FOR STUDIES AND PUBLICATION

20 SEC. 806. The second sentence of redesignated section
21 708 of the Housing Act of 1961 is amended to read as
22 follows: "The Administrator is authorized to use during
23 any fiscal year not to exceed \$100,000 of the funds available
24 for grants under this title to undertake such studies and
25 publish such information."

1 CONFORMING AMENDMENTS

2 SEC. 807. (a) The heading of section 702 of the Hous-
3 ing Act of 1961 is amended to read as follows: "GRANTS
4 FOR PRESERVATION OF OPEN-SPACE LAND".

5 (b) Section 702 (a) of such Act is amended by striking
6 out "provisions of this title" and "purposes of this title" and
7 inserting in lieu thereof "provisions of this section" and
8 "purposes of this section", respectively.

9 (c) Section 702 (e) of such Act is amended by striking
10 out in the second sentence "served by the open-space land
11 acquired" and inserting in lieu thereof "assisted".

12 (d) Section 704 of such Act is amended by striking
13 out in the first sentence "for which" and inserting in lieu
14 thereof "for the acquisition of which".

15 TITLE IX—RURAL HOUSING

16 LOANS FOR PREVIOUSLY OCCUPIED BUILDINGS AND
17 MINIMUM SITE ACQUISITION

18 SEC. 901. (a) Section 501 (a) of the Housing Act of
19 1949 is amended by—

20 (1) inserting the following after "their farms" in
21 clause (1) : "and to purchase previously occupied build-
22 ings and land constituting a minimum adequate site, in
23 order"; and

24 (2) inserting the following after "rural areas" in
25 clause (2) : "for the construction, improvement, altera-

tion, or repair of dwellings, related facilities, and farm buildings and to rural residents for such purposes and for the purchase of previously occupied buildings and the purchase of land constituting a minimum adequate site, in order”.

(b) Section 501 (c) of such Act is amended by inserting the following after “or a rural resident” in clause (1) : “or that he is the owner of other real estate in a rural area”.

INTEREST RATE ON DIRECT RURAL HOUSING LOANS

SEC. 902. Section 502 (a) of the Housing Act of 1949 is amended by striking out “with interest at a rate not to exceed 4 per centum per annum on the unpaid balance of principal.” and inserting in lieu thereof the following: “with interest for loans under this section pursuant to clauses (1) and (2) of section 501 (a) at a rate not to exceed 5 per centum per annum and for loans under this section pursuant to clause (3) of section 501 (a) and under sections 503 and 504 at a rate not to exceed 4 per centum per annum. Borrowers with loans made or insured under this title shall pay such fees and other charges as the Secretary may require.”

INSURED RURAL HOUSING LOANS

SEC. 903. (a) Title V of the Housing Act of 1949 is amended by adding at the end thereof the following new sections:

“SEC. 517. (a) The Secretary is authorized to insure

1 and to make loans to be sold and insured in accordance with
2 the provisions of sections 501, 502, 514, 515, and this sec-
3 tion, exclusive of 514 (a) (3) and (5) and (b) and 515
4 (a) and (b) (4), and except that such loans in accordance
5 with sections 501 and 502—

6 “(1) to persons of low or moderate income as de-
7 fined by the Secretary shall not exceed amounts neces-
8 sary to provide adequate housing, modest in size, design,
9 and cost, as determined by the Secretary, and shall bear
10 interest at a rate not to exceed 5 per centum per an-
11 num; and the aggregate of such loans made and insured
12 in any one fiscal year shall not exceed \$300,000,000;
13 and

14 “(2) to others than persons of low or moderate in-
15 come shall bear interest and provide for insurance or
16 service charges at rates determined by the Secretary,
17 comparable to the combined rate of interest and premium
18 charges in effect under section 203 of the National Hous-
19 ing Act.

20 “(b) The Secretary may use the Rural Housing Insur-
21 ance Fund created by this section for the purpose of making
22 loans to be sold and insured under this section, provided that
23 the aggregate of such loans made and not disposed of at any
24 one time shall not exceed \$100,000,000.

25 “(c) The Secretary may insure loans advanced by

1 lenders other than the United States, and may sell and insure
2 loans made from or held in the Fund by the Secretary, for
3 the payment of principal and interest thereon as the same
4 becomes due. Any contract of insurance executed by the
5 Secretary shall be an obligation supported by the full faith
6 and credit of the United States and incontestable except
7 for fraud or misrepresentation of which the holder has actual
8 knowledge. In connection with loans insured under this
9 section the Secretary may take liens running to the United
10 States notwithstanding the fact that the notes evidencing
11 such loans may be held by lenders other than the United
12 States. Notes evidencing such loans shall be freely assign-
13 able but the Secretary shall not be bound by any assignment
14 until notice thereof is given to and acknowledged by the
15 Secretary.

16 “(d) After ninety days after the original capitalization
17 of the Fund created by this section, no loans, other than loans
18 then held or insured by the Secretary pursuant to section
19 514 or 515(b), shall be made or insured under section
20 514 or 515(b) except in accordance with this section.

21 “(e) There is hereby created the Rural Housing In-
22 surance Fund (hereinafter referred to as the ‘Fund’) which
23 shall be used by the Secretary as a revolving fund for carry-
24 ing out the provisions of this section. There are hereby

1 authorized to be appropriated to the Secretary such sums
2 as may be necessary for the purposes of the Fund.

3 “(f) Money in the Fund not needed for current opera-
4 tions shall be invested in direct obligations of the United
5 States or obligations guaranteed by the United States.

6 “(g) All funds, claims, notes, mortgages, contracts, and
7 property acquired by the Secretary under this section, and
8 all collections and proceeds therefrom, shall constitute assets
9 of the Fund; and all liabilities and obligations of such assets
10 shall be liabilities and obligations of the Fund. Loans may
11 be held in the Fund and collected in accordance with their
12 terms or may be sold by the Secretary with or without agree-
13 ments for insurance thereof. The Secretary is authorized to
14 make agreements with respect to servicing loans held or in-
15 sured by him under this section and, when necessary for
16 liquidation or servicing, purchasing such insured loans on
17 such terms and conditions as he may prescribe. Loans may
18 be sold by the Secretary at prices within the range of market
19 prices for the particular classes of loans, as determined by
20 the Secretary from time to time. The aggregate of (1) any
21 amount by which the balance outstanding on loans at the
22 time of sale exceeds the price at which the loans are sold
23 and (2) the amount of any fees and charges paid in connec-
24 tion with any sales shall be reimbursed to the Fund by annual
25 appropriations.

1 “(h) The Secretary is authorized to issue notes to the
2 Secretary of the Treasury to obtain funds necessary for
3 discharging obligations under this section and for author-
4 ized expenditures out of the Fund, but, except as may be
5 authorized in an appropriation Act, not for the original
6 or any additional capital of the Fund or to reimburse the
7 Fund for losses from any sales of loans at less than par
8 value. Such notes shall be in such form and denominations
9 and have such maturities and be subject to such terms and
10 conditions as may be prescribed by the Secretary with the
11 approval of the Secretary of the Treasury. Each note shall
12 bear interest at such rate as may be determined by the
13 Secretary of the Treasury, taking into consideration the
14 current average market yields on outstanding marketable
15 obligations of the United States with remaining periods to
16 maturities comparable to the average maturities of the loans
17 held by the Secretary in the Fund, adjusted to the nearest
18 one-eighth of 1 per centum, during the month of June
19 preceding the fiscal year in which the loans were made.
20 The Secretary of the Treasury is authorized and directed
21 to purchase any notes of the Secretary issued hereunder,
22 and for that purpose the Secretary of the Treasury is au-
23 thorized to use as a public debt transaction the proceeds
24 from the sale of any securities issued under the Second
25 Liberty Bond Act, as amended, and the purposes for which

1 such securities may be issued under such Act, as amended,
2 are extended to include purchases of notes issued by the
3 Secretary. All redemptions, purchases, and sales by the
4 Secretary of the Treasury of such notes shall be treated as
5 public debt transactions of the United States. The notes
6 issued by the Secretary to the Secretary of the Treasury
7 shall constitute obligations of the Fund.

8 “(i) The Secretary may retain out of interest payments
9 by the borrower an annual charge in an amount specified
10 in the insurance or sale agreement applicable to the loan.
11 Of the charges retained by the Secretary, if any, not to
12 exceed 1 per centum per annum of the unpaid balance of the
13 loan shall be deposited in the Fund. Any retained charges
14 not deposited in the Fund shall be available for administrative
15 expenses in carrying out the provisions of this title, to be
16 transferred annually and become merged with any appro-
17 priation for administrative expenses of the Farmers Home
18 Administration, when and in such amounts as may be
19 authorized in appropriation Acts.

20 “(j) The Secretary may also utilize the Fund—

21 “(1) to pay amounts to which the holder of the
22 note is entitled in accordance with an insurance or sale
23 agreement under this section accruing between the date
24 of any prepayment by the borrower to the Secretary and
25 the date of transmittal of any such prepayments to the

holder of the note; and in the discretion of the Secretary, prepayments other than final payments need not be remitted to the holder until due;

“(2) to pay the holder of any note insured under this section any defaulted installment or, upon assignment of the note to the Secretary at the Secretary’s request, the entire balance outstanding on the note;

“(3) to pay taxes, insurance, prior liens, expenses necessary to make fiscal adjustments in connection with the application and transmittal of collections, and other expenses and advances to protect the security for loans which are insured under this section or held in the Fund, and to acquire such security property at foreclosure sale or otherwise; and

“(4) to pay fees and charges in connection with sales by the Secretary of loans insured under this section.

“SEC. 518. (a) There is hereby created the Rural Housing Direct Loan Account (hereinafter referred to as the ‘Account’) which shall be used by the Secretary for carrying out the provisions of this section. There are hereby authorized to be appropriated to the Secretary such sums as may be necessary for the purposes of the Account.

“(b) There are hereby transferred to the Account (1) all funds, claims, notes, mortgages, contracts, and property,

1 and all collections and proceeds therefrom, held by the
2 Secretary under the direct loan provisions of this title, in-
3 cluding those securing notes issued by the Secretary to the
4 Secretary of the Treasury under section 511 and any un-
5 expended balance of amounts borrowed upon such notes,
6 and (2) all unexpended balances of appropriations for direct
7 loans under this title, including the fund authorized by sec-
8 tion 515 (a). All amounts hereafter borrowed by the
9 Secretary from the Secretary of the Treasury under section
10 511 shall be deposited in the Account. All collections and
11 proceeds from assets acquired by the Account shall be
12 deposited in the Account.

13 “(c) When and in such amounts as may be authorized
14 in appropriation Acts, the Secretary may issue notes to the
15 Secretary of the Treasury to obtain funds to be deposited in
16 the Account. The form, denominations, maturities, and other
17 terms and conditions of such notes shall be prescribed by
18 the Secretary with the approval of the Secretary of the
19 Treasury. Each note shall bear interest at such rate as may
20 be determined by the Secretary of the Treasury, taking into
21 consideration the current average market yields on outstand-
22 ing marketable obligations of the United States with remain-
23 ing periods to maturities comparable to the average maturi-
24 ties of the loans held by the Secretary in the Account, ad-
25 justed to the nearest one-eighth of 1 per centum, during the

1 month of June preceding the fiscal year in which the loans
2 were made. The Secretary of the Treasury is authorized and
3 directed to purchase any notes of the Secretary issued here-
4 under, and for that purpose the Secretary of the Treasury is
5 authorized to use as a public debt transaction the proceeds
6 from the sale of any securities issued under the Second
7 Liberty Bond Act, as amended, and the purposes for which
8 such securities may be issued under such Act, as amended,
9 are extended to include the purchase of notes issued by the
10 Secretary. All redemptions, purchases, and sales by the
11 Secretary of the Treasury of such notes shall be treated as
12 public debt transactions of the United States.

13 “(d) The Account shall remain available to the Secre-
14 tary for the payment of interest and principal on notes issued
15 by the Secretary to the Secretary of the Treasury under sec-
16 tion 511 or this section, and for direct loans and related ad-
17 vances under this title in such amounts as are now author-
18 ized by law and in such further amounts as shall be authorized
19 in appropriation Acts. Amounts so authorized for such loans
20 and advances shall remain available until expended.”

21 (b) Section 511 of the Housing Act of 1949 is amended
22 by—

23 (1) in the first sentence (i) inserting “direct”
24 after “making” and (ii) striking out “(other than loans
25 under section 504 (b) or 515 (a))”;

1 (2) in the second sentence (i) striking out “, of
 2 which \$50,000,000 shall be available exclusively for as-
 3 sistance to elderly persons as provided in clause (3) of
 4 section 501 (a)” and (ii) striking out “September 30,
 5 1965” and inserting in lieu thereof “October 1, 1969”;
 6 and

7 (3) in the fifth sentence striking out “rate on out-
 8 standing marketable obligations of the United States as
 9 of the last day of the month preceding the issuance of
 10 the notes or obligations by the Secretary” and inserting
 11 in lieu thereof the following: “yields on outstanding
 12 marketable obligations of the United States with remain-
 13 ing periods to maturity comparable to the average ma-
 14 turities of the loans held by the Secretary in the Rural
 15 Housing Direct Loan Account, adjusted to the nearest
 16 one-eighth of 1 per centum, during the month of June
 17 preceding the fiscal year in which the loans were made.”

18 FEDERAL NATIONAL MORTGAGE ASSOCIATION SECONDARY
 19 MARKET OPERATIONS FOR INSURED RURAL HOUSING
 20 LOANS

21 SEC. 904. (a) Section 302 (b) of the Federal National
 22 Mortgage Association Charter Act, as amended by section
 23 702 (a) of this Act, is further amended by—

24 (1) inserting after “which are insured under the

1 National Housing Act” and before the comma the fol-
2 lowing: “or title V of the Housing Act of 1949”;

3 (2) inserting the following after “any mortgage”
4 in clause (2) of the proviso: “, except a mortgage in-
5 sured under title V of the Housing Act of 1949”; and

6 (3) inserting the following in the last sentence be-
7 fore the period: “ or title V of the Housing Act of
8 1949”.

9 (b) Section 303 (b) of such Act is amended by insert-
10 ing “and other” in the first sentence, after “private”.

11 EXTENSION OF RURAL HOUSING AUTHORIZATIONS

12 SEC. 905. (a) Section 512 of the Housing Act of 1949
13 is amended by striking out “September 30, 1965” and in-
14 serting in lieu thereof “October 1, 1969”.

15 (b) Section 513 of such Act is amended by—

16 (1) striking out “September 30, 1965” in clause

17 (b) and inserting in lieu thereof “October 1, 1969”;

18 (2) striking out “\$10,000,000” in clause (c) and
19 inserting in lieu thereof “\$50,000,000” and striking out
20 “September 30, 1965” in the same clause and inserting
21 in lieu thereof “October 1, 1969”; and

22 (3) striking out “September 30, 1965” in clause

23 (d) and inserting in lieu thereof “October 1, 1969”.

24 (c) Section 515 (b) of such Act is amended by striking

1 out "September 30, 1965" in clause (5) and inserting in
2 lieu thereof "October 1, 1969".

3 (d) Section 506 (a) of such Act is amended by strik-
4 ing out "sections 501 to 504, inclusive, and sections 514-
5 516", each place it occurs and inserting in lieu thereof "this
6 title".

7 PAYMENTS OF INTEREST TO THE TREASURY ON APPROPRIA-
8 TIONS FOR RURAL HOUSING LOANS

9 SEC. 906. Title V of the Housing Act of 1949 is
10 amended by adding at the end thereof the following new
11 section:

12 "SEC. 519. (a) The Secretary shall pay to the Secretary
13 of the Treasury interest at a rate determined under the
14 formulas contained in sections 517 (h) and 518 (c) on any
15 portion of any future appropriation deposited in the Rural
16 Housing Insurance Fund or the Rural Housing Direct Loan
17 Account for the purpose of making loans as distinguished
18 from appropriations for the purpose of restoring losses or
19 expenditures from said Fund or Account. Said interest shall
20 be payable annually upon any sum so deposited until an
21 amount equal to such sum is paid from the Fund or Account
22 to which it was deposited and returned to miscellaneous
23 receipts of the Treasury.

24 "(b) Any sums in the Rural Housing Insurance Fund

1 or the Rural Housing Direct Loan Account which the Sec-
 2 retary determines are in excess of amounts needed to meet
 3 the obligations and carry out the purposes of said Fund or
 4 Account shall be returned to miscellaneous receipts of the
 5 Treasury.”

6 TITLE X—MISCELLANEOUS

7 INCREASE IN AUTHORIZATION FOR URBAN PLANNING 8 GRANTS

9 SEC. 1001. Section 701 (b) of the Housing Act of
 10 1954 is amended by striking out “not exceeding \$105,000,-
 11 000” in the fifth sentence and inserting in lieu thereof “such
 12 amounts as may be necessary”.

13 INCREASE IN AUTHORIZATION FOR FEDERAL-STATE 14 TRAINING PROGRAMS

15 SEC. 1002. (a) Section 802 (d) of the Housing Act of
 16 1964 is amended by (1) striking out the phrase “for grants
 17 under this part”, and (2) striking out the phrase “not to
 18 exceed \$10,000,000” and inserting in lieu thereof “such
 19 amounts as may be necessary to carry out the purposes of
 20 this part”.

21 (b) Section 803 of such Act is amended by (1) strik-
 22 ing out the phrase “authorized to be”, and (2) striking out
 23 the phrase “by section 802 (d)” and inserting in lieu thereof
 24 “for the purposes of this part”.

1 INCREASE IN AUTHORIZATION FOR PUBLIC WORKS

2 PLANNING ADVANCES

3 SEC. 1003. The second sentence of section 702 (e) of
4 the Housing Act of 1954 is amended by (1) striking out
5 “Housing Act of 1964” and inserting in lieu thereof
6 “Housing and Urban Development Act of 1965”, and (2)
7 striking out “, not to exceed \$20,000,000,”.

8 ADVISORY COMMITTEES—TECHNICAL PROVISION

9 SEC. 1004. Section 601 of the Housing Act of 1949
10 is amended by striking out the second sentence.

11 PUBLIC FACILITY LOANS TO NONPROFIT CORPORATIONS

12 SEC. 1005. Section 202 (c) (as redesignated by section
13 201 (c) (1) of this Act) of the Housing Amendments of
14 1955 is amended by adding at the end thereof the following
15 new sentence: “Notwithstanding any other provision of this
16 title, the Administrator may extend financial assistance, as
17 otherwise authorized by clause (1) of subsection (a) of this
18 section, to private nonprofit corporations to finance the con-
19 struction of works for the storage, treatment, purification, or
20 distribution of water; sewage, sewage treatment, and sewer
21 facilities needed to serve such smaller municipalities if he
22 determines that no existing public body is able to construct
23 and operate such facilities.”

FHA CONFORMING AMENDMENTS

SEC. 1006. (a) Section 2 (f) of the National Housing Act is amended by striking out all that follows the first sentence.

(b) Section 8 of such Act is amended by—

(1) striking out in subsection (g) “Title I Housing Insurance Fund” and inserting in lieu thereof “General Insurance Fund”; and

(2) repealing subsections (h) and (i).

(c) Section 203 (k) of such Act is amended by—

(1) striking out in designated clause (3) in the first sentence “a separate section 203 Home Improvement Account to be maintained as hereinafter provided under the Mutual Mortgage Insurance Fund” and inserting in lieu thereof “the General Insurance Fund”;

(2) striking out in designated clause (4) in the first sentence “the section 203 Home Improvement Account or in debentures executed in the name of such Account” and inserting in lieu thereof “the General Insurance Fund or in debentures executed in the name of such Fund”;

(3) striking out in the third sentence immediately

1 after “refer to this section 203 (k)” the comma and all
2 that precedes the period; and

3 (4) striking out the fourth and fifth sentences.

4 (d) Section 204 of such Act is amended by—

5 (1) striking out in the first sentence of subsection

6 (a) “or section 210”;

7 (2) striking out in the second sentence of subsection

8 (c) after “the mortgagee” all that follows preceding the
9 period and inserting in lieu thereof “from the Mutual
10 Mortgage Insurance Fund”;

11 (3) striking out in the first sentence of subsection

12 (d) after “shall be negotiable” the first place it appears
13 all that follows preceding the period;

14 (4) striking out in subsection (d) “the Fund” each
15 place it appears and inserting in lieu thereof “the Mutual
16 Mortgage Insurance Fund”;

17 (5) striking out in the fifth sentence of subsection

18 (d) “or the Housing Fund, as the case may be,”;

19 (6) striking out in the sixth sentence of subsection

20 (d) “or the Housing Fund”; and

21 (7) striking out in subsection (f) (1) (i) after
22 “section 203” all that follows preceding the colon.

23 (e) Section 207 of such Act is amended by—

24 (1) striking out in the first sentence of subsection

25 (d) “and section 210”;

(2) striking out in the first sentence of subsection (d) “of the Housing Insurance Fund issued by the Commissioner under this title” and inserting in lieu thereof the following: “issued by the Commissioner under any title and section of this Act, except debentures of the Mutual Mortgage Insurance Fund”;

(3) repealing subsections (f), (m), and (p); and

(4) striking out “the Housing Insurance Fund” and “the Housing Fund” each place they appear in subsections (b), (h), (i), (j), (k), and (l) and inserting in lieu thereof “the General Insurance Fund”.

(f) Section 209 of such Act is amended by striking out in the second sentence “or account or accounts.”

(g) Section 213 of such Act is amended by—

(1) striking out in subsection (a) (3) “the Housing Fund” and inserting in lieu thereof “the General Insurance Fund”; and

(2) striking out “(l), (m), (n), and (p)” in subsection (e) and inserting in lieu thereof “(l), and (n)”.

(h) Section 220 of such Act is amended by—

(1) striking out “the section 220 Housing Insurance Fund” each place it appears in subsections (d) (2) and (f) and inserting in lieu thereof “the General Insurance Fund”;

1 (2) inserting “and” immediately before clause (B)
 2 in subsection (f) (3), striking out the comma at the
 3 end of clause (B) and all that follows preceding the
 4 period;

5 (3) repealing subsections (g) and (h) (4) ; and

6 (4) striking out “the section 220 Home Improve-
 7 ment Account” each place it appears in subsections
 8 (h) (5) and (h) (7) and inserting in lieu thereof “the
 9 General Insurance Fund”.

10 (i) Section 221 of such Act is amended by—

11 (1) striking out in subsections (d) (4), (f),
 12 (g) (1), and (g) (3) “the section 221 Housing Insur-
 13 ance Fund” each place it appears and inserting in lieu
 14 thereof “the General Insurance Fund”;

15 (2) striking out in subsection (g) (2) after “mort-
 16 gages insured under this section” the comma and all that
 17 precedes the semicolon;

18 (3) inserting “and” immediately before clause
 19 (B) in subsection (g) (3), striking out the comma at
 20 the end of clause (B) and all that follows preceding the
 21 period; and

22 (4) repealing subsection (h).

23 (j) Section 222 of such Act is amended by—

24 (1) striking out in subsection (e) “Servicemen’s

Mortgage Insurance Fund” and inserting in lieu thereof
“General Insurance Fund”; and

(2) repealing subsection (f).

(k) Section 229 of such Act is amended by striking out
in the first sentence “and Accounts”.

(l) Section 231 of such Act is amended by—

(1) striking out in subsection (c) (4) “the section
207 Housing Insurance Fund” and inserting in lieu
thereof “the General Insurance Fund”; and

(2) striking out “(f), (g), (h), (i), (j), (k),
(l), (m), (n), and (p)” in subsection (e) and insert-
ing in lieu thereof “(g), (h), (i), (j), (k), (l),
and (n)”.

(m) Section 232 of such Act is amended by—

(1) striking out in subsection (d) (1) “the section
207 Housing Insurance Fund” and inserting in lieu
thereof “the General Insurance Fund”; and

(2) striking out “(f), (g), (h), (i), (j), (k),
(l), (m), (n), and (p)” in subsection (f) and insert-
ing in lieu thereof “(g), (h), (i), (j), (k), (l),
and (n)”.

(n) Section 233 of such Act is amended by—

(1) striking out “the Experimental Housing Insur-
ance Fund” in designated clause (1) in the third sen-

1 tence of subsection (f) and inserting in lieu thereof “the
2 General Insurance Fund”;

3 (2) inserting “and” immediately before designated
4 clause (2) in the third sentence of subsection (f),
5 striking out the comma at the end of designated clause
6 (2) and all that follows preceding the period; and

7 (3) repealing subsection (g).

8 (o) Section 234 of such Act is amended by—

9 (1) striking out in subsections (d) (2) and (g)
10 “the Apartment Unit Insurance Fund” and inserting in
11 lieu thereof “the General Insurance Fund”;

12 (2) amending subsection (h) to read as follows:

13 “(h) The provisions of subsections (d), (e), (g),
14 (h), (i), (j), (k), (l), and (n) of section 207 shall be
15 applicable to mortgages insured under subsection (d) of this
16 section.”; and

17 (3) repealing subsection (i), and redesignating
18 subsection (j) as (i).

19 (p) Section 604 of such Act is amended by striking out
20 “the War Housing Insurance Fund” each place it appears in
21 subsection (c), (d), and (f) (1) (i) and inserting in lieu
22 thereof “the General Insurance Fund”.

23 (q) Section 608 of such Act is amended by—

24 (1) striking out “the War Housing Insurance
25 Fund” each place it appears in subsections (b) (1) and

1 (d) and inserting in lieu thereof “the General Insur-
2 ance Fund”; and

3 (2) amending subsection (f) to read as follows:

4 “(f) The provisions of section 207 (k) of this Act shall
5 be applicable to mortgages insured under this section, except
6 that as applied to such mortgages, the reference therein to
7 subsection (g) shall be construed to refer to subsection (c)
8 of this section.”.

9 (r) Section 609 of such Act is amended by striking out
10 designated clause (1) in subsection (f) and renumbering
11 designated clauses (2), (3), and (4) as (1), (2), and
12 (3), respectively.

13 (s) Section 707 of such Act is amended by striking
14 out “the Housing Investment Insurance Fund” and insert-
15 ing in lieu thereof “the General Insurance Fund”.

16 (t) Section 708 of such Act is amended by striking out
17 in subsections (c), (e), (g), and (h) “the Housing Invest-
18 ment Insurance Fund” each place it appears and inserting
19 in lieu thereof “the General Insurance Fund”.

20 (u) Section 803 of such Act is amended by—

21 (1) striking out in subsections (b) (1), (b) (2),
22 (e), (f), and (g) “the Armed Services Housing
23 Mortgage Insurance Fund” each place it appears and
24 inserting in lieu thereof “the General Insurance Fund”;
25 and

1 (2) amending subsection (h) to read as follows:

2 “(h) The provisions in section 207 (k) and section 207
3 (1) of this Act shall be applicable to mortgages insured un-
4 der this title and to property acquired by the Commissioner
5 hereunder, except that as applied to such mortgages and
6 property, the reference in section 207 (k) to subsection (g)
7 shall be construed to refer to subsection (d) of this section.”

8 (v) Section 809 of such Act is amended by striking out
9 in subsections (b), (e), and (g) “the Armed Services
10 Housing Mortgage Insurance Fund” each place it appears
11 and inserting in lieu thereof “the General Insurance Fund”.

12 (w) Section 810 of such Act is amended by—

13 (1) striking out “the Armed Services Housing
14 Mortgage Insurance Fund” in subsection (e) and in-
15 serting in lieu thereof “General Insurance Fund”;

16 (2) striking out “(l), (m), (n), and (p)” in
17 subsection (j) and inserting in lieu thereof “(l), and
18 (n)”;

19 (3) striking out the proviso in subsection (j) and
20 inserting in lieu thereof the following: “*Provided, That*
21 wherever the words ‘Fund’ or ‘Mutual Mortgage Insur-
22 ance Fund’ appear in section 204, such reference shall
23 refer to the General Insurance Fund with respect to
24 mortgages insured under this section.”

25 (x) Section 903 of such Act is amended by striking

1 out in subsection (a) “the National Defense Housing In-
2 surance Fund” each place it appears and inserting in lieu
3 thereof “the General Insurance Fund”.

4 (y) Section 904 of such Act is amended by—

5 (1) striking out in subsections (c) and (d) “the
6 National Defense Housing Insurance Fund” each place
7 it appears and inserting in lieu thereof “the General
8 Insurance Fund”; and

9 (2) striking out in subsection (e) after “of this
10 Act” and all that follows preceding the period.

11 (z) Section 908 of such Act is amended by—

12 (1) striking out in subsection (b) (1) “the Na-
13 tional Defense Housing Insurance Fund” and inserting
14 in lieu thereof “the General Insurance Fund”;

15 (2) striking out in subsection (d) after “of this
16 Act” the comma and all that follows preceding the
17 period; and

18 (3) amending subsection (f) to read as follows:

19 “(f) The provisions of section 207(k) and section
20 207(1) of this Act shall be applicable to mortgages insured
21 under this section and to property acquired by the Com-
22 missioner hereunder, except that as applied to such mortgages
23 and property, the reference therein to subsection (g) shall
24 be construed to refer to subsection (c) of this section.”

1 (aa) Sections 219, 602, 605, 710, 802, 804, 902, and
2 905 of such Act are hereby repealed.

3 REPEAL OF SPECIAL PROVISION IN URBAN MASS
4 TRANSPORTATION ACT

5 SEC. 1007. Section 9 of the Urban Mass Transportation
6 Act of 1964 is amended by striking out subsection (c) and
7 redesignating subsections (d), (e), and (f) as subsections
8 “(c)”, “(d)”, and “(e)”, respectively.

A BILL

To assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

By Mr. SPARKMAN

MARCH 4, 1965

Read twice and referred to the Committee on
Banking and Currency

feed the patients, give them care and medicine. The savings to the VA, even on a long-term basis, would be negligible. One needs only to look at the millions poured down the various 'ratholes' in foreign aid to find this is a mere pittance."

A member of the committee added, "Let's not create Appalachias where there were none."

PATIENTS WON'T EAT BECAUSE OF WORD

Physically, Sunmount is a gleaming-white, sprawling, gracious lady of 40. It is immaculate, the staff is excellent, the patients love it and some of them have been so affected by the news that the hospital is to be shut down that they refuse to eat.

Frank Lutz, 69, a World War I veteran who served in the Navy, said, "They criticize this place because we have more employees than patients. They don't stop to consider that there are men here who have recovered from severe disabilities because of the wonderful care they get here."

"I was paralyzed so badly I couldn't talk when I came here a year ago. But at this moment I'm talking to you—and I say I wouldn't be doing it if I didn't have these people taking such good care of me. I don't give a damn if I never eat again. I don't care if I die. It's a damned shame."

Many of the patients who once were considered almost hopeless cases when they entered Sunmount have now recovered and are either employees at the hospital or have opened up shops in town, or work in the vicinity.

Mellon F. Kittell, 70, was a pilot in World War I, mostly on the Western Front. "I was dying of tuberculosis," he said, "and after they had sent me to a series of hospitals I landed here in 1938—it was New Year's Day."

TOOK HIM 10 YEARS, BUT HE RECOVERED

"Mind you, they had just about given up hope on me. I was sent here to die, I guess. I spent the next 10 years at Sunmount and I recovered."

Several years ago, Kittell opened a little leather hobby shop at 9 Mill Street, just off Tupper Lake's main street, Park Street.

He met his wife, Doris Miller, a registered nurse, at Sunmount in 1945 but it wasn't until 5 years ago that they were married. He paints, he carves, he does leatherwork and he is happy in Tupper Lake.

"The air here is part of the cure," he said, "but I do have other ailments and I have to go to the hospital every 6 weeks or so for treatment and medicine. Now, if this hospital wasn't here, where would I go? To Albany? That's 160 miles away. To Syracuse? That's even farther."

"Let's say I had to spend time in one of those far-off places. How would my wife get there to see me? Besides which, they know me here and they know my case. I get personal treatment. These are really dedicated people here in Sunmount. I think the VA isn't paying attention to the most important thing in this entire mess—the human factors," he said.

Dr. Morris W. Lambie, chief of physical medicine and rehabilitation at Sunmount, said of the VA contention that the veterans' hospitals of the future should be near medical schools. "The philosophy at Sunmount is that you do not have to be in Mecca to do good research and perform good service."

"When I came to Sunmount in 1953, there was one general medical ward and all other wards were for tuberculosis. Today the reverse is true; there is only one ward for tuberculosis."

He added, "The conversion has been such that, while our treatment of tuberculosis continues to rank second to none, the hospital's other facilities are such that only infrequently does a general medical or surgical patient have a problem that can be better resolved elsewhere."

FINDS TREATMENT SAME AS IN CITY HOSPITALS

"Sunmount meets the major needs of the northern New York veteran population with the same quality of treatment given by the metropolitan hospitals. I speak from experience, having served in larger installations," he said.

"Add to this the advantages—therapeutic, economic, and personal—of being nearer their families and homes, plus the more individualized attentions not usually available in larger hospitals."

Frank Morrison, 42, a strapping 6-footer, came to Sunmount January 26, 1942. "It was 40 below and there had been a 5-foot snowfall," he said. "I had been with the 69th Regiment of the 27th Division and I had contracted TB. Within 2 years I was cured and discharged."

"That same year I met Sis and we were married. Four years later I came to work here to help others."

Frank is a recreation therapist at Sunmount. It is common during the summer to see him lift amputees into a boat for some fishing on the big lake, and to take them for rides into the tall pines.

He has a \$5,900 mortgage on his home, a son in college, a daughter who is ready to study teaching and another boy about to go to college.

"It sounds great," he said, "to tell a guy he can have a job elsewhere, but who wants to leave this country? My salary would be the same, but chances are I couldn't live as well somewhere else."

"My family was born here. They love the area. Now, we are waiting for our little dream world to collapse."

[From the New York Daily News,
Mar. 4, 1965]

FOR OLD VETS, TIME TO MOVE, TIME TO LAMENT

(By Phil Santora)

(Second of three articles)

The veterans home and hospital at Bath, N.Y., one of those marked for oblivion by the Veterans' Administration, serves a 10-State area with a total population of 9 million veterans—and both the staff and the townspeople are shocked that the 68-year-old institution may go out of business.

As in Tupper Lake, N.Y., the payroll from the VA center is a significant factor in the local economy. In Tupper Lake, credit business has fallen off 40 percent in some instances because residents are afraid they may not be able to pay for new autos, wall-to-wall carpeting, and other items when the economy falters and then stops still.

The same is true in Bath, though to a lesser extent because about one-third of the total wage income—instead of 45 percent as in Tupper Lake—comes from the VA center.

It is true that three of the buildings at Bath have been condemned. However, it is also true that a recreation hall—one of the finest to be found anywhere—was built there in 1959 at a cost of \$1,200,000.

PLACE OF TRADITION, OLD BUT EFFICIENT

This is an old institution, but efficiently operated. It was originally built by New York State in 1877 as the State soldiers and sailors home. It passed to the Federal Government in 1930.

The graveyard, on a sunny knoll overlooking the countryside, is the last resting place of almost 7,000 men who served their country—from the Civil War to the Korean police action.

The first to be buried there was Michael Ahern, on June 25, 1879. The last was only a few days ago. One of the ancients at the home is Pat McGuinnis, a brisk, young 96 with a grip of iron, who has two uncles, Frank and Pat McGuinnis, buried there.

So, this is a place rich in tradition—a beautiful spot in the Finger Lakes country

where old warriors have gone to recuperate, to rest, to spend the remainder of their days in peace and ultimately make their way up the knoll in a hearse.

U.S. WILL BE FORCED TO PAY MORE ELSEWHERE

Ed Humphrey, a local real estate broker who lost a leg in the landings in Normandy, is heading up the fight to save the center. He pointed out that the plant has a value of about \$20 million, that the venerable domiciliary—as the home is called officially—is the only one in that part of the country, that the hospital would also be forced to close if the home is abolished.

Said Humphrey: "I think one fact has been overlooked; someone somewhere in this country is going to have to take care of these men. Some of them have threatened to go on relief rather than move out of the area."

"Their pensions are so small they couldn't even buy the medicines they need, let alone live a normal life. The taxpayer is going to have to take care of the men who fought for their country, whether it is in Bath or somewhere else."

"That leads to another fact—that our cost per patient here is much lower than it would be in private or in other VA hospitals elsewhere. So, how does the Government save money by throwing away an installation of this size?"

The home houses more than 800 veterans and is filled to near capacity. The men who have spent years there are willing and able to perform chores are paid small sums—up to 65 cents an hour—and the various buildings are mostly in charge of these members-workers.

Some of them are too shocked, too inarticulate to speak their minds. Not Charles Gernler, however. Charlie, 74, is a World War I veteran, as are most of the men in "the dom."

He is an instructor in crafts—starting the program in 1950 with a tiny shop in the basement and expanding it to the point where dozens of the men take advantage of his teaching.

"A lot of the men," said Charlie, "are so depressed over the news that they don't care whether they live or die. This is their home—the only real one many of them ever had."

HE DARES TO CALL IT TREASON IN REVERSE

"I feel like many of them—I won't leave New York State. I'll move into Bath and try to get along. But many of these men won't be able even to make a living and they certainly can't make ends meet on their little pensions."

"The Government is doing one thing in closing this place—they're making bums out of men who fought for this country. My country is going to disgrace me and others who don't deserve it. This is treason in reverse."

"The United States gives millions to foreigners who spit in Uncle Sam's face by way of thanks. We can toss money away all over the world but our country can't even take care of these men, who ask only that they be allowed to die with some dignity among people they know."

"I want to tell you something, mister. I closed up my machine shop—gave up my business—to fight in World War I. I lost my wife because she didn't think I should go. But my country came first and I would do it all over again. But I don't like playing second fiddle to foreigners."

Charles Naffky, 75, was gassed in the Argonne, fought at St. Mihiel, and came to Bath 15 years ago to become a member-employee.

He has a heart condition, is arthritic, but does chores for the blind.

"I couldn't do a thing if I left here," said Naffky, "but here I feel like someone. I write letters for the blind, run errands for them, take care of them—I'd die if I couldn't

do something for someone, because I've always been active.

PULLED UP BY ROOTS LIKE UNWANTED WEEDS

"Take away this little job of mine and I'd be nothing—I'd lose what little dignity I have left. I fought in the trenches for 18 months. I was willing to die for this country—but I don't want to die this way, off among people I don't know."

Another patient said, "I couldn't make the trip to a new place—and I understand the nearest one is down in Virginia where my relatives, who are older than I, would never get to see me again."

"It is a cruel, inhuman thing to ask us to pull up roots."

The dom has an average daily member load that ranges from 733 to 844. The average patient roster at the hospital is about 229. There are 619 employees, including the part-time home workers. The budget is \$4,605,644.

There are the emotional viewpoints, of course, and there are the more dispassionate ones. One elderly man said, "I have no friends or relatives around here and it makes no difference to me whether I stay here or go down South someplace. Maybe the weather down there would be nice and warm and I could get out of this blizzard belt."

Among some of the employees there is a certain fatalism about the closing. They have resigned themselves to it and many of them are already trying to obtain employment in the area. They don't want the jobs in VA centers elsewhere.

One or two admitted that maintenance of the Bath VA center "is an expensive proposition" but added quickly that the cost would not diminish appreciably if the patients were taken elsewhere. As in Tupper Lake, they pointed out the cost of moving employees and patients would be high and said they could not see why a \$20 million installation should be closed when it was still serviceable.

TOWN CANNOT ABSORB UNCLE SAM'S ORPHANS

Dr. Frank Nicklaus, mayor of Bath, is understandably shaken by the prospect of seeing his community lose a good share of its income.

"We're in better shape than Tupper Lake," he said, "but there is not enough industry in this area to absorb those employees who might want to remain here. Then, too, there is little doubt that many of the men in the dom will become public charges if they choose to stay here in town instead of going to another dom."

The average age of the men in the dom at Bath is 67—an old 67. These are men who have lost their skills through illness or who never acquired any. Some of them are drifters. Some are alcoholics.

MOST NEVER GET BACK IN THE SWIM

Their average life expectancy is 4 years from date of admission at age 67. Most of them are never really rehabilitated, few of them ever go back into the community to work again and become normal citizens.

Ed Humphrey pointed out that maintaining a man in the dom costs only about \$5 a day, as compared to \$26 a day in a hospital bed.

There are malingerers there, as there are in every VA installation. There are bums and there are men who crumpled from their efforts to fight life.

But as veterans of several wars, they paid quite a price of admission to the grounds.

PROPOSED HOUSING LEGISLATION

Mr. SPARKMAN. Mr. President, the President has sent to the Congress his housing message. As I understand, the message proposes the introduction of at least two bills in order to implement the proposals contained in the housing message.

One of these bills which may be referred to as an omnibus housing bill and which ordinarily is referred to the Banking and Currency Committee has been presented to us for introduction. Another bill, which I understand will be forthcoming in the near future will, if we follow past precedent, be referred to the Committee on Government Operations. I propose to introduce the omnibus housing bill presently. I will not, however, introduce the second bill. I shall defer to a member of the Government Operations Committee to introduce that measure.

Mr. President, I, of course, have not had sufficient opportunity to study in detail the President's housing message, or the bill to implement the proposals contained in that message. I can say, however, that from my very hurried review of these documents, the President's housing program is a very large and ambitious one. It includes many good provisions. It includes provisions to continue, either by date extension or through the authorization of additional funds, many existing housing programs that have served our people well. I refer, of course, in particular to the mortgage insurance programs of the Federal Housing Administration, the college loan program of the Community Facilities Administration, the rural housing program of the Farmers Home Administration, the urban renewal program of the Urban Renewal Administration, and so on.

In addition, it contains proposals for new programs. In general, I believe some of the new proposals may be helpful in meeting the housing needs of our people. On the other hand, it contains proposals which must be very carefully studied and some which I do not approve.

Nevertheless, Mr. President, by request, I now introduce for proper referral the administration's omnibus housing bill, entitled the "Housing and Urban Development Act of 1965."

Mr. President, I ask unanimous consent to insert in the RECORD a section-by-section summary of the Housing and Urban Development Act of 1965.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

SECTION-BY-SECTION ANALYSIS OF HOUSING AND URBAN DEVELOPMENT ACT OF 1965

Section 1. Short title: The bill would be cited as the "Housing and Urban Development Act of 1965."

TITLE I—SPECIAL PROVISIONS FOR DISADVANTAGED PERSONS

Section 101. Financial assistance to enable certain private housing to be available for lower income families who are elderly, handicapped, displaced, or occupants of substandard housing.

This section would authorize the Housing and Home Finance Administrator to undertake a program of rent supplements to serve people who are in need of standard housing and are in the lower income range above the level prevailing for admission to low-rent public housing and below that necessary to obtain standard private housing, including moderate-income housing financed with FHA-aided market-interest rate mortgages insured under section 221(d)(3) of the National Housing Act.

Under the proposed program, rent supplements would be available with respect to housing to be built with the assistance of

FHA-insured section 221(d)(3) market-interest rate mortgages and owned by private nonprofit corporations, limited dividend corporations, or cooperatives. Lower housing costs would be achieved for eligible occupants by rent supplement payments owner made directly to the project owner. Such payments for an occupant would be in an amount sufficient to reduce the rent to the level that the occupant could afford. If the income of the occupant (other than the elderly) later increased, the amount of the rent supplement payments would be reduced until the occupant could afford to pay the full rent, at which time the payments for that occupant would cease.

In addition to the income range requirement, eligibility for the rent supplementation aid would be restricted (1) to the elderly and the physically handicapped, (2) to those displaced by urban renewal and other public improvement programs, including code enforcement and (3) to those living in substandard housing. In serving these persons the program will also increase the supply of moderate-income private housing.

The rent supplement payments that could be contracted for with respect to any project assisted under this section would be limited to a term of 40 years. The aggregate amount of such payments contracted for could not exceed amounts approved in appropriation acts nor \$50 million per annum, but this limitation would be increased by \$50 million on July 1 of each of the years 1966, 1967, and 1968.

The amount of rent to be paid by an occupant would be 20 percent of income, except where the occupant obtains a lease with option to purchase either sales-type housing or a unit in a cooperative, in which case the rent or charges to be paid would be 25 percent of income. Sales-type housing could be provided in a rental project where units, such as row or detached houses, are rented initially but are designed so that they could later be transferred to individual ownership. Tenants selected for participation in lease-purchase arrangements would be only those with a potential for increased incomes for homeownership. When the income of an occupant has increased to the point that 25 percent of income would enable the occupant to assume ownership, this would be done generally with the aid of an FHA-insured section 221 home mortgage or, in the case of a cooperative dwelling, by changing his status from tenant of the cooperative to cooperating member.

Income ceilings and floors would be established for each area. In each area, the rent supplement payments could not exceed the public housing contractual subsidy amount for a comparable unit in the same or a comparable area. The income floor in any area would be the maximum income limit for admission of low-income families generally to public housing in that area.

The organizations owning the private projects assisted under the program would select the occupants, subject only to certain facts relating to eligibility as determined by the Housing Administrator or his delegatee. Prospective occupants would be referred by the housing owner to appropriate offices or agencies for the purpose of obtaining the Housing Administrator's certification as to facts concerning eligibility. More specifically, the certification would relate to the tenant's age or physical handicap where this is the basis for eligibility, or displacement, or occupancy of substandard housing. Certifications would also relate to incomes at initial occupancy and every 2 years thereafter, or more frequently if the Housing Administrator deems it desirable, except that recertifications after initial occupancy would not be required in the case of the elderly.

The amount of rent supplements to be paid to the project owner with respect to any occupant would be the difference between 20 percent of income (or 25 percent in the

case of leases with option to purchase) and the full rent that is required under the market interest rate FHA-insured mortgage financing. A given proportion of the units could be available for tenants or cooperative housing applicants who would not require any rent supplements, and the balance of the units would be available for tenants or cooperative housing applicants who would need rent supplements. Payment of the rent supplements would be delegated by the Administrator to the FHA.

A workable program will be required with respect to housing assisted under this section in any community where Federal assistance is being provided for code enforcement, urban renewal, or public housing, and with respect to such housing in any community for which a workable program was required and in effect at the time Federal assistance was provided for code enforcement, urban renewal, or public housing.

Administrative limitations on the per-unit mortgage amount would be applied in all areas. The per-unit mortgage limit for an area would be the same as is now used in the FHA-insured below-market interest rate program under section 221(d)(3). Under the latter program, the per-unit mortgage limit is that mortgage amount for a unit which would require a rent equal to 20 percent of the maximum income limit established for that area.

The rent supplement payments to be made under this program would help provide housing for people who are in need of standard housing and are in the income gap referred to above. In this income range are many of the 60,000 to 70,000 families displaced each year by public improvement actions and the approximately 10,000 a year whose incomes become too high for continued occupancy in public housing. Increasing code enforcement will increase public action displacements. Altogether, there are about 1.6 million elderly households (families or individuals) in this income gap, as well as about 1.8 million nonelderly nonfarm families living in substandard units.

The flexibility provided in rent supplement payments would enable people of various incomes to become occupants of the units to be provided without requiring an excessively high proportion of their income to be paid for rent. Moreover, after initial occupancy, the rent supplement payments would be adjusted at least every 2 years (except as to elderly) and paid only as needed and in the amounts needed.

The rent supplementation program would to a very great extent utilize private participation. The projects would be owned by private nonprofit, limited dividend, or cooperative groups; constructed by private builders; and financed by private lenders with FHA-insured market interest rate mortgages.

Section 102. Extension of FHA section 221 programs: This section would continue for 4 years (from September 30, 1965 to October 1, 1969) the authority of FHA to insure mortgages under its section 221 programs of housing for lower income families. This includes extension of the "(d)(3) below market" rental housing and the "(d)(2)" low downpayment sales housing programs.

Section 103. Rehabilitation grants to homeowners in urban renewal areas: This section would authorize the limited use of urban renewal capital grant funds for rehabilitation grants to certain homeowners in urban renewal areas. These grants would be used only in hardship cases where no other means of financing is available to avoid displacement of the homeowners. These would be the few but important cases involving elderly and others where low interest rate loans (under section 312 of the Housing Act of 1964) are not feasible for the purpose of financing rehabilitation necessary to make the home conform to public standards for decent, safe, and sanitary hous-

ing established by applicable codes or the urban renewal plan for the area.

In the case of an individual or family whose annual income is not more than \$2,000, the amount of a grant could not exceed the lesser of (1) the actual and approved cost of the repairs and improvements, or (2) \$1,000. In the case of an individual or family whose annual income is more than \$2,000, the amount of a grant could not exceed the lesser of (1) the actual and approved cost of the repairs and improvements, or (2) \$1,000, or (3) that portion of the cost of such repairs and improvements that could not be paid for with any available loan which could be amortized, along with such individual's or family's other monthly housing expense, without requiring their monthly housing expense to exceed 25 percent of monthly income.

In other words, in the case of an individual or family whose income exceeds \$2,000 a year, no grant could be made for that portion of the actual and approved cost of required repairs and improvements which could be paid for with a loan which could be amortized, along with that individual's or family's other monthly housing expense, with 25 percent of its monthly income. This limitation would require most individuals and families with incomes over \$2,000 to finance the cost of such repairs and improvements with loans. In some cases, these loans can be obtained through private financing. For those unable to obtain private financing on reasonable terms, direct 3 percent interest-rate loans will be made available under the provisions of section 312 referred to above.

Repairs and improvements for which grants authorized by this section could be made available include the repair or replacement of plumbing facilities, such as piped hot and cold running water, hot water heaters, flush toilets, or bathtubs, and such basic rehabilitation work as is necessary to bring the dwelling unit up to the standards for decent, safe, and sanitary housing established by the local housing code or the urban renewal plan.

Successful execution of an urban renewal rehabilitation project requires, in addition to upgrading property in the project area, that displacement be minimized. Even with a 3 percent rehabilitation loan, many homeowners in urban renewal areas, especially elderly homeowners, cannot afford to make the necessary repairs and improvements to their properties.

At present, if such homeowners cannot bring their property up to the required standards, the property must be acquired and either be rehabilitated or torn down by the local public agency. It is clear that the grants authorized by this section would make it possible to carry out urban renewal projects with the acquisition of fewer properties (and consequently less displacement of families) than otherwise would be possible.

The grants authorized by this section for low-income individuals and families in urban renewal areas will assist in upgrading properties, as well as help to minimize displacement and its consequent problems. Aside from the social costs involved in displacing homeowners who cannot afford to repair and improve their property to required standards, there is the dollar cost involved in providing to these displaced homeowners the relocation payments authorized by the urban renewal law.

The cost of providing the rehabilitation grants authorized by this section would not exceed \$2 to \$3 million annually.

Section 104. Parity of treatment for the handicapped and elderly in public housing:

This section would establish parity of treatment between the handicapped and elderly and thereby facilitate the provision of housing for handicapped families by making applicable to the handicapped certain existing provisions that are now available for

housing for the elderly. It would increase by \$1,000 (\$500 in the case of Alaska) the maximum room cost limits applicable to public housing designed specifically for the handicapped; would authorize a special contribution of up to \$120 per unit per year to dwelling units occupied by the handicapped; and would exempt the handicapped from the requirement that there be a 20-percent gap between the upper rental limits for admission to a proposed low-rent housing project and the lowest rents at which private enterprise is providing a substantial supply of standard housing.

The Housing Act of 1964 contained a number of provisions designed to facilitate the provision of housing for the handicapped, including a provision which made handicapped individuals eligible for admission to low-rent housing. However, while that act in general established parity of treatment between the handicapped and the elderly under relevant Federal housing programs, it did not fully extend this principle to the low-rent public housing program. Most significantly, the increased room cost limits applicable to housing designed specifically for the elderly and the special \$120 contribution for the elderly were not extended to the handicapped. The handicapped family's need for specially designed housing, and the very low incomes of many of these families, clearly justifies the extension of these benefits.

Estimates based on a national survey conducted by the Public Health Service from mid-1957 to mid-1961, showed that 5,306,000 persons age 15 to 62 were reported to have chronic conditions which limited them in the amount and kind of major activity, such as employment or housework, which they could undertake. An additional 1,204,000 persons in this age category were further restricted since they were unable to carry on a major activity.

The Public Health Service data also showed the family incomes applicable to the persons reported on. Relating this family income data to the \$3,100 median income limit for admission to PHA-assisted low-rent housing in 1960 for an average size family of 3 or 4 persons, it is estimated that 40 percent of the 5,306,000 families containing a person with chronic conditions limiting the amount and kind of major activity would be eligible for admission to low-rent housing. Twenty-six percent of these 5,306,000 families had incomes of less than \$2,000. For the 1,204,000 families in which there was a person who was not just limited in capacity but who was unable to carry on a major activity, about 55 percent would be eligible for low-rent housing and 40 percent had incomes of less than \$2,000.

It will be noted, however, that many of these persons who are less than age 62 would qualify as "elderly" under the present provisions of the United States Housing Act of 1937, if their condition were such as to constitute a disability as defined in section 223 of the Social Security Act. This section of the bill would extend the same status and benefits to the others whose condition would render them "handicapped" within the meaning of section 202 of the Housing Act of 1959, even though their condition does not constitute a disability as defined in section 223 of the Social Security Act.

Section 105. Relocation payments under Mass Transportation Act: This section would amend the relocation payment provisions of the Urban Mass Transportation Act of 1964 to make the payments to individuals, families, business concerns and nonprofit organizations displaced by federally aided urban mass transportation projects after the date the bill is introduced the same as those provided under the urban renewal and low-rent public housing programs.

Under these provisions, payments to families and individuals could not exceed \$200 for moving costs and property loss. In

addition, families and elderly individuals displaced on and after the date of introduction of the bill could receive a relocation adjustment payment of up to \$500 to assist them in relocating in standard accommodations.

For businesses, the payment could not exceed \$3,000 for moving expenses and loss of property, except that where actual moving expenses are greater than \$3,000 the maximum relocation payment to a business concern could not exceed the total of the actual moving expenses. By regulation this would be limited to \$25,000 or actual expenses, whichever is less. Independent businesses displaced after the date of introduction of the bill which have average annual net earnings of less than \$10,000 could receive additional readjustment payments of \$1,500.

Under the present provisions of the mass transportation law the relocation payments may not exceed \$200 in the case of an individual or family, or \$3,000 (or, if greater, the total certified actual moving expenses) in the case of a business concern or nonprofit organization. By regulation, payments are limited to \$25,000 or actual moving expenses, whichever is less.

TITLE II—FHA INSURANCE OPERATIONS

Section 201. Land development: This section would authorize Federal assistance to land development.

FHA mortgage insurance for land development: Subsection (a) would add a new title X to the National Housing Act which would authorize FHA mortgage insurance to assist in financing the cost of land development for residential and related uses. The activities financed under the title would include the acquisition of land and its improvement with water and sewer facilities, roads, streets, sidewalks, storm drainage facilities, other site improvement work, including certain community buildings approved by the Federal Housing Commissioner. These activities involve substantial capital requirements which the mortgage insurance would assist in meeting. The land made available for further development could vary in size and type from land suitable for a small, but well-planned neighborhood or to a suburban subdivision or an even more extensive new development, such as a new town.

During the next 10 years, new homes will be required for 15 to 20 million families. The new title X would help assure that sites are available for these homes at more economical prices and in communities which avoid the wasteful sprawl and disorganization of much recent urban development. Through adequate planning, home buyers can receive the benefit of good design and the conveniences and economies of adequate facilities for the community. This is true for well-planned small tracts and for more extensive developments.

In addition, in the case of extensive new development, there could be additional savings resulting from the ability to select land in areas now largely undeveloped and yet provide all needed facilities. The extensive new development can also more easily provide nearby industrial, commercial, civic and recreational facilities, thereby minimizing transportation costs and efforts and may also provide a fuller range of housing both as to incomes served and as to design.

The homebuilding and mortgage-lending industries have shown sharply increasing interest in such extensive developments, and quite a few have been started throughout the Nation. The availability of FHA mortgage insurance would permit smaller land developers, and smaller local homebuilders and mortgage lenders to participate in this desirable trend on a cooperative basis, since at the present time the large capital requirements involved tend to limit the possibilities of participation to very large participants. The extension of the long testive device of FHA mortgage insurance for housing and re-

lated purposes to the land development stage would in effect bring FHA's services to private enterprise up to date in the light of contemporary trends in the homebuilding and mortgage-lending industries.

There follows a section-by-section summary of the proposed new title X of the National Housing Act:

Section 1001. Purpose: The purpose of the title is: "to provide appropriate credit assistance in order that private enterprise may better serve the needs of a rapidly expanding urban population by means of additional well-planned and adequately improved sites for the development of desirable residential neighborhoods, subdivisions, and sound communities."

Section 1002. Definitions: This section contains definitions of terms used in the title, including a definition that indicates the nature of eligible site improvements. The only buildings that would be eligible as site improvements are those needed for water supply or sewage disposal installations or such other buildings (except schools) to be jointly owned and maintained by the property owners as the Commissioner considers appropriate.

Sections 1002-1008. Basic conditions for insurance and land planning: (a) Authority to issue mortgage insurance commitments under the title would expire on October 1, 1969; (b) The insured mortgage loan could not exceed the lesser of (1) 75 percent of the Federal Housing Commissioner's estimate of the value of the property as of the completion of land development or (2) the sum of 50 percent of his estimate of the value of the land before development and 90 percent of his estimate of the cost of the site improvements. The insured mortgage amount outstanding could not exceed \$25 million; (c) The improvements and the development plan would be required to comply with all applicable State and local governmental requirements and with FHA's standards. The land development schedule would in all cases contemplate development within the shortest reasonable period consistent with sound development, and the development plan for the site would be required to be consistent with a comprehensive plan which covers, or with comprehensive planning being carried on for, the area in which the land is situated.

The comprehensive plans or planning would in all cases meet criteria established by the Housing and Home Finance Administrator, and would encompass activities such as those referred to in section 701(d) of the Housing Act of 1954. The applicable criteria would differ for different types of planned developments; for example—a suburban subdivision immediately adjacent to the developed outskirts of a city or an extensive new development with large residential, commercial, and industrial areas to be situated in the countryside between two large cities. In the first case, the plan would need to demonstrate the adequacy of the community environment to provide an appropriate setting for the new subdivision, and that land uses and public facilities would be consistent with comprehensive planning for the entire urban area. In the second case, the criteria would contemplate a comprehensive plan for a larger urban area to demonstrate the interacting relationship between the new development and other communities in the urban area (including the two large cities), major employment centers, major open spaces, and intercity transportation facilities.

In all cases the criteria to be established by the Administrator will have as their purpose reasonable assurance that the process of comprehensive planning for the area where the land is situated includes, as an integral part of that process, provisions for making the planning effective so that the proposed development assisted by the mortgage insur-

ance will in actual fact be compatible with the present and projected development of the wider area where the land is situated.

In the case of a site proposed to be prepared for an extensive new development, the Administrator would review the site development plan (including the adequacy of housing to be provided for those employed within the planned development) for consistency with the overall comprehensive plan or planning for the area. However, in all ordinary cases this review would be the responsibility of the Federal Housing Commissioner.

All land development plans would be required to be acceptable to the Commissioner as providing reasonable assurance that the land development will contribute to the establishment of growth of a well-planned neighborhood, subdivision, or community which (i) will have a sound economic base and a long economic life, (ii) will be characterized by sound land use patterns, and (iii) will include or be served by such shopping, school, recreational, transportation, and other facilities as the Commissioner deems adequate or necessary.

Section 1009. Priorities: The Commissioner would, in administering the program, encourage the maintenance of a diversified local homebuilding industry and the inclusion in land development plans of a proper balance of housing for families of moderate or low income and he may give a priority among land development undertakings assisted under the title to those undertakings that will, through open marketing of the developed land or other means, encourage broad participation by builders and that will serve families having a broad range of incomes.

Section 1010. Water and sewerage facilities: The land after development would normally be expected to be served by public systems of water supply and sewerage. These would be consistent with other existing or prospective systems within the area. If the Commissioner finds that a public system is not feasible he may, under such assurances as he may require with respect to eventual public ownership and operation, approve an adequate privately or cooperatively owned system. Such a system would be required to be regulated in a manner acceptable to the Commissioner to protect the interest of consumers as to user rates and charges and methods of operation and also as to terms of any sale or transfer of the systems.

Sections 1011-1015. Miscellaneous: These sections relate to the subordination of mortgage liens, the assessment of reasonable premiums and fees, the payment of mortgage insurance benefits, insurance contract incontestability, and the issuance of FHA rules and regulations.

Section 1016. Taxation: This section provides that real property acquired and held by the Commissioner under this title shall not be exempt from State or local real estate taxation.

Section 1017. Cost certification: This section contains a requirement for certification by the mortgagor of actual development costs to be made from time to time to assure that the outstanding balances of loans insured under the title during the course of land development will be appropriately limited to reflect both the actual costs of development and the release of improved parcels from the lien of the mortgage.

Conforming amendments

Amendments to other provisions of law appropriate for conformity with the proposed new title X are made by subsection (b) of this section.

Paragraph (1) of subsection (b) would amend the labor standards provisions of the National Housing Act to make them applicable to work performed by laborers and mechanics employed in land development

receiving financial assistance under the proposed new title X program.

Paragraph (2) (A) would amend the Federal National Mortgage Association Charter Act "Special Assistance" provisions to make inapplicable, in the case of title X mortgages on extensive new developments, the present statutory dollar ceilings that are based on mortgage amounts per family residence or per dwelling unit.

Paragraph (2) (B) would amend the definition of "mortgages" in the FNMA Charter Act to make it clear that the "home mortgages" referred to in the statement of purposes and elsewhere in that act include the proposed new land development mortgages as well as all other mortgages insured under the National Housing Act.

Paragraph (3) would amend the Federal Reserve Act to permit national banking associations to make loans secured by title X mortgages.

Paragraph (4) would amend the Home Owners' Loan Act of 1933 to permit Federal savings and loan associations to invest in title X insured mortgage loans to the extent permitted under Federal Home Loan Bank Board regulations.

Paragraph (5) would include among the eligible categories of planning grants under section 701 of the Housing Act of 1954, grants for planning for areas in which there is to be established an extensive new development on land improved or to be improved with assistance under the proposed new title X or on land acquired or to be acquired with assistance under section 202(b) (1) of the housing amendments of 1955.

Paragraph (6) would make the existing population limits in the public facility loans program authorized by section 202 of the housing amendments of 1955 inapplicable to financial assistance extended to municipalities or other political subdivisions in connection with an extensive new development on land improved or to be improved with assistance under the proposed new title X, or on land acquired or to be acquired by State land development agencies with assistance under section 202(b) (1) of the housing amendments of 1955.

State land development agencies

Subsection (c) of this section would authorize the Housing and Home Finance Administrator to make loans to land development agencies (created or designated by or pursuant to State legislation) to finance the acquisition of land to be utilized in connection with development of well-planned residential neighborhoods, subdivisions, and communities. The land so acquired would be sold to private builders, and possibly after installation of basic public facilities, for the construction of well-planned developments. These may be residential neighborhoods, housing subdivisions or more extensive new developments.

The loans would be limited to an amount not exceeding the total cost as approved by the Administrator, of the acquisition of a fee simple or other interest in the land, including capitalization of interest for the term of the loan, and related expenses. The loans would be required to be reasonably secured and would be repayable within a period not exceeding 15 years at an interest rate of not more than the average annual interest rate on all interest-bearing obligations of the United States forming a part of the public debt, adjusted to the nearest one-eighth of 1 percent, plus one-half of 1 percent. For the current fiscal year this formula produces an interest rate of 4 percent.

Loans for land acquisition could not be made unless the Administrator determines that (1) private financing is not otherwise available on reasonable terms; (2) the development of a well-planned residential neighborhood, housing subdivision, or community on the land would be consistent with a com-

prehensive plan or with comprehensive planning, meeting criteria established by the Administrator, for the area in which the land is located; and (3) a preliminary development plan for the use of the land meets criteria which he has established.

The subsection further provides that the land acquired with Federal financial assistance under this subsection must be developed in accordance with a development plan approved by the Administrator. Sales of the land to private persons may not be for less than its fair value for uses in accord with the approved development plan. A development plan, wherever feasible in the light of current conditions, would be required to encourage the provision of sites providing a proper balance of types of housing to serve families having a broad range of incomes.

This program is designed to assist the State governments that wish to establish land development agencies in order to take advantage of the State government's unique powers to promote the planned development of future urban growth. As a governmental body with an area of jurisdiction beyond the confines of the geographical boundaries of a city, county, or special district, these State land development agencies could become focal points in the process of planning for attractive and efficient urban development. Through these public land development agencies State governments, which are responsible for the well-being of all of its citizens, would become instrumental in fostering comprehensive planning of new areas expected to be populated within the foreseeable future.

State governments are already concerned with economic planning with respect to promoting industrial development and seeking to induce business concerns to locate (or relocate) their industrial plants within their States. Many State governments are also engaged in some form of systems planning in connection with determining the location of, and standards for, water and sewer facilities, location of State highways, and the planning of other public works.

Once the public land development agencies are established, and after some experience with Federal loans indicates that this type of State activity is both practical and successful, private investor interest in the obligations issued by the State land development agencies can be expected. Such private funds are expected to be obtainable at interest rates below 4 percent.

Loans authorized by this subsection would be made from the revolving fund established by title II of the Housing Amendments of 1955 to finance the public facility loan program. No additional authorization is necessary. It is estimated that during the first full year of operations the amount of Federal funds committed for loans authorized by this subsection will not exceed \$25 million.

Section 202. Extension of insurance authorizations: This section would continue for 4 years (from the present termination date of October 1, 1965 to October 1, 1969) the authority of FHA to (1) insure property improvement loans under its title I program, (2) insure housing loans and mortgages under all of its programs except those with independent termination dates, and (3) insure mortgages providing housing under its sections 809 and 810 programs for the military, NASA, and AEC. The section 221 program of mortgage insurance for housing for low- and moderate-income families would be continued for 4 years by another section in title I of the bill.

Section 203: Multifamily mortgage limits for four or more bedroom units: This section would permit an increased dollar limitation on the amount of a mortgage financing multifamily housing with dwelling units consisting of four or more bedrooms (except where the mortgage is insured under the section 810 program for the military). For ex-

ample, under the regular rental housing program (sec. 207), the mortgage limit would be \$21,000 per dwelling unit (an increase of \$2,500) in the case of a family unit with four or more bedrooms. No change would be made in the existing limits for dwelling units containing no bedrooms, or one, two, or three bedrooms.

Prior to the Housing Act of 1964, the FHA was able to recognize additional rooms almost without limit as to number in the statutory per room multifamily mortgage limits. While the former per room limits too often led to superfluous additional rooms to the detriment of design, they did permit the recognition of the cost of additional bedrooms. The FHA has found, in working with the new family unit limitations added by the 1964 Housing Act, that they do not contain adequate provisions for financing projects with large units having four or more bedrooms. For this reason, an additional dollar limitation is being proposed for four or more bedroom units. This additional dollar limitation would enable the FHA to reflect properly the added cost of large units in the maximum mortgage amount and encourage production of accommodations for larger families where needed.

Section 204. Rehabilitation in urban renewal areas:

The principal purpose of this section is to encourage more rehabilitation of housing for rent in urban renewal areas by removing an obstacle which unduly restricts the use of the FHA section 220 urban renewal housing program as it applies to nonoccupant owners of 1- to 11-family structures. Under the amendments of section 220 of the National Housing Act provided by this section a nonoccupant mortgagor who intends to hold 1- to 11-family housing for rent would be entitled to a larger loan amount which would be more in line with that now permitted where the housing consists of larger multifamily structures. The amendments would liberalize and make section 220 more workable for financing the construction, purchase, or rehabilitation of housing in urban renewal areas.

Section 220 would be amended (1) to increase the maximum amount of a mortgage which can be insured where the mortgagor is not an occupant of the property and intends to hold it for rent, and (2) where refinancing is involved, to permit existing indebtedness for improvement of the property to be included in the computation of the amount of a mortgage whether or not the indebtedness is secured by a mortgage against the property. Under existing law only indebtedness secured by the property may be included in the insured mortgage.

Under the proposed amendment, a non-occupant mortgagor could obtain an insured loan for rehabilitation, purchase or construction of a 1- to 11-family property for rent in an amount which is 93 percent (now 85 percent) of the amount that an owner-occupant of the property could receive. Under existing law, an owner-occupant may obtain a rehabilitation loan which does not exceed (1) 97 percent of \$15,000 of the estimated value before rehabilitation, plus 90 percent of estimated value above \$15,000 but not above \$20,000, plus 75 percent of value above \$20,000, or (2) the estimated cost of rehabilitation plus cost of refinancing. For new construction the loan can be up to 97 percent of \$15,000 or estimated replacement cost, plus 90 percent of cost above \$15,000 but not above \$20,000, plus 75 percent of the cost above \$20,000.

Since under this section a nonoccupant mortgagor could obtain 93 percent of the amount that could be obtained under either of these formulas, the amount he would obtain would in effect be approximately 90 percent of the value or replacement cost of the property, depending upon the formula applicable. In no case involving refinancing

of housing to be rented could the mortgage amount exceed the estimated rehabilitation cost plus refinancing.

Under the present law, a nonoccupant mortgagor of rental housing may obtain a mortgage in an amount only up to 85 percent of that permitted for an owner-occupant. In a case of refinancing and rehabilitation he may have a substantial equity in the property, but the 85-percent limit requires him to increase his cash outlay and equity more than he is willing to do.

A nonoccupant mortgagor who intends to sell the housing would continue, as the law presently provides, to be eligible for a mortgage up to 85 percent of the amount available for an owner-occupant, except that the mortgage amount can be the same as that permitted for an owner-occupant if the mortgagor places 15 percent of the mortgage proceeds in escrow pending sale to an acceptable owner-occupant within 18 months.

Section 205. Nondwelling facilities for urban renewal rental housing: A multifamily rental housing project in an urban renewal area financed with a mortgage insured by FHA under the section 220 urban renewal housing program would be permitted, by amendments in this section, to include more nondwelling facilities financed by the mortgage than under the existing law. Under the new provisions, the Federal Housing Commissioner could permit such nondwelling facilities as he deems desirable and consistent with the urban renewal plan to be included in the project. However, the project would have to be predominantly residential, and the Commissioner would also have to find that any nondwelling facilities included in the project would contribute to the economic feasibility of the project. To assure that commercial construction under this provision will be kept at a minimum, the Commissioner intends to require that proposed projects, involving more commercial facilities than are presently permitted, must be sent to the Washington office for review.

Under existing law the mortgage on a section 220 rental housing project can finance only such nondwelling facilities as the Commissioner deems adequate to serve the needs of the occupants of the property and of other housing in the neighborhood. This provision is too limited for housing in urban renewal areas where the facilities are essential to renting the housing but are economically feasible only if they can serve a larger area.

Sponsors would be more willing to undertake the provision of rental housing in urban renewal areas, particularly in areas where there has been extensive clearance of slums, if this provision is enacted because they would be assured of more rapid renting of the units in the project. Quick renting of housing in an urban renewal area depends on the availability of shopping centers and other commercial services and facilities of this nature.

Section 206. Larger insured mortgages for servicemen: The limit on the amount of an FHA section 222 insured mortgage, financing the home of a serviceman in the Armed Forces or the Coast Guard, would be increased from \$20,000 to \$30,000. This larger maximum mortgage is requested by the Department of Defense in order to make the special program for servicemen under that section more useful in providing housing. The downpayments required would be the same as those required under FHA's regular section 203(b) home mortgage insurance program—that is, 3 percent of the value of the property up to \$15,000, 10 percent of the value of the property over \$15,000 but not over \$20,000, plus 25 percent of the value above \$20,000.

Under the section 222 program the Department of Defense pays the mortgage insurance premium where a home is purchased

by a serviceman with a mortgage insured under the program and so long as he is in the service. Over 75,000 servicemen currently have homes purchased with these mortgages. Around 276,000 additional homes are needed for career military personnel.

Under the present provisions of section 222 a mortgage cannot exceed \$20,000 in amount. Housing construction costs and related expenses of homeownership have increased. The effective incomes of many career military members have also been increased by changes in the military compensation system. In high-cost areas in particular, the \$20,000 limit does not provide an adequate or appropriate home, especially in the cases of servicemen above the grade of major or lieutenant commander.

Section 207. Refinancing of insured mortgages: This section would correct an omission in existing law. It would give FHA the same authority to insure mortgages executed for the purpose of refinancing existing mortgages insured under any FHA insured mortgage program as is now available for mortgages insured under sections 220, 221, 903, 908 and certain section 608 mortgages.

The principal amount of any refinancing mortgage cannot exceed the original principal amount or the unexpired term of the existing mortgage, except that if the Commissioner determines that an additional term will inure to the benefit of FHA the refinancing mortgage may have a term of not more than 12 years in excess of the unexpired term of the existing mortgage.

This refinancing authority serves a useful purpose in assisting mortgagors who encounter financial difficulties, especially those owning multifamily housing projects. It also serves to protect the interests of the mortgagee and of the FHA in marginal cases where the alternative to refinancing may be default and foreclosure. There does not seem to be any sound basis for limiting the authority, as is done by present law, to certain specified programs under the act.

Section 208. Consolidation of insurance funds: As a means of streamlining accounting procedures, with substantial economies in operations both in Washington and the field offices, this section would provide that all FHA insurance funds be consolidated into two funds; namely, a mutual mortgage insurance fund, and a general insurance fund. The mutual mortgage insurance fund would be continued in its present coverage and form, and all other insurance funds and accounts would be consolidated under a single insurance fund—the general insurance fund. All title I property improvement loans would be registered for insurance, and mortgages under all of FHA's insurance programs would be endorsed for insurance under the general insurance fund, except those mortgages committed and insured under the regular section 203 home mortgage insurance program. The assets and liabilities of all of the current funds and accounts except the mutual mortgage insurance fund would be transferred to and become the responsibility of the general insurance fund.

Since its creation in 1934, the programs of the Federal Housing Administration have from time to time been expanded and broadened in order that it could be of increasing assistance in providing housing to meet the needs of all Americans. These goals have not yet been fully achieved and additional programs will undoubtedly be proposed and enacted into law in the future.

As new insurance programs have been authorized, new insurance funds or accounts have usually been created, thus requiring separate financing and accounting for the programs. These funds and accounts have grown from 2 in 1934 to 15 at the present time.

In the early 1950's it became apparent that, by reason of the small volume of insurance written under some of the special purpose

programs, revenues would be insufficient to maintain those programs on a self-supporting basis. Because of this, and in order to strengthen FHA's over-all position and avoid the necessity of calling upon the Congress for operating funds, section 219 was added to the National Housing Act. That authorized the Commissioner to transfer moneys from any one or more insurance funds or accounts to any other fund or account, except the participating reserve account and the general surplus account of the mutual mortgage insurance fund.

The effect of section 219 was to give FHA all of the advantages and flexibility of single fund accounting but it left the agency burdened with the expense and necessity under the act for full and complete accounting for each of its present 15 funds or accounts.

While the maintenance of separate insurance funds affords complete financial information with respect to each of FHA's various insurance programs, such complete accounting and fiscal data on a continuing monthly basis are unnecessary for management purposes. Moreover, the maintenance of the separate funds complicates FHA's financial structure.

Under the proposed consolidation of funds statements would be provided monthly for the general insurance fund and the mutual mortgage insurance fund with respect to the status of the funds. Data would also continue to be supplied which is needed to evaluate the effectiveness of individual programs.

The proposed consolidation would reduce from 15 to 2 the number of monthly entries to be accounted for and later consolidated into a combined balance sheet and statement of income and expense. It would substantially reduce field reporting of expenses. The consolidation would also result in significant savings in the Treasury Department since the recordkeeping, issuance, exchange, and redemption of debentures would relate to only 2 series of debentures rather than 22 series as at present.

After consolidation, FHA would still be able to compute with reasonable accuracy the financial experience of individual programs, as the need might arise. Special attention would continue to be given to income and loss experience under the section 213 cooperative housing program in compliance with the desire expressed in the conference report on the Housing Act of 1964. The semiannual and annual valuation of reserve requirements would continue to be prepared as in the past.

Section 209. Optional cash payment of insurance benefits:

This section would authorize the Federal Housing Commissioner, in his discretion at the time of payment, to offer payment of insurance benefits in cash on any insurance claim filed by a mortgagee on or after the date of its enactment. At present, the FHA does not have this general authority, but periodically calls in debentures for redemption to the extent deemed appropriate. The proposed new authority in no way changes the basic nature of the FHA debenture system, as the Commissioner would be given no new authority to agree in advance to make payments in cash instead of debentures.

A cash payment under this new authority would be in an amount equivalent to the face amount of the debentures that would have been issued, plus an amount equivalent to the interest which the debentures would have earned, computed to a date established by the Commissioner. In a case where a mortgagee, under his mortgage insurance contract, is entitled to receive debentures, the mortgagee would still be entitled to receive payment in debentures rather than in cash if the mortgagee does not want to accept a cash payment. Mortgagees filing insurance claims on mortgages insured under the section 220, 221, or 233 programs (urban renewal housing, low- or moderate-income

housing, and experimental housing) after the Housing Act of 1961 now have in their insurance contracts the right to a cash insurance settlement. Also, lenders insuring home improvement loans under section 203 (k) after the date of enactment of the Housing Act of 1964 have the right to receive cash insurance benefits.

For various reasons, occasions may arise when it would be in the national interest to pay insurance benefits in cash rather than in debentures. For example, the sale of debentures in the private capital markets may result in losses to their holders where there is a spread in interest rates. Where adverse conditions exist in the private capital market, it would be desirable for the Commissioner to have the authority to make cash payments of insurance benefits in all programs.

In order to have funds with which to make such cash payments, the Commissioner would need the authority to borrow from the U.S. Treasury such amounts as he determines from time to time. The Treasury loans would bear interest at a rate determined by the Secretary, taking into consideration the average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the obligations evidencing the loans. Of course, this borrowing authority would be in place of the U.S. guarantee on the debentures which would otherwise be issued.

TITLE III—URBAN RENEWAL

Section 301. General neighborhood renewal plans:

This section would make more realistic the statutory requirements with respect to general neighborhood renewal plans.

It would permit a GNRP to be prepared for an urban renewal area or areas together with any adjoining area or areas having specially related problems and eliminate the present requirement that the whole area covered by the GNRP be an urban renewal area.

However, this section would not make eligible for urban renewal project activities any areas not presently eligible, and would not provide any increased grant assistance, through noncash credits or otherwise, to urban renewal projects carried out in those portions of the area covered by the GNRP in which urban renewal project activities can be undertaken.

To permit unified planning of total neighborhoods, this section would authorize a GNRP area to include subareas which are not in themselves so blighted or deteriorated as to require urban renewal treatment. Under present legislative language, all parts of a GNRP area must be slum or blighted, deteriorated, or deteriorating, to the same extent as is required before an urban renewal project can be undertaken in the area. The amendment would make possible, for example, study of the street capacities and requirements of an entire neighborhood rather than only those portions of that neighborhood already scheduled to receive urban renewal assistance through an urban renewal project or projects.

This section would also ease the present requirement that all urban renewal projects in the urban renewal area covered by the GNRP be completed in 10 years and would require only that all such projects be initiated in that time. The present law describing a GNRP states that, "urban renewal activities therein may have to be carried out in stages * * * over an estimated period of not more than 10 years." Experience with urban renewal activity in GNRP areas has proven this requirement to be unrealistic.

Section 302. Increase in authority for capital grants:

This section would increase the aggregate amount of obligational authority for urban renewal grants by \$2.9 billion. Of the new \$2.9 billion authority, \$675 million would be

authorized upon the enactment of the bill, with further increases of \$725 million on July 1, 1966, and \$750 million on July 1 in each of the years 1967 and 1968.

The existing figure designating total present urban renewal grant authorization (\$4,725 million) would be reduced by \$25 million to reflect the deletion of an obsolete proviso in that amount. This is the proviso which authorized the use of a portion of the urban renewal grant authorization for demonstration grants under the urban mass transportation program.

The new authority would permit, over a period of 4 years, an increasing level of urban renewal activity. It is geared to available local resources for the financing and carrying out of projects during this period, and takes into consideration other legislative provisions in the bill. The volume of need and demand for this program are well recognized, and extend to almost all cities in all areas of the United States.

Section 303. Community renewal program requirement:

This section would establish a new community renewal program requirement for communities of over 50,000 population which seek Federal assistance for urban renewal projects. The new requirement would apply to projects for which planning is commenced (and provided "Federal recognition") later than 6 months after the date of enactment of the bill. When a community later applies for approval of the urban renewal plan and for loan or grant assistance in its execution, the community would be required to demonstrate that the proposed project is in accord with an up-to-date "community renewal program" which it has prepared as the basis of a communitywide attack on urban renewal problems, making use of all available Federal and local resources. This requirement would be modified, during the first 3 years after enactment of this bill, in order to provide sufficient time for cities to prepare such programs. During that time the community could instead demonstrate that it is actively preparing such a program and that the proposed project can reasonably be expected to be in accord with it upon its completion.

There would also be a complete exemption from the requirement in the case of projects undertaken in disaster areas, in accord with the special urban renewal law provisions for such projects. To be of full assistance, such projects must go into execution as soon as possible, and they are therefore exempted from other regular statutory requirements.

An acceptable community renewal program would not be required to have been prepared with Federal assistance. However, such assistance, in the form of two-thirds grants, is already available under provisions which were added to the urban renewal law by the Housing Act of 1959. The basic purpose of such programs is to assess in broad terms the community's overall needs for urban renewal and to develop a staged program of action, commensurate with its resources, to meet these needs, determining, to the extent feasible, individual urban renewal areas and activities and appropriate schedules and priorities for undertaking such projects.

Activity in this field has been steadily increasing since about 1961. Sixty-nine localities of over 50,000 population are now preparing such programs with Federal grant assistance, and 7 others have completed initial preparation. Already, about one-third of all cities of this size which are undertaking urban renewal projects are also undertaking community renewal programs. Sufficient experience has now been gained with these programs, and their value, so that it is both feasible and desirable to require, rather than permit, larger communities to undertake such programs as a basis for individual urban renewal project planning.

Experience to date has shown that a community renewal program can be valuable to a locality in bringing to its attention problems and opportunities in scheduling and coordinating urban renewal projects. It can, for example, determine the effect on a proposed project of housing resources and relocation needs in other proposed projects and public undertakings. It can also focus on the social and economic needs of the residents of slum and deteriorated areas and the resources available to meet those needs—which are of direct importance in planning urban renewal activities in those areas. Whether and to what extent an area can be rehabilitated depends, for example, not only on the type and condition of its buildings but also on the age and family size of its residents, their incomes, and their willingness and ability to participate in the upgrading and maintaining of the area. Community renewal programs can help to make available information on such questions and help to assure that necessary social services and facilities are provided.

The community action programs authorized in the Economic Opportunity Act of 1964 and the new rehabilitation and code enforcement provisions of the Housing Act of 1964 have already provided important new opportunities for increased effectiveness in urban renewal. This bill would provide additional opportunities through its new grant programs for rehabilitation, for neighborhood facilities, and for the provision and beautification of open space and other public land. One of the primary purposes of the proposed community renewal program requirement is to assure that urban renewal projects are planned and scheduled to obtain maximum benefit from the facilities and activities assisted under such programs. With their help many localities should find it possible to give increased emphasis to rehabilitation, compared to clearance activities, and to gray area and other residential renewal, compared to commercial and industrial renewal.

Section 304. Amendment of section 316 of Housing Act of 1954: This section would clarify the authority of the Redevelopment Land Agency of the District of Columbia to undertake urban renewal projects in areas which are not residential or predominantly residential at the outset by amending section 316(2) of the Housing Act of 1954 (which inserted a new section 20 in the District of Columbia Redevelopment Act of 1945) to provide unmistakable authority for the Redevelopment Land Agency to undertake non-residential projects as contemplated by title I of the Housing Act of 1949.

TITLE IV—LOW-RENT PUBLIC HOUSING

Section 401. Acceptance of local certification of equivalent elimination:

This section would permit acceptance of certifications by local governing bodies that they have complied with the equivalent elimination requirements of the U.S. Housing Act of 1937.

This amendment is essentially technical in character. It is designed to eliminate unnecessary administrative processing and attendant expenses, and is in line with administration and congressional policy to eliminate unnecessary administrative costs and vest greater local responsibility in local governmental agencies.

Under the act, where a low-rent housing project is undertaken in a locality, the local governing body must enter into an agreement providing for the elimination, within 5 years, of a number of substandard dwelling units equivalent to the new low-rent housing units included in the project. Extensions of the 5-year period for elimination can be granted where there is an acute shortage of decent low-income housing in the community. Administration of this provision now involves direct Federal supervision over the carrying out of the equivalent elimination agreement, even though the act provides no

specific penalties for noncompliance. Such supervision would be eliminated by this section.

Section 402. Greater use of existing private housing:

This section would perfect the annual contributions formula to permit local housing authorities to make greater use of the private housing supply through the purchase, purchase and rehabilitation, or lease of privately owned units, which are available on the local market and suitable for low-rent housing purposes.

The present annual contributions formula establishes a maximum contribution in terms of a specified percentage (the "going Federal rate" plus 2 percent) of the acquisition or development cost of a project. Under this formula, use can only be made of housing with an economic life extending over a sufficient period to allow the amortization of the capital cost at the statutory rate. This rate was designed to permit amortization of bonded indebtedness over a long period, and the established practice has been to contract for periods of 40 years. Such a period is too long to permit utilization of many kinds of existing housing that may be suitable for low-rent housing, or to permit the leasing of units desirable for relatively short-term use.

This section would authorize an alternative formula under which the annual contribution for an acquired or leased unit could be fixed, as a maximum, at the same dollar amount as would be established as the annual contribution under the conventional formula for a new low-rent housing project consisting of units designed for the comparable number, types, and sizes of families. Because it is not stated in terms of a specific percentage of capital cost, the formula would permit the acquisition, or acquisition and rehabilitation, of structures, over whatever period may be appropriate considering the condition and nature of the property, as well as the leasing of units for short-term use in meeting particular needs.

The new formula is intended to promote economies in the use of such housing through its requirement that the annual Federal contribution could never exceed the fixed contribution that would be established for comparable housing in a new project. Where a project or dwelling is acquired for use over a substantially shorter period than is required for units in the regular program, this would mean that the capital cost would have to be reduced according to the reduction in amortization period, since the maximum contribution available annually to amortize that cost could be no greater than in the case of a comparable conventional newly constructed project, but this annual amount would be available for substantially fewer years than in the case of the newly constructed project. The same limitation on the dollar amount of the annual contribution would apply to leased units, and would operate to preclude the excessive rentals that might otherwise result from efforts to secure housing for lease in a housing market where vacancies are low.

There has been a growing awareness in recent years that the subsidized low-rent housing program has suffered because it has not utilized the existing housing supply. Under this new authorization the PHA would be enabled to finance the leasing for any term of privately owned units in individual houses and in multifamily structures. It would be able to finance joint private-public owned or leased units. It would be able to subsidize units financed through other means such as FHA-insured conventional financing, or State or municipal financing.

An important source of existing housing is the supply of FHA and VA-acquired properties. Despite high vacancy rates, there are many low-income families in communities where vacancies exist who continue to live

in slum conditions because they are unable to pay the economic rent which the vacant properties warrant.

In many cases local authorities should be able to provide units more quickly under this section, than through new construction and meet more readily the special problems presented by large numbers of low-income displacees. The new formula should also provide greater flexibility in providing housing for different kinds of families, as in obtaining units for larger families and providing conveniently located units for elderly families. A collateral advantage of broadened use of existing structures is its effect in encouraging the conservation and improvement of residential properties.

Projects involving the purchase of existing housing would, of course, be subject to the same requirements of approval and cooperation by the local governing body as in the case of new construction. As in the case of the regular program, there will be local selection of the properties and sites to be used.

Since the units which are leased will be privately owned and subject to tax, the required local contribution, normally provided through tax exemption, would have to be provided by other means. The required local contribution, when property is not tax exempt, is the amount by which the taxes paid exceed 10 percent of the shelter rents charged in the project or dwelling. Local communities can easily meet this requirement by authorizing the housing authority to retain from payments in lieu of taxes to be paid with respect to its tax exempt properties the amount required to meet this local contribution with respect to the privately owned units.

Use of existing housing will constitute a valuable supplement—but nevertheless merely a supplement—to new construction. Existing housing can be effectively used for low-income families only where a combination of certain conditions exist. There must, first, be a supply of vacant housing on the local market, and that housing must freely be made available, since eminent domain will of course not be used under the new program. Moreover, the vacant housing should be appropriately located to serve the needs of the low-income families to be housed. Its cost, design, and physical condition must be appropriate, and its use should be consistent with the community plans and urban renewal programs and in accord with the wishes of the local governing body.

Section 403. Increase in authorization for annual contributions: This section would increase the limit on the aggregate amount of annual contributions contracts for low-rent housing, so as to permit continuation of the regular program for conventional units at approximately its past average and current level, plus provision of additional units through new approaches involving purchase and leasing of existing housing, with or without rehabilitation. Contracts for approximately 240,000 units over the next 4 years would be authorized.

For conventional units, the increase contemplates a program level of 35,000 units a year. For new approaches (purchase, leasing, and rehabilitation) the increase would provide for an additional 100,000 units over the 4-year period. The law would not, however, prescribe specific levels for the different approaches.

Program levels, each of the 4 years, are estimated as follows:

	Regular program	Purchase	Leasing
1966-----	35,000	10,000	5,000
1967-----	35,000	15,000	10,000
1968-----	35,000	15,000	10,000
1969-----	35,000	20,000	15,000

To permit this level of program activity, the amendment would increase the limit on the aggregate amount of annual contributions by \$47 million on the date of enactment of the Housing and Urban Development Act of 1965, and by the same amount on July 1 in each of the years 1966, 1967, and 1968, or an aggregate increase of \$188 million.

Experience with the interim additional authorization which was provided in the Housing Act of 1964 has already shown that the need and the demand are great and continuing. The additional authorization in the 1964 act contemplated the provision of 37,500 units of low-rent public housing. Affecting this authorization were the applications on hand when it became available, plus subsequent applications. Applications for about 74,000 units had been received by the end of January 1965, and more than 40,000 units had been placed under program reservation. Taking into account attrition and delays, and in order to place the 37,500 units under annual contributions contracts by September 30, 1965, the PHA plans to place a total of about 50,000 units under program reservation. In view of the application for some 24,000 units above this amount, the PHA has already instituted priorities and limitations. It assumes that the 24,000 units, plus any additional units remaining from the 50,000 and included in applications received after January, will have to depend upon further congressional authorization.

The provisions of the bill which would provide more flexibility in connection with the acquisition, leasing, and rehabilitation of existing housing, and the provisions extending to the handicapped parity of treatment with the elderly, would afford new means for meeting the needs.

Without any additional authorization for annual contributions, the public housing program can also be a valuable vehicle for helping families make an easier adjustment to urban living conditions. In many cases, low-income families are not even aware of the services which are available, and such services have often been inadequate. To help develop a better range of services to meet the social needs of families in public housing, and coordinate those existing services, local housing authorities will be authorized to provide broader assistance within the framework of the public housing program. Such a program could provide special counseling in the maintenance of housing, as well as counseling to families prior to moving into or out of public housing. These are primarily the kinds of services that an enlightened manager would want to engage in for the more economical management of the housing.

At the Federal level PHA will work to the fullest extent possible with other interested agencies, such as the Department of Health, Education, and Welfare and the Office of Economic Opportunity. At the local level local housing authorities would cooperate, as appropriate, with other local public agencies and private nonprofit community service organizations. Expenditures from project revenue would be authorized only for specific planned programs which would be periodically reviewed. In approving programs, preference will be given to those in which a substantial portion of the costs are met by funds from sources other than those supplied by the PHA-aided program or by funds derived from demonstrable economies achieved by local housing authorities in their operation.

Section 404. Sale of federally owned projects to private purchasers: This section would remove the restriction that federally owned public housing projects may be sold only to public housing agencies. It would permit disposal to a nonprofit organization, but any sale would have to be for continued use as low-rent housing. There are two re-

maining federally owned public housing projects, both of which are located in Oklahoma. Disposal of these projects has been blocked by the restriction permitting sale only to a public housing agency, since Oklahoma law does not authorize creation of local public housing authorities. Removal of the restriction would permit consideration to be given to disposal to a purchaser, such as a nonprofit organization. The projects would continue to be subject to the requirement that they be used only for low-income families.

TITLE V—COLLEGE HOUSING

Section 501. Increase in authorization for college housing loans:

This section would increase the college housing loan authorization by \$110 million upon the enactment of the bill, with further increases of \$285 million on July 1 in each of the years 1966 and 1967, and \$275 million on July 1, 1968. This section would also increase on July 1 in each of the years 1965 through 1968: (1) by \$30 million the ceiling on loans for other educational facilities (such as dining halls, health facilities, and student unions) and (2) by \$15 million the ceiling on loans to hospitals for nurses and intern housing.

The Treasury borrowing authorization for the college housing loan program now totals \$2,875 million with ceilings of \$295 million for college service facilities and \$220 million for hospitals. Through the end of December 1964, a total of 2,328 loans for \$2,502 million have been approved under this program. As of this date, there were 172 applications for \$267 million for which funds had been reserved, bringing the total funds committed to \$2,769 million.

Through December 1964, funds committed under the program provide assistance for about 2,360 projects, including housing accommodations for about 593,000 students and faculty (including student nurses and interns) and also 239 projects for related facilities such as student unions, dining halls, and health centers. There have been no defaults under the program in payment of principal and interest.

The Office of Education's college and university enrollment and facilities survey indicates an increase in college enrollments from 5.2 million in 1965 to 6.7 million in 1969. Assuming that about 25 percent of this increased enrollment will require college housing accommodations costing about \$5,000 per student, it is estimated that total college housing needs during the next 4 years will amount to about \$2 billion, exclusive of related facilities (cafeterias, dining halls, student unions, infirmaries, and other essential service facilities), and exclusive of the current backlog of unmet housing needs.

The increased authorization in this section, with amounts from repayment of loans, would give institutions of higher learning assurance that the present program would continue during the next 4 years to supplement funds available in the private market. This would permit the institutions to plan their residential and related construction programs to meet the expected tidal wave of students. The increased authorization would permit increased program levels in fiscal 1967, 1968, and 1969.

TITLE VI—GRANTS FOR BASIC PUBLIC WORKS, NEIGHBORHOOD FACILITIES, AND THE ADVANCE ACQUISITION OF LAND

Section 601. Purpose:

The rapid rise in population that has occurred in the Nation has outpaced the ability of many localities to provide necessary basic community facilities and neighborhood health and recreation facilities. There is a tremendous need for additional basic water supply and sewerage disposal facilities to

provide for future population growth. Between 1960 and 1975 the urban population alone is expected to rise from 125 to 171 million and the per capita use of municipal water systems is expected to increase from 140 to 160 gallons per day. As a result, municipal water consumption (excluding large industrial users) is expected to increase from 17.5 to 27.4 billion gallons per day, a rise of 57 percent in just 15 years.

Relatively limited local resources are available for neighborhood facilities such as community centers, health stations, or other public buildings that house health and recreational facilities. Nonetheless, such facilities are essential to our communities so that they can effectively cope with such problems as the debilitating effects of idleness upon their juvenile and elderly population. Substantial Federal financial assistance will be required to enable local governments to provide adequate neighborhood facilities geared to such needs of the young and the elderly.

Great economies and other benefits can be gained by the advance acquisition of land planned to be utilized in connection with the future construction of public works and facilities. Such advance acquisition makes possible large monetary savings; savings which have ranged from \$5 to \$30 for every dollar invested in the advance acquisition of future highway rights-of-way.

The purpose of this title is to assist and encourage the communities of the Nation to meet the needs of their citizens by making it possible with Federal grant assistance for their governmental bodies (1) to construct adequate basic water and sewer facilities needed to promote the efficient orderly growth and development of our communities, (2) to construct neighborhood facilities needed to enable them to carry on programs of necessary social services, and (3) to acquire, in a planned and orderly fashion, land to be utilized in connection with the future construction of public works and facilities.

Section 602. Grants for basic water and sewer facilities:

This section would authorize the Housing and Home Finance Administrator to make grants to local public bodies and agencies to finance a portion of the cost of certain projects for basic water and sewer facilities.

The amount of any grant made under this section could not exceed 40 percent of the cost of that portion of the project which is necessary to enable the project to adequately serve the reasonably foreseeable growth needs of the area to be served by the project.

No grant could be made for any project unless the administrator determines that the project will serve an area which is expected to experience significant population growth in the reasonably foreseeable future and that the project is (1) designed so that adequate capacity will be available to serve the reasonably foreseeable growth needs of the area, (2) consistent with the program for a unified or officially coordinated areawide water or sewer facilities system as part of the comprehensively planned development of the area, and (3) necessary to orderly community development. Prior to July 1, 1968, grants, in the discretion of the administrator, could be made if a program for an areawide water and sewer facility system is under active preparation but not yet completed, if the facility for which assistance is sought can reasonably be expected to be required as part of such program, and there is an urgent need for the facility.

The areawide system for basic water and sewer facilities would be required to be a part of the comprehensively planned development of the area. The requirement that a basic water and sewer facility assisted under this section be part of a unified or officially coordinated areawide water or sewer facility system will assure that Federal grant funds

do not finance uncoordinated or fractionated water or sewer facilities. Where there are no existing areawide water or sewer systems the administrator would require as a condition to a grant for a single, independent water or sewer project, that the project be designed so that it can be linked with other independent water or sewer facilities or a proposed areawide system.

In addition, requiring that the areawide water or sewer facility be related to the comprehensively planned development of the area will assure that grant funds available under this section will be available only for facilities which help promote orderly community development and are consistent with a coordinated scheduling of other public works in the area. Such orderly development and coordination will minimize waste and unnecessary costs which are the result of the unplanned and haphazard construction of basic community facilities.

The requirement that a facility assisted with funds under this section have adequate capacity to serve the reasonably foreseeable growth needs of the area will avoid the duplication of costs often occasioned by having to rebuild undersized facilities at a later date.

The Federal grants for basic water and sewer facilities authorized by this section will stimulate an acceleration in the rate of construction of water supply and sewerage disposal facilities needed for growth and will contribute to the development of areawide systems which are consistent with comprehensive local planning.

Proper regard will be given to established standards to assure that facilities constructed with assistance under this section are adequate for the maintenance of health and control of water pollution.

Section 603. Grants for neighborhood facilities: This section would authorize the Administrator to make grants to local public bodies and agencies to finance specific projects for neighborhood facilities, including neighborhood or community centers, youth centers, health stations, and other public buildings to provide health or recreational or similar social services. The grants generally would be limited to 66⅔ percent of the development cost of the project, but could be up to 75 percent of such cost in the case of a project located in an area designated as a redevelopment area under section 5 of the Area Redevelopment Act.

Before making a grant under this section, the Administrator would be required to determine that the project would provide a neighborhood facility which is necessary for carrying out a program of health, recreational, or similar social services in the community. The project must be consistent with comprehensive planning for the development of the community. These Federal grants would thus help to stimulate a concerted effort by local public bodies, possibly in cooperation with private groups, to provide systematically for the often long-neglected local health, recreational, and social service needs of the community.

Since most of these needs are largely those of low- and moderate-income families and individuals, the neighborhood facility projects would have to be so located as to be available for use by a significant portion (or number in the case of large urban places) of the area's low- or moderate-income residents. In addition, a priority would be given to applications for projects that will primarily benefit members of low-income families or otherwise further the objectives of a community action program approved under title II of the Economic Opportunity Act of 1964.

No neighborhood facility aided by a Federal grant may be converted for a period of 20 years to other uses without the approval of the Administrator. In approving any conversion the Administrator may impose additional conditions and requirements.

It has been increasingly recognized that much of the heavy costs of ill health, dependency, juvenile delinquency, and old age could be avoided by preventive measures such as adequate local preventive health, recreational and related social services. The cost of these services are small when compared to the tremendous economic and social losses resulting from illness and deprivation and the mounting expenditures in curing sickness, making welfare payments, combating crime, and accommodating the needs of the elderly. Availability of Federal grants for neighborhood facilities (many of which can be multipurpose facilities which can serve the needs of different groups) will encourage communities to expand, and in some instances initiate, a group of community services which hitherto have been neglected.

To obtain a Federal grant a local government would have to furnish from its own resources the remaining funds needed to complete the project. In addition, it would have to allot sufficient funds to operate the facilities after they are built.

Section 604. Advance acquisition of land: This section would authorize the Administrator to make grants to local public bodies and agencies to assist in financing the acquisition of sites planned to be utilized in connection with the future construction of public works or facilities. The grant could not exceed the aggregate amount of reasonable interest charges on a loan or other financial obligation incurred to finance the acquisition of such land for a period not exceeding the lesser of 5 years from the date of issue of such loan or financial obligation or the time elapsing between the date of issue and the date on which construction of the public work or facility is begun.

Before making such grants the Administrator would be required to determine that the public work or facility for which the land is to be utilized is planned to be constructed or initiated within a reasonable period of time. He also would have to determine that construction of such public work or facility will contribute to economy, efficiency, and the comprehensively planned development of the area.

On some occasions, circumstances arising after the acquisition of land purchased with assistance under this section may make construction of the facility planned to be placed on such land no longer feasible or desirable. A community which has acquired land with assistance under this section may then wish to divert the land to other uses. In such circumstances the Administrator is authorized to require the repayment of assistance provided under this section and prescribe the terms and conditions of such repayment.

To qualify for Federal financial assistance, a community would have to be engaged in comprehensive planning appropriate to its size and location. Larger urban areas and communities experiencing rapid growth would have to be engaged in comprehensive planning for the development of the entire urban area. The public work or facility for which the advance acquisition of land is to be made would have to be consistent with a communitywide and areawide system of such facilities.

In smaller isolated communities it will not be necessary that the entire planning process be underway. For such places, it would be enough to have a clear indication that the community had examined its probable future size, public facility needs, and financial capacity and that the proposed facility would be an efficient element in its efforts to meet its future needs. In addition, to the extent that there is an overall plan for the development of the community, the public work or facility for which advance acquisition of land is to be made will have to be consistent with the existing overall plan.

The objective of this Federal assistance is to encourage communities to plan ahead, in connection with their future public works needs, with respect to land acquisition as well as preparation of construction plans. Under section 702 of the Housing Act of 1954, the Housing Administrator is authorized to make interest-free advances to finance the planning of specific works. But the advance acquisition of sites is equally important in helping to attain maximum economy and efficiency in the construction of public works. Such advance site acquisition would be assisted by the new program.

By encouraging communities to anticipate the site requirements for future public works construction and by assisting them in the timely acquisition of the land that will be used in such future construction, the new program will help produce a number of savings. Local public bodies will be assured of the availability of appropriate sites and will save by acquiring sites before the rising trend of land prices increases their cost. Advance acquisition before there is further construction on a site would avoid the costs of demolishing such construction, relocating the occupants of the buildings and disrupting businesses. Advance knowledge regarding the site location of future public works would enable private land developers and builders to make appropriate adjustments in their construction plans or schedules, which would lead to more orderly growth in the area.

Section 605. General provisions: Subsection (a) of this section would apply certain administrative provisions found in section 402 of the Housing Act of 1950 to activities carried on under the provisions of this title.

Subsection (b) authorizes the Administrator to make advance or progress payments on account of any grant made under this title and provides that no part of any such grant could be used for payment of ordinary governmental or operating expenses.

Section 606. Definitions: This section would, for the purposes of this title, define: (a) "State" to include the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States; (b) "local public bodies and agencies" to include public corporate bodies or political subdivisions; public agencies or instrumentalities of one or more States, municipalities or political subdivisions of one or more States (including public agencies and instrumentalities of one or more municipalities, or other political subdivisions of one or more States); Indian tribes; and boards or commissions established under the laws of any State to finance specific capital improvement projects; and (c) "development cost" to mean costs of the construction of the facility and the land on which it is located, including necessary site improvements to permit its use as a site for the facility.

Section 607. Labor standards: This section provides that prevailing wages determined in accordance with the provisions of the Davis-Bacon Act are to be applicable to construction work financed with assistance under sections 602 and 603 of this title, and specifies that certain authority generally available to the Secretary of Labor with respect to the enforcement of such labor standards shall also apply to these requirements of this title.

Section 608. Appropriations:

This section would authorize to be appropriated such sums as may be necessary to carry out the provisions of this title, and would provide that all funds so appropriated would remain available until expended. Funds could, of course, be made available only through appropriations.

For fiscal year 1966, it is currently estimated that appropriations will be requested in the amount of \$100 million for the pur-

pose of making grants for basic water and sewer facilities as authorized by section 602, \$50 million for the purposes of making grants for neighboring facilities as authorized by section 603, and \$25 million for the purposes of making grants to help finance the advance acquisition of land as authorized by section 604.

TITLE VII—SECONDARY MARKET AND SPECIAL ASSISTANCE FUNCTIONS

Section 701. Increase in FNMA special assistance authority:

This section would increase by approximately \$2,345 million the amount of special assistance that the President of the United States can authorize the Federal National Mortgage Association to provide for housing and community development.

Under its special assistance program, the FNMA makes commitments to purchase and purchases FHA- and VA-backed mortgages financing housing for low- and moderate-income families, in urban renewal areas, for the elderly, and for disaster victims, and other special types of housing designated by the President as being housing that needs special assistance. Under other provisions in the bill, special assistance to FHA-insured mortgages financing certain land development would also be authorized.

The increase in special assistance authority would be provided by subsection (a) raising the present \$1.7 billion authorization in section 305(c) of the Federal National Mortgage Association Charter Act by \$150 million on the date of enactment of the bill, and by an additional \$550 million on July 1, 1966, \$700 million on July 1, 1967, and by \$725 million on July 1, 1968.

Subsection (b) would provide approximately \$220 million more authority, to be merged with the authority in section 305(c) of the Charter Act, by transferring to that section the balance of the amount of special assistance authorized by section 305(f) for housing for the military, AEC, and NASA financed with FHA title VIII insured mortgages. Approximately \$220 million (out of the \$500 million originally authorized for title VIII housing) is unused and would be made available to the President for special assistance as he may authorize.

Section 702. FNMA purchase of mortgages held by Federal instrumentalities:

This section would authorize FNMA to purchase from other Federal agencies housing mortgages they have insured or guaranteed and offered to FNMA for purchase, or housing mortgages securing loans made by the Federal agencies. A provision now in the Charter Act would be deleted which generally prohibits FNMA from purchasing any mortgage offered by or covering property held by a Federal instrumentality.

This section would permit steps to centralize the Government's ownership and management of housing mortgages to the extent determined desirable from time to time. To this extent, such centralization could promote economy in the maintenance of mortgage servicing facilities by Government agencies. In addition, FNMA through its marketing facilities (including the new pooling and trust certificate program authorized by the Housing Act of 1964) could sell the mortgages or participations therein to private investors and thus substitute private financing for Treasury financing where the present owning agencies cannot make such sales.

TITLE VIII—OPEN-SPACE LAND AND URBAN BEAUTIFICATION AND IMPROVEMENT

Section 801. Revision of title heading and findings and purpose: This section would add reference to "urban beautification and improvement" to "open-space land" in the heading of title VII of the Housing Act of 1961, to take into account the proposed new program (described below) of grants for ur-

ban beautification and improvement. It would also amend the congressional findings and statement of purpose of the title to refer to the need both for this proposed program and for the proposed new program (also described below) to provide open-space land in built-up urban areas.

Section 802. Increased grant level for preservation of open-space land: This section would change the grant levels of the present open-space program from 20 and 30 percent to 30 and 40 percent, respectively. This program has, in the about 3½ years since its enactment in the Housing Act of 1961, increasingly demonstrated its potential for meeting the critical need for additional open-space acquisition in urban areas. The relatively low grant level has, however, substantially impeded use of the program, and this is particularly harmful in many localities where prompt local action is essential in order both to help control urban development and to conserve public funds in the face of sharply rising land costs.

It is important, also, to increase the grant percentages at this time so that the Federal assistance made available for parks and other open space in urban areas through this program may be on a par with that made available through the new recreation-area programs authorized in the Land and Water Conservation Fund Act of 1965. That act authorizes up to 50 percent grants for acquisition and development of outdoor recreation areas but such grants will, by administrative action, be limited to 40 percent, the same as the proposed higher grants under this program.

Section 803. Substitution of appropriation authority, without dollar limitation for grant contract authority: This section would remove the present \$75 million contract authority for grants under title VII of the Housing Act of 1961 and substitute authority for appropriation of such amounts as may be necessary to carry out the purposes of the title, without dollar limit. This authorization would apply to the present program of grants for urban open-space preservation, as well as to the two proposed new grant programs for provision of open space in built-up urban areas and for beautification and improvement of urban public land. It would also apply to the present authorization for the Administrator to provide technical assistance, undertake studies, and publish information in connection with activities carried on under the title.

Fifty million dollars was originally authorized for the present open-space preservation program, by the Housing Act of 1961, and this amount was increased to \$75 million in the Housing Act of 1964. Although this authorization has been in the form of contract authority, funding for the program has, since its inception, been in the form of advance appropriations for liquidation of this authority, with a restriction on use of any contract authority in excess of such appropriations, through earmarking of funds appropriated for administrative expenditures. This method of funding is in effect equivalent to that provided under a regular authorization for appropriations, and if the Congress intends that the program continue to be so funded, it would be desirable to amend the statute as proposed in order more clearly to express the congressional intent.

The President's budget for fiscal year 1966 proposes a level of \$60 million to carry out activities under the open-space title. This would in any case require additional appropriation authority of \$31.3 million, since all but \$28.7 million of the presently authorized \$75 million has been appropriated and is expected to be committed by June 30, 1965.

Section 804. Grants for provision of open-space land in built-up urban areas:

This section would add a new program to title VII of the Housing Act of 1961 to provide Federal grants to States and local public bodies to assist them in providing open-space land through the acquisition of title to, or other permanent interests in, developed land in built-up portions of urban areas. A grant could not exceed 40 percent of the cost of acquiring the interest in the land and the cost of demolishing and removing those improvements on the land which were inappropriate to its use as permanent open-space land. These grants could only be made where the governing body of the locality determines that adequate open-space land cannot effectively be provided through use of existing undeveloped or predominantly undeveloped land and the Administrator determines that the proposed acquisition will assist in the comprehensively planned development of the locality.

The present title VII program is limited to assisting in the acquisition of lands that are undeveloped or predominantly undeveloped. This limitation has helped to prevent acquisitions in the more densely developed, "built-up" portions of urban areas. The proposed new program would help to correct this situation and would provide additional assistance for such acquisitions, in the form of 40 percent grants, in recognition of the higher cost of acquiring and clearing developed land.

This program could assist, for example, in the acquisition of land for pedestrian malls, waterfront restoration, or neighborhood "commons" and play areas. More such areas are needed to enhance the physical environment of our urban communities and to make them more attractive places in which to live, work, and play.

Federally financed relocation payments would be authorized in connection with projects assisted under the program. This would provide for any displaced individuals, families, business concerns, and nonprofit organizations the same benefits already provided in connection with the urban renewal and public housing programs.

It is contemplated that acquisitions would be of relatively small size, and in key locations which would assist in the comprehensively planned development of the locality.

As with the present program, land acquired under this program would have to be permanently retained as open space, and it would have to be demonstrated that the locality is making maximum efforts to acquire and preserve open-space land through other means, such as the acquisition and conversion of tax delinquent lands.

Since the usefulness of such open areas would depend in large part on how they are developed, the proposed program (described below) of grants for urban beautification and improvement would be especially useful in assuring the success of this program.

Section 805. Grants for urban beautification and improvement:

Subsection (a) of this section would add a new program to title VII of the Housing Act of 1961 authorizing matching grants to assist States and local public bodies in carrying out local programs for the greater use and enjoyment of open space and other public land in urban areas. The need for such assistance was recently emphasized by the President in his message on the state of the Union, where he pointed out that "Within our cities imaginative programs are needed to landscape streets and transform open areas into places of beauty and recreation."

The proposed local programs would, under criteria established by the Administrator, be required to (1) represent significant and effective efforts, involving all available public and private resources, for the beautification and improvement of public land in the local-

ity and (2) be important to the comprehensively planned development of the locality. Assistance could be provided for eligible work on land acquired pursuant to the acquisition programs of title VII or on other public land such as streets, but the work could only be for the beautification of the land or its improvement for recreation or other open-space uses. Assisted activities could, for example, include tree planting and other landscaping on streets, park improvements, and renovation, and other substantial upgrading of selected outdoor public areas. Generally, no assistance would be provided for buildings. Only those small structures would be eligible which are incidental to proposed park or other open-space uses. Thus, toilet facilities or rain shelters might be assisted, but an activities center, museum building, swimming pool, or recreation equipment could not be.

Assisted activities would have to be capable of providing long-term benefit to the locality. Assistance would not, for example, be provided for the increased operating costs of keeping parks better lighted or more tidy. On the other hand, assistance could be provided for the cost of the lighting fixtures. Thus, it is anticipated that many of the assisted activities would be routine improvements, but which the proposed Federal assistance would enable the localities to undertake on a broader scale.

An important aim of the legislation would also be to encourage and assist local experimentation and innovation. To facilitate this, the Administrator would be authorized to make up to \$5 million of grants, without the otherwise-required matching local grants, for projects which he determines to have special value in developing and demonstrating new and improved methods and materials for use in beautification and improvement activities. Under this provision localities could, for example, receive special assistance in providing outdoor facilities for art and technological exhibits or in holding a design contest for a downtown pedestrian mall.

Because of the special nature of these demonstration projects, they would not be subject to the local program and other usual grant requirements provided in this section. However, it is expected that grants under this provision would ordinarily be for less than 100 percent of cost, since allowance would be made for the continued benefit which the project might provide the locality.

The experience gained in these special demonstration projects could, in turn, be made available to other localities through the authority of the Administrator to undertake studies and publish information to carry out the purposes of the title.

A Federal grant could not exceed 40 percent of the amount by which the cost of the activities carried on by the applicant, during its fiscal year, under a local program has exceeded its usual expenditures for comparable activities during that year. The usual expenditures of the applicant for such activities would be determined in accord with administrative regulations based on the previous expenditures of the locality but taking into account, to the extent feasible, unusual circumstances affecting those expenditures.

Approval would be given in advance for the types of activities to be carried out and the overall amounts which could be spent, but a portion of each grant would be withheld until the required accounting at the end of the year. This procedure would help to assure that the Federal assistance is, in fact, provided only for additional local efforts.

Regulations would be established to assure that assistance under this program was not provided where grants were available under

other Federal programs—for example, landscaping in connection with construction of federally assisted highways.

Subsection (b) of this section would remove the present prohibition for grant assistance, under title VII, for "development costs," since the proposed beautification and improvement grants will be, in effect, for "development." Grants in the present and proposed open-space acquisition programs could still not be used for development, because of the statutory language in each program specifying the purposes for which the grants may be used.

Also, the present prohibition would remain against grant assistance, under title VII, for "ordinary State or local governmental expenses." Grants would be provided only for the direct cost of carrying out the proposed acquisition or other activities, rather than for associated administrative expenses.

Section 806. Use of funds for studies and publication: This section would permit the Housing Administrator to use open-space grant appropriations, not to exceed \$100,000 per year, for undertaking and publishing open-space surveys and other studies in connection with activities under this title. Such studies and publications are already authorized under present law but must now be financed through separate appropriations. This makes it difficult, for example, to take advantage of study opportunities which arise after submission of the budget justification for that year. The undertaking of studies and the publication of information in connection with these activities is a function that should be carried out on a continuing basis as the needs and opportunities appear. Such a continuing approach is best achieved through the proposed limited authorization to utilize program grant funds.

Section 807. Conforming amendments:

This section would make necessary technical and drafting amendments in the present language of title VII of the Housing Act of 1961 to provide for inclusion of the two proposed new grant programs described above.

Under subsection (a), the section heading of the present grant program, now entitled "Federal Grants," would be changed to "grants for preservation of open-space land" in order to avoid confusion with the proposed new program of "grants for provision of open-space land in built-up urban areas."

Under subsection (b), applicants under the open-space preservation program would continue to be approved by the Administrator as capable of carrying out the provisions and purposes of that program rather than, in addition, the provisions of the other new programs in the title.

Subsection (c) would broaden the language of the present requirement, in section 702(e), under which the Secretary of the Interior furnishes the Administrator information on recreational planning. It would require such information with respect to areas receiving assistance under the new urban beautification and improvement program, as well as areas where open-space land is acquired.

Subsection (d) would restrict the application of the requirements, in section 704, under which the Administrator must approve conversion of open-space land for which a grant has been made under this title to other uses and require assurance that equivalent other open-space land is provided. Such requirements are not appropriate for open-space land which receives assistance for beautification and improvement, rather than acquisition.

TITLE IX—RURAL HOUSING

Section 901. Loans for previously occupied buildings and minimum site acquisition: This section would amend section 501 of the Housing Act of 1949 to authorize the Secretary of Agriculture to make loans to farmers and other rural residents for the purchase

of previously occupied dwellings and related facilities and farm service buildings and for minimum adequate building sites.

Section 902. Interest rate on direct rural housing loans: This section would increase to 5 percent the maximum interest rate on direct loans under section 502 of the Housing Act of 1949, except for loans to elderly persons in accordance with section 501(a)(3) and loans in accordance with sections 503 and 504, which would remain at 4 percent. It would also authorize the Secretary of Agriculture to charge fees on all title V loans.

Section 903. Insured rural housing loans: Subsection (a) of this section would add new sections 517 and 518 to the Housing Act of 1949. The new section 517 would authorize the Secretary of Agriculture to insure loans, and make loans to be sold insured, in accordance with section 502, except that—

1. Insured section 502 loans to persons of low or moderate income would bear interest not above 5 percent and be limited to adequate housing modest in size, design, and cost and to an aggregate of \$300 million per fiscal year.

2. For insured section 502 loans to persons other than those with low or moderate incomes the Secretary would be authorized to charge interest and insurance or service charges at rates comparable to those charged under section 203 of the National Housing Act.

The new section 517 would authorize a new revolving fund, the "rural housing insurance fund," to finance insured section 502 loans and to be used in lieu of the agricultural credit insurance fund for section 514 domestic farm labor housing and section 515(b) elderly rental housing loans.

It would also authorize the Secretary of Agriculture—

1. To make insured section 502 loans with insured lenders' funds, or to make them out of the fund for insurance and resale, within the range of market prices for comparable loans, and to repurchase loans for servicing or liquidation. Loans made out of the fund and held unsold could not exceed \$100 million at any one time.

2. To retain a borrower's mortgage to secure his indemnity and other obligations to the Secretary under the loan, while the note was held by an insured investor.

3. To retain out of payments by a borrower on an insured loan an annual charge in an amount specified in the insurance agreement. Of any such charge, an amount not exceeding 1 percent of the unpaid balance of the loan would be available for deposit in the fund. Any remainder would be available for annual appropriation to administrative expenses of the Farmers Home Administration.

4. To borrow from the Treasury, at cost-of-money interest rates, to meet loan insurance obligations and to make other authorized expenditures from the fund. Such borrowing could not be made to provide capital for making loans or to restore losses from discounted sales.

5. To utilize the fund for the purposes— in addition to meeting loan insurance obligations and making loans for insurance and resale—of paying interest accruals on borrower payments before transmittal by the Farmers Home Administration to insured holders and of paying taxes, insurance, prior liens, and other expenses and advances to protect, service, collect, and liquidate the loans and security.

It would also authorize the Secretary to use the Rural Housing Insurance Fund and authority for insuring loans, or making loans to be sold insured, to finance housing and related facilities for domestic farm labor in accordance with section 514 and for senior citizens in accordance with section 515(b), not including the inconsistent provisions in these sections.

The new section 518 would group rural housing direct loans made under sections 502, 503, 504, and 515(a) of the 1949 act, collections therefrom, and funds available from appropriations or Treasury borrowings for such loans, into a new fund, the "rural housing direct loan account," to be used for making such loans and making repayments to the Treasury. It would also establish the interest rate on borrowings from the Treasury for the rural housing direct loan account at the same rate as provided in the new section 517(h) for borrowings for the rural housing insurance fund.

Subsection (b) would extend for 4 years, to October 1, 1969, the present unused balance of \$101 million of the borrowing authority under section 511, as well as remove the present partial allocation to section 502 senior citizen loans exclusively.

Section 904. FNMA secondary market operations for insured rural housing loans: This section would authorize the Federal National Mortgage Association to include loans insured under title V of the 1949 act in its secondary market operations.

Section 905. Extension of rural housing authorizations: Subsections (a), (b), and (c) of this section would extend for 4 years, to October 1, 1969, the present authority:

1. For the Secretary of Agriculture to make section 503 loan contribution commitments;
2. For appropriations to finance section 504(a) grants, section 504(b) loans, section 516 assistance, and section 506 rural housing research and study programs; and
3. For making insured section 515(b) rental housing loans for elderly persons and families.

Subsection (b) would also raise to \$50 million the authority for appropriations for section 516 assistance to provide low-rent housing for domestic farm labor.

Subsection (d) would extend the construction standards and technical services provisions of section 506(a) of the 1949 act to operations under the new provisions added by this title.

Section 906. Payment of interest to the Treasury on appropriations for rural housing loans: This section would direct the Secretary of Agriculture to pay into miscellaneous receipts of the Treasury any surpluses from the rural housing insurance fund or direct loan account. Would also provide for payment to the Treasury of interest, at cost-of-money rates, on any portions of future appropriations to the fund or the account authorized for making loans, until returned to miscellaneous receipts of the Treasury.

TITLE X—MISCELLANEOUS

Section 1001. Increase in authorization for urban planning grants: This section would remove the dollar limit on the authorization for appropriation of funds for section 701 urban planning grants and authorize such additional funds to be appropriated as may be necessary to carry out the urban planning assistance program.

Under section 701 of the Housing Act of 1954, the Housing Administrator is authorized to make grants (generally not to exceed two-thirds of the estimated costs) to States and local planning agencies to assist in preparing comprehensive development plans and programs. Grants are made for comprehensive planning of small communities and counties, metropolitan areas and urban regions, States, and interstate regions.

Thus far, \$86.325 million of the presently authorized \$105 million have been appropriated. The program level for fiscal year 1966 is estimated at \$35 million. Appropriation of \$16.3 million in addition to the \$18.675 million remaining in unused authorization will be required to fund the program at this level. Additional funds would still, of course, be made available only through appropriations.

Section 1002. Increase in authorization for Federal-State training programs: This sec-

tion would remove the dollar limit on the authorization for appropriation of funds for grants for Federal-State training programs and would authorize such additional funds to be appropriated as may be necessary to carry out the programs. Additional funds would, of course, be made available only through appropriations.

Under part I of title VIII of the Housing Act of 1964, the Housing Administrator is authorized to make matching grants to States to assist them in developing special training programs for technical and professional people who are, or are likely to be, employed by a governmental or public body which has responsibilities for community development. These matching grants may also be used to support State and local research on housing, public improvement programs, code problems, efficient land use, urban transportation, and similar community development problems.

It is estimated that \$10 million in matching grants will be made under this program in fiscal year 1966. The Housing Act of 1964 authorized the appropriation of \$10 million for such grants. Of this \$10 million authorization, \$5 million will be requested by the Housing Agency as a supplemental appropriation for fiscal year 1965, and \$5 million will remain available for appropriation. To fund an estimated program level of \$10 million for fiscal year 1966, appropriation of \$5 million, in addition to the \$5 million in unused authorization, will be required.

Section 1003. Increase in authorization for public works planning advances:

This section would remove the existing dollar limitation on the amount that may be appropriated for the public works planning fund and authorize such additional funds to be appropriated to the fund as may be necessary to carry out the planning advance program. Additional funds would still, of course, be made available only through appropriations.

It is estimated that \$25 million in planning advances will be made in fiscal year 1966. The Housing Act of 1964 authorized the appropriation of \$20 million to the public works planning fund (in addition to amounts previously authorized and which had been appropriated). Of this \$20 million in new authorizations provided by the Housing Act of 1964, \$10 million has been appropriated and \$10 million remains available for appropriation.

Repayments to the funds, during fiscal year 1966 (which are available to make planning advances) are estimated at \$10 million. To fund the estimated program level of \$25 million for fiscal year 1966, appropriation of \$5 million, in addition to the \$10 million in existing authorization and the estimated \$10 million in repayments, will be required.

Under section 702 of the Housing Act of 1954, the Housing Administrator is authorized to advance interest-free funds to States, municipalities, and other public agencies to help finance the cost of planning various public works and facilities. These advances become repayable in whole or in part when construction of the public work planned is started.

Through the end of December 1964, a total of 3,817 applications for approximately \$92 million have been approved under the program. The estimated cost of the projects aided by these public works planning advances totals \$5.56 billion. As of the same date, 3,360 plans involving Federal advances of \$84 million have been completed and 1,186 advances for \$31 million have been repaid.

Section 1004. Advisory committees—technical provision: This section would delete an obsolete provision from section 601 of the Housing Act of 1949. The provision deleted exempts a member of an advisory committee appointed by the Housing and Home Finance Administrator or the heads of any

of the constituents of the Housing Agency from certain cited conflict-of-interest laws. This provision was made obsolete and no longer necessary by section 2 of Public Law 87-849. That law enacted new provisions which accomplish the same purpose.

Section 1005. Public facility loans to non-profit corporations: This section would permit the Administrator to make loans under the public facility loans program to private nonprofit corporations to finance the construction of works for the storage, treatment, purification, or distribution of water; sewage, sewage treatment, and sewer facilities to serve small communities (with a population of less than 10,000) if he determines no existing public body is able to construct and operate such facilities.

Section 1006. FHA conforming amendments: This section would amend various sections of the National Housing Act to make their provisions conform to the provisions in title II of this bill with respect to the consolidation of FHA insurance funds.

Section 1007. Repeal of special provision in Urban Mass Transportation Act: This section would repeal a provision in the Urban Mass Transportation Act of 1964, which requires that contractors, in providing facilities or equipment which have received loan or grant assistance under the act, "shall use only such manufactured articles as have been manufactured in the United States." There is no other Federal matching grant program which contains such a requirement. The President, in approving the Urban Mass Transportation Act, expressed hope that the provision would be repealed and said that it is incompatible with the trade policy this Nation is pursuing under the Trade Expansion Act.

ORDER OF BUSINESS

Mr. LONG of Louisiana. Mr. President, there will be other morning hour business which can be conducted after 1 o'clock. But it has been agreed on both sides of the aisle that the Senate would recess at 12 o'clock until 1 o'clock in order that Senators who desire to attend the reenactment of the second inaugural address of Abraham Lincoln may attend that ceremony, which will commence immediately. Senators desiring to attend the ceremony should leave by the door on the east side, where a representative of the Sergeant at Arms will conduct them to seats reserved for them. When the Senate returns I hope that Senators will understand that we shall then seek to offer them the opportunity to conduct further morning hour business if they so desire.

RECESS

Mr. LONG of Louisiana. Mr. President, I move that the Senate stand in recess until 1 p.m.

The motion was agreed to; and (at 12 o'clock and 1 minute p.m.) the Senate took a recess until 1 p.m.

At 1 o'clock p.m., the Senate reassembled when called to order by the Presiding Officer (Mr. WILLIAMS of New Jersey, in the chair).

EXTENSION OF THE BOUNDARIES OF THE KANIKSU NATIONAL FOREST IN THE STATE OF IDAHO

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of calendar

No. 99, Senate bill 435, and that the bill be laid down and made the pending business.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 435) to extend the boundaries of the Kaniksu National Forest in the State of Idaho, and for other purposes.

The PRESIDING OFFICER. Is there any objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill, which had been reported by the Committee on Interior and Insular Affairs with an amendment on page 2, at the beginning of line 23, to strike out "such funds as are needed to carry out the purposes of this act." and insert "not to exceed \$500,000 to carry out the purposes of this act."; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, to promote protection and conservation of the outstanding scenic values and natural environment of Upper Priest Lake in Idaho and lands adjacent thereto for public use and enjoyment, the boundaries of the Kaniksu National Forest are hereby extended to include those of the lands hereinafter described which are not now within such boundaries. In order that they may be managed under the principles of multiple use and sustained yield, the Secretary of Agriculture is hereby authorized to acquire the following lands at their fair market value:

Township 63 north, range 4 west, Boise meridian:

section 18, southeast quarter southeast quarter;

section 19, northeast quarter northeast quarter, lot 3 (southeast quarter northeast quarter);

section 20, southwest quarter northwest quarter;

section 33, lot 1 (northeast quarter northwest quarter), lot 2 (southeast quarter northwest quarter), lot 3 (northeast quarter southeast quarter), lot 6 (southeast quarter southwest quarter), west half southwest quarter northeast quarter, west half northwest quarter southeast quarter, southwest quarter southeast quarter.

Township 63 north, range 5 west, Boise meridian:

section 24, northeast quarter northeast quarter, east half northwest quarter northeast quarter, northeast quarter northeast quarter southwest quarter northeast quarter, northwest quarter southeast quarter northeast quarter, lot 2 (northeast quarter southeast quarter northeast quarter), lot 3 (northeast quarter southeast quarter southeast quarter northeast quarter).

Sec. 2. There are hereby authorized to be appropriated not to exceed \$500,000 to carry out the purposes of this Act.

Mr. CHURCH. Mr. President, S. 435 is a bill to preserve, in its natural environment, Upper Priest Lake in Idaho by extending the boundaries of the Kaniksu National Forest.

It authorizes the Secretary of Agriculture to acquire 417 acres of privately owned land on the lakeshore—now threatened with commercial development—and include them in the Kaniksu National Forest.

Mr. President, this is one of the most beautiful small lakes in the Nation. It is a gemlike body of water less than 4 miles long and three-fourths of a mile wide in northern Idaho not far from the

Canadian border. It is encircled by evergreen forests and rugged mountains. And its beauty is unmarred by any type of commercial development. It is true wilderness, and no road or trail penetrates to the lake. It is only approachable by the Thoroughfare River, a meandering stream which connects it to Priest Lake proper.

The west side of the lake is part of the Kaniksu National Forest, and the east side is owned by the State of Idaho, with the exception of three separate and privately owned parcels.

Enactment of this legislation is urgent, because the owners of a 140-acre parcel have planned to subdivide it for cabin sites. It has been only through the intervention of a national semiscientific organization, Nature Conservancy, that this has been avoided. This organization, working closely with the Idaho Wildlife Federation which has fought off commercial development for 4 years, provided a loan to the owners to buy a year's time in which to save the lake. The owners have agreed to negotiate for the disposition of the land. However, the loan time is up this summer, emphasizing the need for early legislative authority to provide the Secretary of Agriculture with the means to acquire the property. The bill, as reported by the Interior Committee, authorizes an expenditure up to \$500,000 for this purpose.

The bill, which is cosponsored by my colleague [Mr. JORDAN], is similar to one which I introduced last August. The Department of Agriculture issued a favorable report, as it has on this bill, and at my request field hearings were held in Idaho in October by the Senate Public Lands Subcommittee under the able chairmanship of the distinguished senior Senator from Nevada [Mr. BIBLE]. Nearly all witnesses were in favor of saving Upper Priest Lake.

The Bureau of the Budget has no objection to this bill.

There is an urgency for passage of S. 435, in order that we save for future generations what has been described as "one of the most beautiful places left in the world."

Mr. President, as I have said, I am joined in the cosponsorship of the bill by my colleague from Idaho [Mr. JORDAN]. The bill was first introduced last year, and in August of last year I made an explanatory statement. I ask unanimous consent that that statement be printed in the RECORD together with a letter of endorsement and support for the proposed legislation received by the Senate Committee on Interior and Insular Affairs from Orville Freeman, Secretary of Agriculture, and a letter from Phillip S. Hughes, of the Budget Bureau, dated February 24.

There being no objection, the statement and letters were ordered to be printed in the RECORD, as follows:

LAST CHANCE TO SAVE UPPER PRIEST LAKE

(By Senator FRANK CHURCH)

[In the Senate of the United States]

Mr. CHURCH. Mr. President, recently, an American wrote me from the Punjab Club, Lahore, Pakistan, to enter into a contest of words: Is Upper Priest Lake one of the most beautiful places "in Idaho," "in the coun-

try," or "in the world"? The writer, Mrs. E. J. Peterson, declared it to be "one of the most beautiful places left in the world," and I am prepared to agree with her.

But before long it may not be, and that is why Mrs. Peterson wrote as she did.

"I hope," she said, "that this land will be * * * kept like it is. * * * It would be a shame not to keep it wild."

Nearly everyone in northern Idaho and eastern Washington would agree, and millions more would also if they knew why Upper Priest Lake is endangered.

Mr. President, I should like to tell that story to the Senate at this time.

Upper Priest is a small lake, less than 4 miles long and three-fourths of a mile wide, located near the Washington State border and within walking distance of Canada, in the panhandle of northern Idaho. The panhandle is dotted by lakes, but Upper Priest is the only left which has not felt the permanent imprint of man. It is without commercial development of any sort; it is as wild and natural as God made it.

VISITING UPPER PRIEST

The lake is surrounded on three sides by rising mountains, but the unusual thing about Upper Priest is that, unlike so many similar lakes, one need not cross the mountains to get there. Thousands come there easily each year over a gentle water route.

We can understand something about the special attraction of this route from the description given it by Art Manley, vice president of the Idaho Wildlife Federation, a man who has worked tirelessly to save the lake:

"There is neither road nor trail to the little lake but the approach is easy and scenic, via the Thoroughfare, a lazily meandering stream just deep enough for most outboard motorboats and wide enough to permit one boat to pass another. The Thoroughfare provides a study in nature itself. It is protected by tall, stately white pines, alpine fir, spruce, western redcedar, the light green larch, cottonwoods and many, many other trees, bushes, and flowering vines, the trees often casting their shadows across the entire width of the clear, blue water of the Thoroughfare."

Once inside the lake, the reason for preserving it becomes even more apparent. The air is unusually tranquil, and the lake surface, protected by the mountains, is smooth enough to see the cutthroat trout jumping at great distances. The shore is lined by plants and intermittent sandy beaches which serve as the threshold to an unbroken forest, luxuriant with such a diverse combination of evergreen and deciduous trees as to make a necklace for the lake in autumn of brilliant, splashing color.

In the Selkirk Mountains, above the lake, roam a herd of rare mountain caribou, thought by many to be the last surviving band south of Canada. Mountain goat also inhabit the high country and deer, bear, and moose can be seen occasionally at the water's edge. The giant Mackinaw trout, the landlocked Kokanee salmon, and the rainbow trout inhabit the lake's clear waters.

Two well-concealed campgrounds and an emergency fireguard station are the only permanent evidence of man's intrusion on this scene—at least as of today.

THREAT TO UPPER PRIEST

The west side of the lake is part of the Kaniksu National Forest; the east side is owned by the State of Idaho, with the exception of three separate privately owned parcels. From at least one of these parcels, the sound of bulldozers and hammers may soon disturb the calm, and the day may not be far off when the shoreline will be studded with private boat docks. For the owners of this 140-acre parcel have announced their intention to subdivide their land for cabin sites. For nearly 4 years, the Idaho Wildlife Federation has sought to

avoid this kind of commercial development. Earlier this year, when it looked as if all was lost, a national semiscientific organization, Nature Conservancy, came to the rescue, just as it has done at dozens of other beauty spots throughout the United States. The organization extended a loan to the owners, without interest, in order to buy an extra 10 months' time to save the lake. After that, the land will go up for sale.

As Art Manley has written for the Idaho Wildlife Federation:

"In spite of our very best efforts, we have failed * * * to solve the problem on a local or State level. The owners cannot give us another 4 years. We believe there is no further hope except through Federal help. And so, we are asking today—urgently for that help."

SAVING THE LAKE

It is for this reason, Mr. President, that I am today introducing a bill to authorize the Secretary of Agriculture to acquire these private inholdings at their fair market value. They can then be incorporated into the Kaniksu National Forest and managed so as to protect and conserve the scenic values of Upper Priest Lake for the use of all the public.

I use the phrase "all the public" advisedly, since such a description is appropriate for this jewel of a lake.

Upper Priest is less than 2 hours' driving time from Spokane, the largest city between the Pacific coast and the Midwest. It is estimated that nearly a million tourists traverse the general area each year. Probably no wilderness proves more easily or enjoyably accessible than for those who come to Lower Priest Lake to take a pleasant boat ride through the Thoroughfare, to Upper Priest.

This fact is not lost to those who, like myself, are also concerned with stagnant economic conditions in northern Idaho. Paradoxically, excepting Upper Priest Lake from commercial development has distinct economic value.

In a report made at my request, the Bureau of Outdoor Recreation concluded that preserving Upper Priest in its natural state was important for increasing tourism. "Scenic Upper Priest Lake appears ideal as a natural wilderness-type recreation area."

The report states, and keeping it that way is necessary for "continued expansion of tourism creation. So preserved, Upper Priest Lake could be one of the feature attractions of the panhandle area."

This is but another reason that the threat to Upper Priest has attracted so many to its cause. But the primary reason is that the lake means so much to the people who have been there. They have found it a place to escape from the punishing pace of daily life, free from the encroachment of cabins, docks, or automobiles. In an area where the great outdoors is everywhere, Upper Priest still is unique, an accessible touchstone with a peace no longer found in larger, commercial recreation areas.

The president of the University of Idaho, D. R. Theophilus writes:

"This is a wonderful lake, and I hope that my grandchildren can see it as I have seen it."

The Honorable Don Maynard, representative from Bonner County, says in the same spirit:

"It would be wonderful if we could keep this property just as the good Lord made it."

Judge Frances Sleep, of Sandpoint, tells what Upper Priest symbolizes for her in a manner which speaks for a great many people. She writes:

"I have lived my life in Bonner County. I have seen many changes take place in our area. As a child it was fun to walk a couple of blocks from home in Sandpoint across a meadow to a free and uncluttered lakeshore to picnic or swim. But no more. There is very little public access to our big Pend Oreille nowadays. This is the price we pay

House of Representatives

THURSDAY, MARCH 4, 1965

The House met at 11:15 o'clock a.m. The Reverend Father Morris N. Dummet, St. Michael's Church, New Orleans, La., offered the following prayer:

Let us pray.

God of our fathers, in whose name this Republic was born, we pray for the Members of this body in their many and grave responsibilities.

Help them in their offices, in committees, and, above all, in legislative session. May they never forget that what is said and done here is indelibly inscribed in Your infinite knowledge and wisdom. May they feel the weight of their responsibility before You, and remember the forceful influence of good example, that all who come to this august Chamber may have a stronger faith in government of the people, by the people, for the people.

May the Representatives so speak and act and vote that all may be inspired, rather than disillusioned, by what is accomplished. Almighty God, make Yourself real to these men, that each may feel You sitting beside him, and hear Your voice and win Your approval in all things.

So help them, Almighty God. This we ask in the name of Thy divine Son. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

U.S. PARTICIPATION IN THE INTER-AMERICAN DEVELOPMENT BANK

Mr. PATMAN. Mr. Speaker, I ask unanimous consent for the immediate consideration of the conference report on the bill (H.R. 45) to amend the Inter-American Development Bank Act to authorize the United States to participate in an increase in the resources of the Fund for Special Operations of the Inter-American Development Bank.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. GROSS. Mr. Speaker, reserving the right to object, can the gentleman give us some idea of the changes in the bill that were made in conference?

Mr. PATMAN. Mr. Speaker, if the gentleman will yield, the conference report was signed by all of the conferees on the part of both Houses. However, I shall ask the gentleman from Wisconsin [Mr. REUSS] to explain such changes as were made. There is no difference between the two Houses. All conferees signed the conference report, I will say to the gentleman from Iowa, and Mr. REUSS will explain the differences.

Mr. REUSS. Mr. Speaker, will the gentleman yield?

Mr. GROSS. Yes, I yield to the gentleman from Wisconsin.

Mr. REUSS. The conference report which is now before this body would change the version passed overwhelmingly in the House of Representatives in one and only one material particular. That particular is contained in amendment No. 2 in which we accept the Senate version. That would write into the law the so-called Hickenlooper amendment with which I am sure the gentleman from Iowa [Mr. GROSS] is familiar, which would make it clear that the U.S. executive director of the Inter-American Development Bank shall vote against any dollar loan to any Latin American country which has expropriated an American industry under improper circumstances or otherwise dealt unfairly with an American industry.

I should add that we on this side had assurances from the Secretary of the Treasury that the United States would in fact so vote, but it was not put in as a policy directive in the bill itself.

The effect of the amendment which we now ask you to accept is to put that right into the legislation itself.

Mr. GROSS. There is no change in the money figure?

Mr. REUSS. There is no change in the money figure; no, sir.

Mr. GROSS. And there are no other changes as between the two bodies?

Mr. REUSS. The only other change, which is a highly technical change, removed unnecessary quotation marks from one of the paragraphs. That is the only other change which this conference report would engraft upon the House passed bill.

Mr. GROSS. Mr. Speaker, I see no point in prolonging this. I want the Record to show that I am opposed to the conference report as I was opposed to gouging the taxpayers for another \$750 million to be ladled to foreigners.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, in view of the fact the statement is printed in the Record at page 3931, I ask unanimous consent that the reading of the statement of the managers on the part of the House be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The conference report was agreed to.

A motion to reconsider was laid on the table.

LEGISLATIVE PROGRAM FOR NEXT WEEK

(Mr. ARENDS asked and was given permission to address the House for 1 minute.)

Mr. ARENDS. Mr. Speaker, I take this time to ask the majority leader if he can inform us as to the legislative program for next week.

Mr. BOGGS. Mr. Speaker, as the Members know, in a short time there will be a ceremony reenacting the second inauguration of President Lincoln, which the Members of the House will attend. There will be no further program today, and we will have a pro forma meeting tomorrow.

The program for next week is as follows:

On Monday there will be two bills from the District of Columbia Committee: H.R. 4338, to authorize the Veterans of Foreign Wars of the United States to rent certain property; and House Joint Resolution 195, authorizing special regulations for the American Legion convention in 1966.

On Tuesday and Wednesday we will consider two unanimous-consent bills from the Committee on Education and Labor; namely, H.R. 2959, school construction under Public Law 815 in Puerto Rico; and H.R. 4717, to amend the Cultural Development Act.

For Thursday and the balance of the week, there will be House Concurrent Resolution 4 to establish a Joint Committee on the Organization of the Congress.

As the gentleman knows, conference reports may be brought up at any time, and any further program will be announced later.

Mr. ARENDS. I thank the gentleman.

DISPENSING WITH CALENDAR WEDNESDAY

Mr. BOGGS. Mr. Speaker, I ask unanimous consent that the business in order on Calendar Wednesday of next week be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

COMMEMORATION OF THE 100TH ANNIVERSARY OF THE 2D INAUGURATION OF ABRAHAM LINCOLN

(Mr. PRICE asked and was given permission to address the House for 1 minute.)

Mr. PRICE. Mr. Speaker, as the majority leader stated, at noon ceremonies will begin in commemoration of the 100th anniversary of the 2d inauguration of Abraham Lincoln. I hope all Members will have the opportunity to attend that ceremony at the east front of the Capitol. I urge the Members to encourage their office force to attend this ceremony. Not only are the Members of Congress invited to attend the ceremony, but the public as well.

PROCEEDINGS IN CONNECTION WITH THE 100TH ANNIVERSARY OF THE 2D INAUGURATION OF ABRAHAM LINCOLN

Mr. PRICE. Mr. Speaker, I ask unanimous consent that the proceedings in connection with the commemoration of the 100th anniversary of the 2d inauguration of Abraham Lincoln be printed in full in the body of the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. ARENDS. Mr. Speaker, reserving the right to object, will the membership of the House attend the ceremonies or are we going as individuals?

The SPEAKER. The Chair would say that the Members will attend individually.

Mr. ARENDS. I thank the Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

Mr. COLMER. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 151.

The Clerk read the resolution, as follows:

H. RES. 151

Resolved, That, effective from January 4, 1965, the Committee on Merchant Marine and Fisheries, acting as a whole or by subcommittee, is authorized to conduct full and complete studies and investigations and make inquiries relating to matters coming within the jurisdiction of such committee, including but not limited to the following:

(1) administration and operation of the Maritime Administration and Federal Maritime Commission and all laws, international arrangements, and problems relating to the American merchant marine;

(2) administration and operation of the United States Fish and Wildlife Service and all laws and problems relating to fisheries and wildlife;

(3) administration and operation of the Coast Guard, Coast and Geodetic Survey, and all laws and problems relating to functions thereunder;

(4) administration and operation of the Panama Canal and all laws and problems relating thereto, together with the necessity of providing additional transiting facilities for vessels between the Atlantic and Pacific Oceans;

(5) the natural resources and environment of the oceans.

Provided, That the committee shall not undertake any investigation of any subject which is being investigated by any other committee of the House.

For such purposes the said committee, or any subcommittee thereof as authorized to do so by the chairman of the committee, is hereby authorized to sit and act during the present Congress within or without the United States, whether the House has recessed, or has adjourned, to hold such hearings, and to require by subpoena or otherwise the attendance and testimony of such witnesses and the production of such books, records, correspondence, memorandums, papers, and documents, as it deems necessary. Subpenas may be issued over the signature of the chairman of the committee or any member of the committee designated by him, and may be served by any person designated by such chairman or member. The chairman of the committee or any member thereof may administer oaths to witnesses.

That the said committee shall report to the House of Representatives during the present Congress the results of their studies and investigations with such recommendations for legislation or otherwise as the committee deems desirable.

With the following committee amendments:

On page 3, line 4, after "thereof" insert "designated by him".

On page 3, line 10, insert the following:

"Notwithstanding section 1754 of title 22, United States Code, or any other provision of law, local currencies owned by the United States shall be made available to the Committee on Merchant Marine and Fisheries of the House of Representatives and employees engaged in carrying out their official duties under section 190d of title 2, United States Code: Provided, That (1) no member or employee of said committee shall receive or expend local currencies for subsistence in any country at a rate in excess of the maximum per diem rate set forth in section 502(b) of the Mutual Security Act of 1954, as amended by Public Law 88-63, approved October 7, 1964; (2) no member or employee of said committee shall receive or expend an amount for transportation in excess of actual transportation costs; (3) no appropriated funds shall be expended for the purpose of defraying expenses of members of said committee or its employees in any country where counterpart funds are available for this purpose.

"Each member or employee of said committee shall make to the chairman of said committee an itemized report showing the number of days visited in each country whose local currencies were spent, the amount of per diem furnished, and the cost of transportation if furnished by public carrier, or if such transportation is furnished by an agency of the United States Government, the identification of the agency. All such individual reports shall be filed by the chairman with the Committee on House Administration and shall be open to public inspection."

The committee amendments were agreed to.

The resolution was agreed to.

A motion to reconsider was laid on the table.

HOUSING AND URBAN DEVELOPMENT ACT OF 1965

(Mr. PATMAN asked and was given permission to address the House for 1 minute.)

Mr. PATMAN. Mr. Speaker, I am introducing today the administration-

sponsored urban development bill of 1965. The gentleman from Pennsylvania [Mr. BARRETT] is also introducing it.

Mr. Speaker, I ask unanimous consent to revise and extend my remarks, and that I may be permitted to insert at this point in the RECORD the bill and a summary and discussion of the merits of the bill, and that immediately following that the gentleman from Pennsylvania [Mr. BARRETT] be permitted to extend his remarks.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, this bill would carry out the legislative recommendations of the President with respect to the new and existing programs discussed in his March 2 message to the Congress on "The Problems and Future of the Central City and its Suburbs."

We have all often heard repeated frightening statistics about the ever-increasing size of our cities and other urban areas and of their great and growing problems. I feel, however, that some of us may have lost sight of the nature of this challenge of our cities. The President has not, and I believe that we can all again vision an inspiration from his message. As he said:

Let us be clear about the core of this problem. The problem is people and the quality of the lives they lead. We want to build not just housing units, but neighborhoods; not just to construct schools, but to educate children; not just to raise incomes but to create beauty and end the poisoning of our environment. We must extend the range of choices available to all our people so that all, and not just the fortunate, can have access to decent homes and schools, to recreation and to culture. We must work to overcome the forces which divide our people and erode the vitality which comes from the partnership of those with diverse incomes and interests and backgrounds.

The President's legislative proposals would carry out this approach. They would provide special assistance for many persons who specially need it—the elderly, those facing displacement in urban renewal areas, and those unable to afford decent housing. They would provide additional assistance and encouragement for the beautification of our towns and cities, and for the provision of additional parks and recreation areas. They would help to stem the wasteful and haphazard expansion of our suburbs, and encourage the establishment of subdivisions and communities which can offer more to their residents—both in utility and enjoyment.

This is an inspiring bill, and one which I am proud to sponsor. It presents both special opportunities, and special challenges to the housing industry, which will, of course, be intimately involved in the increased construction and rehabilitation efforts for which the President is asking. The bill is a realistic and workable one, and I am sure that this strong and important industry will be able to support it fully.

Mr. Speaker, I am submitting for insertion in the RECORD a copy and summary of the bill:

H.R. 5840

A bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Housing and Urban Development Act of 1965".

TITLE I—SPECIAL PROVISIONS FOR DISADVANTAGED PERSONS

Financial assistance to enable certain private housing to be available for lower income families who are elderly, handicapped, displaced, or occupants of substandard housing

SEC. 101. (a) AUTHORITY TO MAKE PAYMENTS.—The Housing and Home Finance Administrator (hereinafter referred to as the "Administrator") is hereby authorized to make, and contract to make, annual payments to a "housing owner" on behalf of "qualified tenants," as those terms are defined herein, in such maximum amounts and under such circumstances as are prescribed in, or pursuant to, this section. In no case shall a contract provide for such payments with respect to any housing for a period exceeding forty years. The aggregate amount of the contracts to make such payments shall not exceed amounts approved in appropriation acts and shall not exceed \$50,000,000 per annum prior to July 1, 1966, which maximum dollar amount shall be increased by \$50,000,000 on July 1 in each of the years 1966, 1967, and 1968.

(b) **HOUSING OWNER.**—As used herein, a "housing owner" shall mean a private non-profit corporation or other entity, a limited dividend corporation or other entity, or a cooperative mortgagor under section 221(d) (3) of the National Housing Act which, since the enactment of this Act, has been approved for mortgage insurance thereunder and has been approved for receiving the benefits of this section: *Provided*, That no housing owner receiving payments under this section may receive the benefits of the interest rate provided for in the proviso in clause (5) of section 221(d) of that Act.

(c) **QUALIFIED TENANT.**—As used in this section, a "qualified tenant" means any individual or family who has, pursuant to criteria and procedures established by the Administrator, been determined:

(1) to have an income below the amount required to obtain standards privately owned housing in the area that is conventionally financed or that is financed with a market interest rate mortgage insured under said section 221(d) (3), but above the amount which would be necessary for low-income families generally to obtain admission to public housing dwellings, in the same or a similar area, of a size comparable to the dwelling of the housing owner which is occupied, or to be occupied, by the qualified tenant; and

(2) to be one of the following—

(A) displaced by governmental action;

(B) 62 years of age or older in the case of an individual or, in the case of a family, to have a head who is, or whose spouse is, 62 years of age or over;

(C) physically handicapped; or

(D) occupying substandard housing.

(d) **AMOUNT OF PAYMENT.**—The amount of the annual payment with respect to any dwelling unit shall not exceed (1) the amount by which the fair market rental for such unit exceeds one-fifth (or one-fourth in the case of a unit to be rented under a lease with an option to purchase the unit or a cooperative ownership interest therein) of the tenant's income as determined by the Administrator pursuant to procedures and

regulations established by him, nor (2) the estimated amount of subsidy contracted for under the United States Housing Act of 1937 with respect to a dwelling unit of comparable size and type in the same or a comparable locality.

(e) **CRITERIA AND PROCEDURES RELATING TO TENANT ELIGIBILITY, RENTAL CHARGES AND ANNUAL PAYMENTS.** (1) For purposes of carrying out the provisions of this section, the Administrator shall establish criteria and procedures for determining the eligibility of occupants and rental charges, including criteria and procedures with respect to periodic review of tenant incomes and periodic adjustment of rental charges. The Administrator shall issue, upon the request of a housing owner, certificates as to the following facts concerning the individuals and families applying for admission to, or residing in, dwellings of such owner:

(A) the income of the individual or family; and

(B) whether the individual or family was displaced by governmental action, is elderly, is physically handicapped, or is occupying substandard housing.

(2) Procedures adopted by the Administrator hereunder shall provide for recertifications of the incomes of occupants, except the elderly, at intervals of two years (or at shorter intervals in cases where the Administrator may deem it desirable) for the purpose of adjusting rental charges and annual payments on the basis of occupants' incomes, but in no event shall rental charges adjusted under this section for any dwelling exceed the fair market rental of the dwelling.

(3) The Administrator may enter into agreements, or authorize housing owners to enter into agreements, with public or private agencies for services required in the selection of qualified tenants, including those who may be approved, on the basis of the probability of future increases in their incomes, as lessees under an option to purchase dwellings or cooperative ownership interests therein, and in the establishment of rentals. The Administrator is hereby authorized (without limiting his authority under any other provision of law) to delegate to any such public or private agency his authority to issue certificates pursuant to this subsection.

(f) **WAIVER OF WORKABLE PROGRAM.**—Section 101(c) of the Housing Act of 1949 is amended by inserting "(i)" after the phrase "a mortgage under" in the first proviso thereof and by inserting immediately prior to the colon at the end of the first proviso: "; or (ii) section 221(d) (3) of the National Housing Act if payments with respect to the mortgaged property are paid or to be paid under section 101 of the Housing and Urban Development Act of 1965, except that no such mortgage shall be insured, and no commitment to insure such a mortgage shall be issued, with respect to property in any community for which a workable program for community improvement was required and in effect at the time a contract for a loan or capital grant was entered into under this title, or a contract for annual contributions or capital grants was entered into pursuant to the United States Housing Act of 1937, unless there is a workable program for community improvement which meets the requirements of this subsection in effect in such community at the time of such insurance or commitment".

(g) **REGULATIONS.**—The Administrator is authorized to make such rules and regulations, to enter into such agreements, and to adopt such procedures as he may deem necessary or desirable to carry out the provisions of this section. Nothing contained in this section shall affect the authority of the Federal Housing Commissioner with respect to any housing assisted under this section and under section 221(d) (3) of the National Housing Act, including his author-

ity to prescribe occupancy requirements under other provisions of law or to determine the portion of any such housing which may be occupied by qualified tenants.

(h) **APPROPRIATIONS.**—There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section, including, but not limited to, such sums as may be necessary to make annual payments, pay for services provided under (or pursuant to agreements entered into under) subsection (e), and provide administrative expenses.

(i) **CONFORMING AMENDMENT.**—Section 114 (c) (2) of the Housing Act of 1949 is amended by inserting before the colon at the end of the first proviso the following: "; or a dwelling unit assisted under section 101 of the Housing and Urban Development Act of 1965".

Extension of FHA section 221 programs

SEC. 102. The fifth sentence of section 221 (f) of the National Housing Act is amended by striking out "subsection (d) (2) or (d) (4) after September 30, 1965, or under subsection (d) (3) after September 30, 1965," and inserting in lieu thereof "this section after October 1, 1969,".

Rehabilitation grants to homeowners in urban renewal areas

SEC. 103. (a) Title I of the Housing Act of 1949 is amended by adding at the end thereof the following new section:

"REHABILITATION GRANTS

"SEC. 115(a) Notwithstanding any other provision of this title, the Administrator may authorize a local public agency to make grants (and the urban renewal project may include the making of such grants) as prescribed in this section. Any such grant may be made only to an individual or family, as described in subsection (b), who owns and occupies a structure in the urban renewal area and for the purpose of covering the cost of repairs and improvements necessary to make such structure conform to public standards for decent, safe, and sanitary housing as required by applicable codes or other requirements of the urban renewal plan for the area. Any contract for financial assistance under this title shall provide that the capital grant otherwise payable for the project shall be increased by an amount equal to the total amount of such grants and that no part of the total amount of such grants shall be required to be contributed as part of the local grant-in-aid.

"(b) A grant authorized by this section may be made to an individual or family whose income does not exceed \$2,000 a year, and such grant may be in an amount which does not exceed the lesser of (1) the actual (and approved) cost of the repairs and improvements, or (2) \$1,000. In case the income of the individual or family exceeds \$2,000 a year, a grant may be made under this section, subject to the limitations specified in clauses (1) and (2) of the preceding sentence, in an amount not to exceed that portion of the cost of such repairs and improvements as cannot be paid for with any available loan which can be amortized as part of such individual's or family's monthly housing expense without requiring such monthly housing expense to exceed 25 percentum of such individual's or family's monthly income."

(b) Any contract with a local public agency which was executed under title I of the Housing Act of 1949 before the date of enactment of this Act may be amended to provide for grants authorized by section 115 of the Housing Act of 1949.

Parity of treatment for the handicapped and elderly in public housing

SEC. 104. Section 2(2) of the United States Housing Act of 1937 is amended to read as follows:

"(2) The term 'families of low income' means families (including elderly and displaced families) who are in the lowest income group and who cannot afford to pay enough to cause private enterprise in their locality or metropolitan area to build an adequate supply of decent, safe, and sanitary dwellings for their use. The term 'families' includes families consisting of a single person in the case of elderly families and displaced families, and includes the remaining member of a tenant family. The term 'elderly families' means families whose heads (or their spouses), or whose sole members, have attained the age at which an individual may elect to receive an old age benefit under title II of the Social Security Act, or who are under a disability as defined in section 223 of that Act, or who are handicapped within the meaning of section 202 of the Housing Act of 1959. The term 'displaced families' means families displaced by urban renewal or other governmental action."

Relocation payments under Urban Mass Transportation Act

SEC. 105. Section 7(b) of the Urban Mass Transportation Act of 1964 is amended by striking out all that follows the second sentence and inserting in lieu thereof the following: "The term 'relocation payment' means payments by the applicant which are (1) made to an individual, family, business concern, or nonprofit organization displaced by a project on or after March 4, 1965, (2) not otherwise authorized under any Federal law, and (3) made only on such terms and conditions and subject to such limitations (as applicable, but not including the date of displacement) as are provided for relocation payments, at the time such payment is approved, by sections 114 (b) and (c) of the Housing Act of 1949. Relocation payments authorized by this subsection shall be made subject to such rules and regulations as may be prescribed by the Administrator."

TITLE II—FHA INSURANCE OPERATIONS

Land development

SEC. 201. (a) The National Housing Act is amended by adding at the end thereof the following new title:

"TITLE X—MORTGAGE INSURANCE FOR LAND DEVELOPMENT

Purpose

"SEC. 1001. The purpose of this title is to provide appropriate credit assistance in order that private enterprise may better serve the needs of a rapidly expanding urban population by means of additional well-planned and adequately improved sites for the development of desirable residential neighborhoods, subdivisions, and sound communities.

Definitions

"SEC. 1002. As used in this title—

"(a) the term 'mortgage' means a lien or liens on real estate in fee simple, or on a leasehold (1) under a lease for not less than ninety-nine years which is renewable or (2) under a lease having a period of not less than fifty years to run from the date the mortgage was executed;

"(b) the term 'first mortgage' includes such classes of first liens as are commonly given to secure advances (including but not limited to advances during construction) on, or the unpaid purchase price of, real estate under the laws of the State in which the real estate is located, together with the credit instrument or instruments, if any, secured thereby, and may be in the form of trust mortgages or mortgage indentures or deeds of trusts securing notes, bonds, or other credit instruments;

"(c) the terms 'mortgagee', 'mortgagor', and 'State' shall have the same meaning as in section 207 of this Act;

"(d) the term 'improvements' means water lines and water supply installations, sewer

lines and sewage disposal installations, roads, streets, curbs, gutters, sidewalks, storm drainage facilities, and other installations or work, whether on or off the site, which the Commissioner deems necessary or desirable to prepare land primarily for residential and related uses or to provide facilities for public or common use. These facilities shall include only such buildings as are needed in connection with water supply or sewage disposal installations and such buildings, other than schools, as the Commissioner considers appropriate, which are to be owned and maintained jointly by the property owners; and

"(e) the term 'land development' means the process of making, installing or constructing improvements.

Basic conditions for insurance

"SEC. 1003. The Commissioner is authorized (1) to insure, upon such terms and conditions as he may prescribe, any first mortgage (including advances on such mortgage) in accordance with the provisions of this title and (2) to make a commitment for the insurance of such mortgage prior to the date of execution of such mortgage or prior to the date of disbursement of the mortgage proceeds. No mortgage shall be insured under this title after October 1, 1969, except pursuant to a commitment to insure issued before such date.

"SEC. 1004. The mortgage shall—

"(a) be executed by a mortgagor, other than a public body, approved by the Commissioner;

"(b) be made to and held by a mortgagee approved by the Commissioner;

"(c) cover the land to be developed and the improvements made with the assistance of the mortgage insurance, except facilities intended for public use and in public ownership.

"SEC. 1005. The principal obligation of the mortgage shall (1) not exceed 75 per centum of the Commissioner's estimate of the value of the property upon completion of the land development, and (2) not exceed the sum of 50 per centum of the Commissioner's estimate of the value of the land before development and 90 per centum of his estimate of the cost of such development. The outstanding principal obligations of mortgages involving a single land development undertaking, as defined by the Commissioner, shall at no time exceed \$2,000,000.

"SEC. 1006. The mortgage shall—

"(a) have a maturity and contain repayment provisions satisfactory to the Commissioner;

"(b) bear interest at a rate satisfactory to the Commissioner, and such interest shall be exclusive of premium charges for mortgage insurance and such service charges and fees as may be approved by the Commissioner; and

"(c) contain such terms and provisions with respect to protection of the security, payment of taxes, delinquency charges, prepayment, additional and secondary liens, and other matters as the Commissioner may in his discretion prescribe.

"SEC. 1007. A property or project to be financed by a mortgage insured under this title shall—

"(a) represent an acceptable mortgage insurance risk, giving consideration to the expected contributions of the land development to sound economic community growth; and

"(b) involve improvements that comply with all applicable State and local governmental requirements and with minimum standards approved by the Commissioner.

Land planning

"SEC. 1008. (a) The land development shall be undertaken pursuant to a schedule, conforming to such requirements and procedures as the Commissioner may prescribe, that will assure the use of the land for the

purposes for which it is to be developed within the shortest reasonable period consistent with the objectives of sound and economic community growth or urban development.

"(b) The land development shall be undertaken in accordance with an overall development plan, appropriate to the scope and character of the undertaking, which—

"(1) has received all governmental approvals required by State or local law or by the Commissioner;

"(2) is acceptable to the Commissioner as providing reasonable assurance that the land development will contribute to the establishment or growth of a well-planned neighborhood, subdivision or community which (i) will have a sound economic base and a long economic life, (ii) will be characterized by sound land use patterns, and (iii) will include or be served by such shopping, school, recreational transportation and other facilities as the Commissioner deems adequate or necessary; and

"(3) is consistent with a comprehensive plan which covers, or with comprehensive planning being carried on for, the area in which the land is situated and which meets criteria established by the Housing and Home Finance Administrator for such plans or planning.

"(c) The Administrator may establish a category of extensive new developments for which overall development plans, including the adequacy of housing to be provided for those who would be employed within the planned development, shall be reviewed by him for consistency with such comprehensive plans or planning.

Development priorities

"SEC. 1009. The Commissioner shall adopt such requirements as he deems necessary to encourage the maintenance of a diversified local home building industry and the inclusion of a proper balance of housing for families of moderate or low income. He may give such priority as he deems reasonable to land development undertakings that will, through open marketing of the developed land or other means, encourage broad participation by builders and that will serve families having a broad range of incomes.

Water and sewerage facilities

"SEC. 1010. After development of the land it shall be served by public systems for water and sewerage which are consistent with other existing or prospective systems within the area. If the Commissioner determines that public ownership of such a system is not feasible, he may approve an adequate privately or cooperatively owned system which will be regulated, during the period of such ownership, in a manner acceptable to him with respect to user rates and charges, capital structure, methods of operation, and rate of return. Approval of such system shall be given only where the Commissioner receives assurances, satisfactory to him, with respect to eventual public ownership and operation of the system and with respect to the conditions and terms for any sale or transfer.

Releases—Subordination of mortgage lien

"SEC. 1011. The Commissioner may, on such terms and conditions as he may prescribe, (1) consent to the release of a part or parts of the mortgaged property from the lien of the mortgage, and (2) consent to the subordination of the lien of an insured mortgage upon a part or parts of the mortgaged property where the subordination is necessary to obtain construction financing for a dwelling on which an application for the insurance of permanent financing has been filed under any other title of this Act.

Premiums and fees

"SEC. 1012. The Commissioner shall collect reasonable premiums for the insurance of any mortgage under this title and make such charges as he determines are reasonable for the analysis of the land development plan

and the appraisal and inspection of the property and improvements. On or before January 1, 1969, the Commissioner shall make a report to the Congress concerning the premium rates and other charges under this title that he estimates will be adequate to provide income sufficient for a self-supporting program.

"Insurance benefits"

"SEC. 1013. The provisions of subsections (e), (g), (h), (i), (j), (k), (l), and (n) of section 207 of this Act shall be applicable to mortgages insured under this title, except that as applied to such mortgages (1) any reference therein to section 207 shall be deemed to refer to this title, and (2) any reference to an annual premium shall be deemed to refer to such premiums as the Commissioner may designate under this title.

"Incontestability provisions"

"SEC. 1014. Any contract of insurance executed by the Commissioner under this title shall be conclusive evidence of the eligibility of the mortgage for insurance, and the validity of any contract of insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of such contract, except for fraud or misrepresentation on the part of such approved mortgagee.

"Rules and regulations"

"SEC. 1015. The Commissioner is authorized to make such rules and regulations and to require such agreements as he may deem necessary or desirable to carry out the provisions of this title.

"Taxation provisions"

"SEC. 1016. Nothing in this title shall be construed to exempt any real property acquired and held by the Commissioner under this title from taxation by any State or political subdivision thereof to the same extent, according to its value, as other real property is taxed.

"Cost certification"

"SEC. 1017. (a) The Commissioner shall adopt such requirements as he determines necessary to assure, at reasonable intervals of time during land development and upon completion of such development, that the amount of the mortgage loan outstanding at each such interval does not exceed with respect to that portion of the land remaining under the lien of the mortgage: (1) 50 per centum of the Commissioner's estimate of the value of such remaining land before development; plus (2) 90 per centum of the actual cost of the development allocated by the Commissioner to such remaining land.

"(b) From time to time during and upon completion of the development, the Commissioner shall require the mortgagor to certify as to the actual costs of development of the land.

"(c) Certifications required pursuant to this section shall be accompanied by such data and records as the Commissioner shall prescribe.

"(d) A mortgagor's certification approved by the Commissioner shall be final and incontestable except for fraud or material misrepresentation on the part of the mortgagor.

"(e) As used in this section, the term 'actual costs' means the costs (exclusive of kickbacks, rebates or trade discounts) to the mortgagor of the improvements. These costs may include amounts paid for labor, materials, construction contracts, land planning, engineers' and architects' fees, surveys, taxes and interest during development, organizational and legal expenses, such allocation of general overhead expenses as are acceptable to the Commissioner, and other items of expense incidental to development which may be approved by the Commissioner. If the Commissioner determines there is an identity of interest between the mortgagor and

the contractor, there may be included an allowance for contractor's profit in an amount deemed reasonable by the Commissioner."

Conforming amendments

(b)(1) Section 212(a) of the National Housing Act is amended by inserting the following new sentence at the end thereof: "The provisions of this section shall also apply to insurance under title X with respect to laborers or mechanics employed in land development financed with the proceeds of any mortgage insured under that title."

(2) Section 302(b) of the Federal National Mortgage Association Charter Act is amended by—

(A) inserting after "or title VIII," in the proviso the following: "or under title X with respect to land development the plans for which were approved by the Housing and Home Finance Administrator pursuant to section 1008(c), of the National Housing Act,"; and

(B) striking out "the term 'mortgages'" in the last sentence and substituting "the terms 'mortgages' and 'home mortgages'".

(3) The first paragraph of section 24 of the Federal Reserve Act is amended by inserting before the last sentence the following new sentence: "Notwithstanding the limitations and restrictions in this section, any national banking association may make loans for land development which are secured by mortgages insured under title X of the National Housing Act."

(4) Section 5(c) of the Home Owners Loan Act of 1933 is amended by adding at the end thereof the following new paragraph:

"Without regard to any other provision of this subsection, any such association may, to such extent as the Federal Home Loan Bank Board may by regulation permit, invest in loans, and interests in loans, secured by mortgages as to which the association has the benefit of insurance under title X of the National Housing Act or of a commitment or agreement for such insurance, and investments under this sentence shall not be included in any percentage of assets or other percentage referred to in this subsection."

(5) Section 701(a) of the Housing Act of 1954 is amended by inserting the following before the semicolon in paragraph (4): ", or for areas where rapid urbanization is expected to result from the establishment of an extensive new development on land acquired or to be acquired by State land development agencies with assistance under section 202 (b)(1) of the Housing Amendments of 1955, or on land developed or to be developed with assistance under title X of the National Housing Act".

(6) Section 202(b) (redesignated below as section 202(c)) of the Housing Amendments of 1955 is amended by inserting "(A)" after "public works or facilities" in the second sentence of paragraph (4), and adding the following before the period at the end thereof: ", or (B) to be provided in connection with the establishment of an extensive new development on land developed or to be developed with assistance under title X of the National Housing Act".

Loans to State land development agencies

(c)(1) Section 202 of the Housing Amendments of 1955 is amended by inserting after subsection (a) the following new subsection (b) and redesignating the remaining subsections accordingly:

"(b)(1) In order to encourage and assist in the timely acquisition of open or predominantly undeveloped land to be utilized in connection with the development of well-planned residential neighborhoods, subdivisions, and communities, the Administrator is authorized to purchase the securities and obligations of, or make loans to, State land development agencies to finance the acquisi-

tion of a fee simple or other interest in such land for subsequent sale in accordance with this subsection. A loan under this subsection may be in an amount which shall not exceed the total cost, as approved by the Administrator, of acquiring such interest; shall be reasonably secured; shall be repaid in such manner and within such period, not exceeding 15 years, as may be determined by the Administrator; and shall bear interest at the rate prescribed for financial assistance extended under subsection (a) of this section. As used in this subsection, 'State land development agencies' means public corporations authorized to carry out, and created or designated by or pursuant to State law for the purpose of carrying out, the functions for which financial assistance is available under this subsection.

"(2) The Administrator shall not extend any financial assistance for the acquisition of land under this subsection unless he determines that (A) the financial assistance applied for is not otherwise available on reasonable terms, (B) the development of a well-planned residential neighborhood, subdivision, or community on such land would be consistent with a comprehensive plan or comprehensive planning, meeting criteria established by the Administrator, for the area in which the land is located, and (C) a preliminary development plan for the use of the land meets criteria established by the Administrator for such preliminary development plans.

"(3) Land acquired with financial assistance under this subsection shall be disposed of for development in accordance with a current development plan for the land which has been approved by the Administrator and shall not be sold or otherwise disposed of for less than its fair value for uses in accord with such development plan. Such plan shall, wherever feasible in the light of current conditions, encourage the provision of sites providing a proper balance of types of housing to serve families having a broad range of incomes."

(c)(2) Section 203(a) of the Housing Amendments of 1955 is amended by striking out "section 202(a)" and inserting in lieu thereof "section 202(a) and pursuant to section 202(b)".

Extension of insurance authorizations

Sec. 202. (a) Section 2(a) of the National Housing Act is amended by striking out "October 1, 1965" and inserting in lieu thereof "October 1, 1969".

(b) Section 217 of such Act is amended by—

(1) striking out "title VIII" and inserting in lieu thereof "titles VIII or X", and

(2) striking out "October 1, 1965" and inserting in lieu thereof "October 1, 1969".

(c) The second sentences of sections 809(f) and 810(k) of such Act are each amended by striking out "October 1, 1965" and inserting in lieu thereof "October 1, 1969".

Multifamily mortgage limits for four or more bedroom units

Sec. 203. (a) Section 207 of the National Housing Act is amended by—

(1) striking out "and \$18,500 per family unit with three or more bedrooms" in subsection (c)(3) and inserting in lieu thereof "\$18,500 per family unit with three bedrooms, and \$21,000 per family unit with four or more bedrooms"; and

(2) striking out "and \$22,500 per family unit with three or more bedrooms" in subsection (c)(3) and inserting in lieu thereof "\$22,500 per family unit with three bedrooms, and \$25,500 per family unit with four or more bedrooms".

(b) Section 213 of the National Housing Act, is amended by—

(1) striking out "and \$18,500 per family unit with three or more bedrooms" in subsection (b)(2) and inserting in lieu thereof

"\$18,500 per family unit with three bedrooms, and \$21,000 per family unit with four or more bedrooms";

(2) striking out "and \$22,500 per family unit with three or more bedrooms" in subsection (b) (2) and inserting in lieu thereof "\$22,500 per family unit with three bedrooms, and \$25,500 per family unit with four or more bedrooms";

(3) striking out "not to exceed the greater of the following amounts (1) A" in subsection (c) and inserting in lieu thereof "not to exceed a"; and

(4) striking out subsection (c) (2).

(c) Section 220 of the National Housing Act is amended by—

(1) striking out "and \$18,500 per family unit with three or more bedrooms" in subsection (d) (3) (B) (iii) and inserting in lieu thereof "\$18,500 per family unit with three bedrooms, and \$21,000 per family unit with four or more bedrooms"; and

(2) striking out "and \$22,500 per family unit with three or more bedrooms" in subsection (d) (3) (B) (iii) and inserting in lieu thereof "\$22,500 per family unit with three bedrooms, and \$25,500 per family unit with four or more bedrooms".

(d) Section 221 of the National Housing Act is amended by—

(1) striking out "and \$17,000 per family unit with three or more bedrooms" in subsections (d) (3) (ii) and (d) (4) (ii) and inserting in lieu thereof in each subsection "\$17,000 per family unit with three bedrooms, and \$19,250 per family unit with four or more bedrooms"; and

(2) striking out "and \$20,000 per family unit with three or more bedrooms" in subsections (d) (3) (ii) and (d) (4) (ii) and inserting in lieu thereof in each subsection "\$20,000 per family unit with three bedrooms, and \$22,750 per family unit with four or more bedrooms".

(e) Section 231 of the National Housing Act is amended by—

(1) striking out "and \$17,000 per family unit with three or more bedrooms" in subsection (c) (2) and inserting in lieu thereof \$17,000 per family unit with three bedrooms, and \$19,250 per family unit with four or more bedrooms"; and

(2) striking out "and \$20,000 per family unit with three or more bedrooms" in subsection (c) (2) and inserting in lieu thereof "\$20,000 per family unit with three bedrooms, and \$22,750 per family unit with four or more bedrooms".

(f) Section 234 of the National Housing Act is amended by—

(1) striking out "and \$18,500 per family unit with three or more bedrooms" in subsection (e) (3) and inserting in lieu thereof "\$18,500 per family unit with three bedrooms, and \$21,000 per family unit with four or more bedrooms"; and

(2) striking out "and \$22,500 per family unit with three or more bedrooms" in subsection (e) (3) and inserting in lieu thereof "\$22,500 per family unit with three bedrooms, and \$25,500 per family unit with four or more bedrooms".

Rehabilitation in urban renewal areas

SEC. 204. Section 220 of the National Housing Act is amended by—

(1) striking out the colon and the second proviso preceding the semicolon at the end of clause (i) in subsection (d) (3) (A);

(2) striking out clause (ii) in subsection (d) (3) (A) and inserting in lieu thereof the following:

"(ii) in a case where the mortgagor is not the occupant of the property and the mortgagor intends to hold the property for rental purposes, have a principal obligation in an amount not to exceed 93 per centum of the amount available to a mortgagor who is the occupant of the property computed under the provisions of clause (i);

"(iii) in a case where the mortgagor is not the occupant of the property and intends to

hold the property for the purpose of sale, have a principal obligation in an amount not to exceed 85 per centum of the amount computed under the provisions of clause (i), or in the alternative, an amount computed under the provisions of clause (i) if the mortgagor and mortgagee assume responsibility in a manner satisfactory to the Commissioner for the reduction of the mortgage by an amount not less than 15 per centum of the outstanding principal amount thereof, or such greater amount as may be required to meet the limitations of clause (iv), in the event the mortgaged property is not, prior to the due date of the eighteenth amortization payment of the mortgage, sold to a purchaser acceptable to the Commissioner who is the occupant of the property and who assumes and agrees to pay the mortgage indebtedness; and

"(iv) in no case involving refinancing (except as provided in clause (iii)), have a principal obligation in an amount exceeding the sum of the estimated cost of repair and rehabilitation and the amount (as determined by the Commissioner) required to refinance existing indebtedness secured by the property or project and any existing indebtedness incurred in connection with improving, repairing or rehabilitating the property; or".

Nondwelling facilities for urban renewal housing

SEC. 205. Section 220 of the National Housing Act is amended by striking out clause (iv) in subsection (d) (3) (B) and inserting in lieu thereof the following:

"(iv) include such nondwelling facilities as the Commissioner deems desirable and consistent with the urban renewal plan: *Provided*, That the project shall be predominantly residential and any nondwelling facility included in the mortgage shall be found by the Commissioner to contribute to the economic feasibility of the project."

Larger insured mortgages for servicemen

SEC. 206. Section 222(b) of the National Housing Act is amended by—

(1) striking out "\$20,000" in clause (2) and inserting in lieu thereof "\$30,000";

(2) striking out in clause (3) "in an amount" and "of 95 per centum of the appraised value of the property or such higher amount as may be"; and

(3) inserting "of the amount" in clause (3) after "in excess".

Refinancing of insured mortgages

SEC. 207. Section 223 of the National Housing Act is amended by striking out in subsection (a) (7) immediately before the first proviso "section 608 of title VI prior to the effective date of the Housing Act of 1954 or under sections 220, 221, 903, or section 908" and inserting in lieu thereof "this Act".

Consolidation of FHA insurance funds

SEC. 208. Title V of the National Housing Act is amended by adding at the end thereof the following new section:

"SEC. 519. (a) There is hereby created a General Insurance Fund which shall be used by the Commissioner, on and after the date of the enactment of the Housing and Urban Development Act of 1965, as a revolving fund for carrying out all the insurance provisions of this Act with the exception of the provisions in sections 203(b), 203(h), and 203(i). All mortgages or loans insured pursuant to commitments issued on or after the date of the enactment of the Housing and Urban Development Act of 1965, except those insured under sections 203(b), 203(h), and 203(i), and all loans reported for insurance under section 2 on and after the date of the enactment of the Housing and Urban Development Act of 1965 shall be insured under the General Insurance Fund. The Commissioner shall transfer to the General Insurance Fund—

"(1) the assets and liabilities of all insurance accounts and funds, except the Mu-

tual Mortgage Insurance Fund, existing on the date of the enactment of the Housing and Urban Development Act of 1965;

"(2) all outstanding commitments for insurance issued prior to the date of the enactment of the Housing and Urban Development Act of 1965, except commitments issued under sections 203(b), 203(h), and 203(i);

"(3) the insurance on all mortgages and loans insured prior to the date of the enactment of the Housing and Urban Development Act of 1965, except the insurance under sections 203(b), 203(h), and 203(i); and

"(4) the insurance of loans made by approved financial institutions pursuant to section 2 prior to the date of the enactment of the Housing and Urban Development Act of 1965.

"(b) The general expenses of the operations of the Federal Housing Administration relating to mortgages and loans which are the obligation of the General Insurance Fund may be charged to the General Insurance Fund.

"(c) Moneys in the General Insurance Fund not needed for the current operations of the Federal Housing Administration with respect to mortgages and loans which are the obligation of the General Insurance Fund shall be deposited with the Treasurer of the United States to the credit of such Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued as obligations of the Fund created by this section or issued prior to the enactment of the Housing and Urban Development Act of 1965 under the provisions of any other title and section of this Act, except debentures issued under the Mutual Mortgage Insurance Fund. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

"(d) Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage or loan which is the obligation of the General Insurance Fund, the receipts derived from the property covered by such mortgages and loans and from the claims, debts, contracts, property, or security assigned to the Commissioner in connection therewith, and all earnings on the assets of the Fund shall be credited to the General Insurance Fund. The principal of, and interest paid and to be paid on, debentures which are the obligation of such Fund, cash insurance payments and adjustments, and expenses incurred in the handling, management, renovation, and disposal of properties acquired in connection with mortgages and loans which are the obligation of such Fund, shall be charged to such Fund."

Optional cash payment of insurance benefits

SEC. 209. Title V of the National Housing Act is amended by adding the following section:

"SEC. 520. (a) Notwithstanding any other provisions of this Act with respect to the payment of insurance benefits, the Commissioner is authorized, in his discretion, to pay in cash or in debentures any insurance claim or any part thereof which is paid on or after the date of enactment of the Housing and Urban Development Act of 1965 on a mortgage or a loan which was insured under any section of this Act either before or after such date. If payment is made in cash, it shall be in an amount equivalent to the face amount of the debentures that would otherwise be issued plus an amount equivalent to the interest which the debentures would have earned, computed to a date to be es-

established pursuant to regulations issued by the Commissioner.

"(b) The Commissioner is hereby authorized to borrow from the Treasury from time to time such amounts as the Commissioner shall determine are necessary to make payments in cash (in lieu of issuing debentures, which are guaranteed by the United States, as provided in this Act) pursuant to the provisions of this section. Notes or other obligations issued by the Commissioner under this section shall be subject to such terms and conditions as the Secretary of the Treasury may prescribe. Each sum borrowed pursuant to the provisions of this subsection shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of such notes or other obligations."

TITLE III—URBAN RENEWAL

General neighborhood renewal plans

SEC. 301. Section 102(d) of the Housing Act of 1949 is amended by—

(1) striking out the fifth sentence and inserting in lieu thereof: "In order to facilitate proper preliminary planning for the attainment of the urban renewal objectives of this title, the Administrator may also make advances of funds (in addition to those authorized above) to local public agencies for the preparation of General Neighborhood Renewal Plans (as herein defined). A General Neighborhood Renewal Plan may be prepared for an area consisting of an urban renewal area or areas, together with any adjoining areas having specially related problems, and which is of such size that the urban renewal activities in the urban renewal area or areas may have to be initiated in stages, consistent with the capacity and resources of the respective local public agency, over an estimated period of not more than ten years."; and

(2) striking out clause (1) of the sixth sentence and inserting in lieu thereof: "(1) in the interest of sound community planning, it is desirable that the urban renewal activities proposed for the area be planned in their entirety;"

Increase in authorization for capital grants

SEC. 302. (a) Section 103(b) of the Housing Act of 1949 is amended by striking out "\$4,725,000,000" and inserting in lieu thereof "\$4,700,000,000, which amount shall be increased by \$675,000,000 on the date of enactment of the Housing and Urban Development Act of 1965, by \$725,000,000 on July 1, 1966, and by \$750,000,000 on July 1 in each of the years 1967 and 1968".

(b) The first proviso of section 103(b) of the Housing Act of 1949 and the second sentence of section 6(b) of the Urban Mass Transportation Act of 1964 are hereby repealed.

Community renewal program requirement

SEC. 303. (a) Section 103 of the Housing Act of 1949 is amended by inserting the following paragraph at the end of subsection (d):

"No loan or grant contract may be entered into by the Administrator for an urban renewal project which has received Federal recognition later than six months after the date of enactment of the Housing and Urban Development Act of 1965, in a community of over fifty thousand population according to the most recent decennial census, unless he determines that the community has prepared and kept up to date a community renewal program eligible for assistance under this subsection and that the proposed project is in accord with the program: *Provided*, That if, prior to three years after the date of enactment of such Act, a loan or grant application is received for such a project from a community which is actively pre-

paring but has not yet completed such a community renewal program, the Administrator may instead determine that the proposed project may reasonably be expected to be in accord with the program upon its completion. The Administrator shall establish reasonable requirements regarding the scope and content of such programs (including their relationship to proposed urban renewal projects) and shall assure that such programs adequately take into consideration the needs of low- and moderate-income persons and are adequately coordinated with and contribute to related community programs and activities, including those eligible for assistance under title II, part A, of the Economic Opportunity Act of 1964."

(b) Section 111 of such Act is amended by—

(1) deleting "and" at the end of paragraph (5) and

(2) adding "; and" and a new paragraph (7), as follows, before the period at the end of paragraph (6):

"(7) The requirements in the second paragraph of section 103(d) regarding preparation of, and conformity to, a community renewal program".

Amendment of section 316 of Housing Act of 1954

SEC. 304. The first full paragraph of section 316(2) of the Housing Act of 1954 is amended by striking out the first parenthetical clause and inserting in lieu thereof the following: "(as such projects are now or may hereafter be defined in title I of the Housing Act of 1949, including but not limited to projects authorized without regard to the residential or nonresidential character or reuse of the urban renewal area)".

TITLE IV—LOW-RENT PUBLIC HOUSING

Acceptance of local certification of equivalent elimination

SEC. 401. The fourth sentence of section 10(a) of the United States Housing Act of 1937 is amended by inserting immediately before the comma after the word "elimination", where the word first appears, the following: ", as certified by the local governing body".

Greater use of existing private housing

SEC. 402. Section 10(c) of the United States Housing Act of 1937 is amended by striking out "And provided" and inserting in lieu thereof "Provided", and by inserting a colon and the following proviso before the period at the end thereof: "And provided further, That the amount of the fixed annual contribution which would be established under this Act for a newly constructed project by a public housing agency designed to accommodate a number of families of a given size and kind may be established, as a maximum annual contribution in lieu of any other guaranteed contribution authorized under this section, for a project by such public housing agency which would provide housing for the comparable number, sizes, and kinds of families through the acquisition, acquisition and rehabilitation, or use under lease of existing structures which are suitable for low-rent housing use and obtainable in the local market".

Increase in authorization for annual contributions

SEC. 403. Section 10(e) of the United States Housing Act of 1937 is amended by inserting immediately following the comma after the words "per annum", the following: "which limit shall be increased by \$47,000,000 on the date of enactment of the Housing and Urban Development Act of 1965, and by further amounts of \$47,000,000 on July 1 in each of the years 1966, 1967, and 1968, respectively".

Sale of federally owned projects to private purchasers

SEC. 404. The first sentence of section 12(c) of the United States Housing Act of 1937 is

amended to read as follows: "The Authority may sell a Federal project only to a public housing agency or to a nonprofit body for use as low-rent housing."

TITLE V—COLLEGE HOUSING

Increase in authorization for college housing loans

SEC. 501. Section 401(d) of the Housing Act of 1950 is amended to read as follows:

"(d) To obtain funds for loans under subsection (a) of this section, the Administrator may issue and have outstanding at any one time notes and obligations for purchase by the Secretary of the Treasury in an amount not to exceed \$2,985,000,000, which amount shall be increased by \$285,000,000 on July 1 in each of the years 1966 and 1967, and by \$275,000,000 on July 1, 1968: *Provided*, That the amount outstanding for other educational facilities, as defined herein, shall not exceed \$295,000,000, which limit shall be increased by \$30,000,000 on July 1 in each of the years 1965 through 1968: *Provided further*, That the amount outstanding for hospitals, referred to in clause (2) of section 404(b) of this title, shall not exceed \$220,000,000, which limit shall be increased by \$15,000,000 on July 1 in each of the years 1965 through 1968."

TITLE VI—GRANTS FOR BASIC PUBLIC WORKS, NEIGHBORHOOD FACILITIES, AND THE ADVANCE ACQUISITION OF LAND

Purpose

SEC. 601. The purpose of this title is to assist and encourage the communities of the Nation fully to meet the needs of their citizens by making it possible, with Federal grant assistance, for their governmental bodies (1) to construct adequate basic water and sewer facilities needed to promote the efficient and orderly growth and development of our communities; (2) to construct neighborhood facilities needed to enable them to carry on programs of necessary social services; and (3) to acquire, in a planned and orderly fashion, land to be utilized in connection with the future construction of public works and facilities.

Grants for basic water and sewer facilities

SEC. 602. (a) The Housing and Home Finance Administrator (hereinafter referred as the "Administrator") is authorized to make grants to local public bodies and agencies to finance specific projects for basic public water and sewer facilities (including works for the storage, treatment, purification, or distribution of water).

(b) The amount of any grant made under the authority of this section shall not exceed 40 per centum of the development cost of that portion of the project necessary to enable the project to adequately serve the reasonably foreseeable growth needs of the area.

(c) No grant shall be made under this section in connection with any project unless the Administrator determines that the project will serve an area which is expected to experience significant population growth in the reasonably foreseeable future and that the project is (1) designed so that an adequate capacity will be available to serve the reasonably foreseeable growth needs of the area, (2) consistent with a program meeting criteria established by the Administrator, for a unified or officially coordinated areawide water or sewer facilities systems as part of the comprehensively planned development of the area, except that prior to July 1, 1968, grants may, in the discretion of the Administrator, be made under this section when such a program for an areawide water and sewer facilities system is under active preparation although not yet completed, if the facility for which assistance is sought can reasonably be expected to be required as a part of such program, and there is urgent need for the facility, and (3) necessary to orderly community development.

Grants for neighborhood facilities

SEC. 603. (a) The Administrator is authorized to make grants in accordance with the provisions of this section, to local public bodies and agencies to finance specific projects for neighborhood facilities.

(b) The amount of any grant made under the authority of this section shall not exceed 66⅔ per centum of the development cost of the project for which the grant is made (or 75 per centum of such cost in the case of a project located in an area which at the time the grant is made is designated as a redevelopment area under section 5 of the Area Development Act).

(c) No grant shall be made under this section for any project unless the Administrator determines that the project will provide a neighborhood facility which is (1) necessary for carrying out a program of health, recreational, social, or similar community service (including a community action program approved under title II of the Economic Opportunity Act of 1964) in the area, (2) consistent with comprehensive planning for the development of the community, and (3) so located as to be available for use by a significant portion (or number in the case of large urban places) of the area's low- or moderate-income residents.

(d) For a period of twenty years, no neighborhood facility for which a grant has been made under this section shall, without the approval of the Administrator, be converted to uses other than those proposed by the applicant in its application for a grant under this section. The Administrator shall not approve any conversion in the use of such a neighborhood facility unless he finds that such conversion is in accord with the then applicable program of health, recreational, social or similar community services in the area and consistent with comprehensive planning for the development of the community in which the facility is located. In approving any such conversion, the Administrator may impose such additional conditions and requirements as he deems necessary.

(e) The Administrator shall give priority to applications for projects designed primarily to benefit members of low-income families or otherwise substantially further the objectives of a community action program approved under title II of the Economic Opportunity Act of 1964.

Advance acquisition of land

SEC. 604. (a) In order to encourage and assist in the timely acquisition of land planned to be utilized in connection with the future construction of public works or facilities, the Administrator is authorized to make grants to local public bodies and agencies to assist in financing the acquisition of a fee simple estate or other interest in such land.

(b) The amount of any grant made under the authority of this section shall not exceed the aggregate amount of reasonable interest charges on the loan or other financial obligation incurred to finance the acquisition of such land for a period not exceeding the lesser of five years from the date of issue of such loan or financial obligation or the period of time between the date of issue of such loan or other financial obligation and the date construction is begun on the public work or facility for which the land acquired was planned to be utilized.

(c) No grant shall be made under this section for any project for the acquisition of land unless the Administrator determines that the public work or facility for which such land is to be utilized is planned to be constructed or initiated within a reasonable period of time and that construction of such public work or facility will contribute to economy, efficiency, and the comprehensively planned development of the area.

(d) As a condition to providing assistance under this section, the Administrator may require an applicant to agree to repay such

assistance (and prescribe the terms and conditions of such repayment) if land purchased with such assistance is not utilized (within a reasonable period of time) in connection with the construction of the public work or facility for which such land was acquired, or if such land is diverted to other uses.

General provisions

SEC. 605. (a) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Administrator shall (in addition to any authority otherwise vested in him) have the functions, powers, and duties set forth in section 402, except subsections (a), (c) (2), and (f), of the Housing Act of 1950.

(b) The Administrator is authorized, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended, to make advance or progress payments on account of any grant made pursuant to this title. No part of any grant authorized to be made by the provisions of this title shall be used for the payment of ordinary governmental operating expenses.

Definitions

SEC. 606. As used in this title—

(a) The term "State" means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

(b) The term "local public bodies and agencies" includes public corporate bodies or political subdivisions; public agencies or instrumentalities of one or more States, municipalities or political subdivisions of one or more States (including public agencies and instrumentalities of one or more municipalities or other political subdivision of one or more States); Indian tribes; and boards or commissions established under the laws of any State to finance specific capital improvement projects.

(c) The term "development cost" means costs of the construction of the facility and the land on which it is located, including necessary site improvements to permit its use as a site for the facility.

Labor standards

SEC. 607. All laborers and mechanics employed by contractors or subcontractors on projects assisted under sections 602 and 603 of this title shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act as amended (40 U.S.C. 276a-276a-5). No such project shall be approved without first obtaining adequate assurance that these labor standards will be maintained upon the construction work. The Secretary of Labor shall have, with respect to the labor standards specified in this provision, the authority and functions set forth in Reorganization Plan Number 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948, as amended; 40 U.S.C. 276c).

Appropriations

SEC. 608. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this title. All funds so appropriated shall remain available until expended.

*TITLE VII—SECONDARY MARKET AND SPECIAL ASSISTANCE FUNCTIONS**Increase in FNMA special assistance authority*

SEC. 701. (a) Section 305(c) of the National Housing Act is amended by inserting at the end thereof preceding the period the following: "which limit shall be increased by \$150,000,000 on the date of enactment of the Housing and Urban Development Act of 1965, by \$550,000,000 on July 1, 1966, by \$700,000,000 on July 1, 1967, and by \$725,000,000 on July 1, 1968".

(b) Section 305(f) of such Act is amended

by inserting at the end thereof preceding the period the following: "Provided further, That any portion of the total amount of authority as set forth in the first proviso of this subsection, which on the date of enactment of the Housing and Urban Development Act of 1965 and on each July 1 thereafter would otherwise be available for making purchases and commitments pursuant to this subsection, shall be transferred to and merged with the authority granted by subsection (a) and added to the amount of such authority as set forth in subsection (c); and the total amount of authority as set forth in the first proviso of this subsection shall progressively be reduced by the amount of each such transfer".

FNMA purchase of mortgages held by Federal instrumentalities

SEC. 702. (a) Section 302(b) of the National Housing Act is amended by striking out in clause (2) "Federal".

(b) Section 306(e) of the National Housing Act is amended to read as follows:

"(e) Notwithstanding any of the provisions of this Act or of any other law, the Association is authorized, under the aforesaid separate accountability, to make commitments to purchase and to purchase, service, or sell any mortgages offered to it by any Federal instrumentality, or the head thereof. There shall be excluded from the total amounts set forth in subsection (c) hereof the amounts of any mortgages purchased by the Association pursuant to this subsection."

*TITLE VIII—OPEN-SPACE LAND AND URBAN BEAUTIFICATION AND IMPROVEMENT**Revision of title heading and findings and purpose*

SEC. 801. (a) The heading of title VII of the Housing Act of 1961 is amended to read as follows:

"TITLE VII—OPEN-SPACE LAND AND URBAN BEAUTIFICATION AND IMPROVEMENT"

(b) Section 701 of such Act is amended by redesignating subsection (b) as subsection "(c)" and inserting a new subsection (b) as follows:

"(b) The Congress further finds that there is an urgent need both for the additional provision of parks and other open-space areas in the developed portions of the Nation's urban areas, and for greater and better coordinated local efforts to beautify and improve open-space and other public land throughout urban areas, to facilitate their increased use and enjoyment by our Nation's urban population."

(c) Redesignated section 701(c) of such Act is amended by—

(1) inserting "(1) provide and" before "preserve open-space land", and

(2) inserting the following before the period at the end thereof: "and (2) beautify and improve open-space and other public urban land, in accordance with programs to encourage and coordinate local public and private efforts toward this end".

Increased grant level for preservation of open-space land

SEC. 802. (a) Section 702 (a) of such Act is amended by striking out "20 per centum", and "30 per centum" and inserting in lieu thereof "30 per centum" and "40 per centum", respectively.

Substitution of appropriation authority, without dollar limitation, for grant contract authority

SEC. 803. (a) Section 702(a) of the Housing Act of 1961 is amended by striking out—

(1) "to enter into contracts" in the first sentence, and

(2) all of the third sentence.

(b) Section 702(b) of such Act is amended by striking out the first two sentences and inserting in lieu thereof the following: "There are hereby authorized to be appropriated such amounts as may be necessary to carry out the purposes of this title."

(c) Section 703(a) of such Act is amended by striking out "enter into contracts to".

Grants for provision of open-space land in built-up urban areas

SEC. 804. Title VII of the Housing Act of 1961 is amended by redesignating sections 705 and 706 as "Sec. 708" and "Sec. 709", respectively, and inserting a new section 705 as follows:

"GRANTS FOR PROVISION OF OPEN-SPACE LAND IN BUILT-UP URBAN AREAS"

"SEC. 705. (a) The Administrator is further authorized to make grants to States and local public bodies to help finance the acquisition of title to, or other permanent interests in, developed land in built-up portions of urban areas to be cleared and used as permanent open-space land, as defined herein. The Administrator shall make such grants only where the local governing body determines that adequate open-space land cannot effectively be provided through the use of existing undeveloped or predominantly undeveloped land and the Administrator determines that the proposed acquisition is important to the comprehensively planned development of the locality. Grants under this section shall not exceed 40 percentum of the cost of acquiring such interests and of necessary demolition and removal of improvements.

"(b) Financial assistance extended to any project under this section may include grants for relocation payments, as herein defined. Such grants may be in addition to other financial assistance under this section, and no part of the amount of such relocation payments shall be required to be contributed as a local grant. The term 'relocation payments' means payments by the applicant which are (1) made to an individual, family, business concern, or nonprofit organization displaced by a project on or after -----, (2) not otherwise

(date of introduction) authorized under any Federal law, and (3) made only on such terms and conditions and subject to such limitations (as applicable, but not including the date of displacement) as are provided for relocation payments, at the time such payment is approved, by sections 114 (b) and (c) of the Housing Act of 1949. Relocation payments authorized by this subsection shall be made subject to such rules and regulations as may be prescribed by the Administrator."

Grants for urban beautification and improvement

SEC. 805. (a) Title VII of the Housing Act of 1961 is further amended by inserting a new section 706 as follows:

"GRANTS FOR URBAN BEAUTIFICATION AND IMPROVEMENT"

"SEC. 706. The Administrator is authorized to make grants, as herein provided, to States and local public bodies to assist in carrying out local programs for the greater use and enjoyment of open-space and other public land in urban areas. The Administrator shall establish criteria for such programs to assure that each (1) represents significant and effective efforts, involving all available public and private resources, for the beautification of such land and its improvement for open-space uses, and (2) is important to the comprehensively planned development of the locality. Grants made under this section shall not exceed 40 percent of the amount by which the cost of the activities carried on by an applicant during a fiscal year under an approved program exceeds its usual expenditures for comparable activities: *Provided*, That, notwithstanding any other provision of this section, the Administrator may use not to exceed \$5,000,000 of the funds available for grants under his section to make grants in amounts up to the cost of activities which he determines to have special value in developing and demonstrating new

and improved methods and materials for use in carrying out the purposes of this section."

(b) Section 702(c) of such Act is amended by striking out "development costs or".

Use of funds for studies and publication

SEC. 806. The second sentence of redesignated section 708 of the Housing Act of 1961 is amended to read as follows: "The Administrator is authorized to use during any fiscal year not to exceed \$100,000 of the funds available for grants under this title to undertake such studies and publish such information."

Conforming amendments

SEC. 807. (a) The heading of section 702 of the Housing Act of 1961 is amended to read as follows:

"GRANTS FOR PRESERVATION OF OPEN-SPACE LAND"

(b) Section 702(a) of such Act is amended by striking out "provisions of this title" and "purposes of this title" and inserting in lieu thereof "provisions of this section" and "purposes of this section", respectively.

(c) Section 702(e) of such Act is amended by striking out in the second sentence "served by the open-space land acquired" and inserting in lieu thereof "assisted".

(d) Section 704 of such Act is amended by striking out in the first sentence "for which" and inserting in lieu thereof "for the acquisition of which".

TITLE IX—RURAL HOUSING LOANS FOR PREVIOUSLY OCCUPIED BUILDINGS AND MINIMUM SITE ACQUISITION

SEC. 901 (a) Section 501(a) of the Housing Act of 1949 is amended by—

(1) inserting the following after "their farms" in clause (1): "and to purchase previously occupied buildings and land constituting a minimum adequate site, in order"; and

(2) inserting the following after "rural areas" in clause (2): "for the construction, improvement, alteration, or repair of dwellings, related facilities, and farm buildings and to rural residents for such purposes and for the purchase of previously occupied buildings and the purchase of land constituting a minimum adequate site, in order".

(b) Section 501(c) of such Act is amended by inserting the following after "or a rural resident" in clause (1): "or that he is the owner of other real estate in a rural area".

Interest rate on direct rural housing loans

SEC. 902. Section 502(a) of the Housing Act of 1949 is amended by striking out "with interest at a rate not to exceed 4 per centum per annum on the unpaid balance of principal," and inserting in lieu thereof the following: "with interest for loans under this section pursuant to clauses (1) and (2) of section 501(a) at a rate not to exceed 5 per centum per annum and for loans under this section pursuant to clause (3) of section 501(a) and under sections 503 and 504 at a rate not to exceed 4 per centum per annum. Borrowers with loans made or insured under this title shall pay such fees and other charges as the Secretary may require."

Insured rural housing loans

SEC. 903(a) Title V of the Housing Act of 1949 is amended by adding at the end thereof the following new sections:

"SEC. 517. (a) The Secretary is authorized to insure and make loans to be sold and insured in accordance with the provisions of sections 501, 502, 514, 515, and this section, exclusive of 514(a) (3) and (5) and (b) and 515 (a) and (b) (4), and except that such loans in accordance with sections 501 and 502—

"(1) To persons of low or moderate income as defined by the Secretary shall not exceed amounts necessary to provide adequate housing, modest in size, design, and cost, as determined by the Secretary, and

shall bear interest at a rate not to exceed 5 per centum per annum; and the aggregate of such loans made and insured in any one fiscal year shall not exceed \$300,000,000; and

"(2) To others than persons of low or moderate income shall bear interest and provide for insurance or service charges at rates determined by the Secretary, comparable to the combined rate of interest and premium charges in effect under section 203 of the National Housing Act.

"(b) The Secretary may use the Rural Housing Insurance Fund created by this section for the purpose of making loans to be sold and insured under this section, provided that the aggregate of such loans made and not disposed of at any one time shall not exceed \$100,000,000.

"(c) The Secretary may insure loans advanced by lenders other than the United States, and may sell and insure loans made from or held in the fund by the Secretary, for the payment of principal and interest thereon as the same becomes due. Any contract of insurance executed by the Secretary shall be an obligation supported by the full faith and credit of the United States and incontestable except for fraud or misrepresentation of which the holder has actual knowledge. In connection with loans insured under this section the Secretary may take liens running to the United States notwithstanding the fact that the notes evidencing such loans may be held by lenders other than the United States. Notes evidencing such loans shall be freely assignable but the Secretary shall not be bound by any assignment until notice thereof is given to and acknowledged by the Secretary.

"(d) After 90 days after the original capitalization of the fund created by this section, no loans, other than loans then held or insured by the Secretary pursuant to section 514 or 515(b), shall be made or insured under section 514 or 515(b) except in accordance with this section.

"(e) There is hereby created the Rural Housing Insurance Fund (hereinafter referred to as the 'fund') which shall be used by the Secretary as a revolving fund for carrying out the provisions of this section. There are hereby authorized to be appropriated to the Secretary such sums as may be necessary for the purposes of the fund.

"(f) Money in the fund not needed for current operations shall be invested in direct obligations of the United States or obligations guaranteed by the United States.

"(g) All funds, claims, notes, mortgages, contracts, and property acquired by the Secretary under this section, and all collections and proceeds therefrom, shall constitute assets of the fund; and all liabilities and obligations of such assets shall be liabilities and obligations of the fund. Loans may be held in the fund and collected in accordance with their terms or may be sold by the Secretary with or without agreements for insurance thereof. The Secretary is authorized to make agreements with respect to servicing loans held or insured by him under this section and, when necessary for liquidation or servicing, purchasing such insured loans on such terms and conditions as he may prescribe. Loans may be sold by the Secretary at prices within the range of market prices for the particular classes of loans, as determined by the Secretary from time to time. The aggregate of (1) any amount by which the balance outstanding on loans at the time of sale exceeds the price at which the loans are sold and (2) the amount of any fees and charges paid in connection with any sales shall be reimbursed to the fund by annual appropriations.

"(h) The Secretary is authorized to issue notes to the Secretary of the Treasury to obtain funds necessary for discharging obligations under this section and for authorized expenditures out of the fund, but, except as may be authorized in an appropriate

tion act, not for the original or any additional capital of the fund or to reimburse the fund for losses from any sales of loans at less than par value. Such notes shall be in such form and denominations and have such maturities and be subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Each note shall bear interest at such rate as may be determined by the Secretary of the Treasury, taking into consideration the current average market yields on outstanding marketable obligations of the United States with remaining periods to maturities comparable to the average maturities of the loans held by the Secretary in the fund, adjusted to the nearest one-eighth of 1 per centum, during the month of June preceding the fiscal year in which the loans were made. The Secretary of the Treasury is authorized and directed to purchase any notes of the Secretary issued hereunder, and for that purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which such securities may be issued under such Act, as amended, are extended to include purchases of notes issued by the Secretary. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes shall be treated as public debt transactions of the United States. The notes issued by the Secretary to the Secretary of the Treasury shall constitute obligations of the fund.

"(i) The Secretary may retain out of interest payments by the borrower an annual charge in an amount specified in the insurance or sale agreement applicable to the loan. Of the charges retained by the Secretary, if any, not to exceed 1 per centum per annum of the unpaid balance of the loan shall be deposited in the fund. Any retained charges not deposited in the fund shall be available for administrative expenses, in carrying out the provisions of this title, to be transferred annually and become merged with any appropriation for administrative expenses of the Farmers Home Administration, when and in such amounts as may be authorized in appropriation acts.

"(j) The Secretary may also utilize the fund—

"(1) to pay amounts to which the holder of the note is entitled in accordance with an insurance or sale agreement under this section accruing between the date of any prepayment by the borrower to the Secretary and the date of transmittal of any such prepayments to the holder of the note; and in the discretion of the Secretary, prepayments other than final payments need not be remitted to the holder until due;

"(2) to pay the holder of any note insured under this section any defaulted installment or, upon assignment of the note to the Secretary at the Secretary's request, the entire balance outstanding on the note;

"(3) to pay taxes, insurance, prior liens, expenses necessary to make fiscal adjustments in connection with the application and transmittal of collections, and other expenses and advances to protect the security for loans which are insured under this section or held in the fund, and to acquire such security property at foreclosure sale or otherwise; and

"(4) to pay fees and charges in connection with sales by the Secretary of loans insured under this section."

"SEC. 518. (a) There is hereby created the Rural Housing Direct Loan Account (hereinafter referred to as the 'Account') which shall be used by the Secretary for carrying out the provisions of this section. There are hereby authorized to be appropriated to the

Secretary such sums as may be necessary for the purposes of the account.

"(b) There are hereby transferred to the Account (1) all funds, claims, notes, mortgages, contracts, and property, and all collections and proceeds therefrom, held by the Secretary under the direct loan provisions of this title, including those securing notes issued by the Secretary to the Secretary of the Treasury under section 511 and any unexpended balance of amounts borrowed upon such notes, and (2) all unexpended balances of appropriations for direct loans under this title, including the fund authorized by section 515(a). All amounts hereafter borrowed by the Secretary from the Secretary of the Treasury under section 511 shall be deposited in the Account. All collections and proceeds from assets acquired by the Account shall be deposited in the Account.

"(c) When and in such amounts as may be authorized in appropriation acts, the Secretary may issue notes to the Secretary of the Treasury to obtain funds to be deposited in the Account. The form, denominations, maturities, and other terms and conditions of such notes shall be prescribed by the Secretary with the approval of the Secretary of the Treasury. Each note shall bear interest at such rate as may be determined by the Secretary of the Treasury, taking into consideration the current average market yields on outstanding marketable obligations of the United States with remaining periods to maturities comparable to the average maturities of the loans held by the Secretary in the Account, adjusted to the nearest one-eighth of one percent, during the month of June preceding the fiscal year in which the loans were made. The Secretary of the Treasury is authorized and directed to purchase any notes of the Secretary issued hereunder, and for that purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which such securities may be issued under such Act, as amended, are extended to include the purchase of notes issued by the Secretary. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes shall be treated as public debt transactions of the United States.

"(d) The Account shall remain available to the Secretary for the payment of interest and principal on notes issued by the Secretary to the Secretary of the Treasury under section 511 or this section, and for direct loans and related advances under this title in such amounts as are now authorized by law and in such further amounts as shall be authorized in appropriation acts. Amounts so authorized for such loans and advances shall remain available until expended."

(b) Section 511 of the Housing Act of 1949 is amended by—

(1) in the first sentence (i) inserting "direct" after "making" and (ii) striking out "(other than loans under section 504(b) or 515(a))";

(2) in the second sentence (i) striking out ", of which \$50,000,000 shall be available exclusively for assistance to elderly persons as provided in clause (3) of section 501(a)" and (ii) striking out "September 30, 1965" and inserting in lieu thereof "October 1, 1969"; and

(3) in the fifth sentence striking out "rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the notes or obligations by the Secretary" and inserting in lieu thereof the following: "yields on outstanding marketable obligations of the United States with remaining periods to ma-

turity comparable to the average maturities of the loans held by the Secretary in the Rural Housing Direct Loan Account, adjusted to the nearest one-eighth of one percent, during the month of June preceding the fiscal year in which the loans were made."

FNMA secondary market operations for insured rural housing loans

Sec. 904. (a) Section 320(b) of the Federal National Mortgage Association Charter Act, as amended by section 702(a) of this Act, is further amended by—

(1) inserting after "which are insured under the National Housing Act" and before the comma the following: "or title V of the Housing Act of 1949";

(2) inserting the following after "any mortgage" in clause (2) of the proviso: "except a mortgage insured under title V of the Housing Act of 1949"; and

(3) inserting the following in the last sentence before the period: "or title V of the Housing Act of 1949".

(b) Section 303(b) of such Act is amended by inserting "and other" in the first sentence, after "private".

Extension of rural housing authorizations

Sec. 905. (a) Section 512 of the Housing Act of 1949 is amended by striking out "September 30, 1965" and inserting in lieu thereof "October 1, 1969".

(b) Section 513 of such Act is amended by—

(1) striking out "September 30, 1965" in clause (b) and inserting in lieu thereof "October 1, 1969";

(2) striking out "\$10,000,000" in clause (c) and inserting in lieu thereof "\$50,000,000" and striking out "September 30, 1965" in the same clause and inserting in lieu thereof "October 1, 1969"; and

(3) striking out "September 30, 1965" in clause (d) and inserting in lieu thereof "October 1, 1969".

(c) Section 515(b) of such Act is amended by striking out "September 30, 1965" in clause (5) and inserting in lieu thereof "October 1, 1969".

(d) Section 506(a) of such Act is amended by striking out "sections 501 to 504, inclusive, and sections 514-516", each place it occurs, and inserting in lieu thereof "this title".

Payments of interest to the Treasury on appropriations for rural housing loans

Sec. 906. Title V of the Housing Act of 1949 is amended by adding at the end thereof the following new section:

"SEC. 519. (a) the Secretary shall pay to the Secretary of the Treasury interest at a rate determined under the formulas contained in sections 517(h) and 518(c) on any portion of any future appropriation deposited in the Rural Housing Insurance Fund or the Rural Housing Direct Loan Account for the purpose of making loans as distinguished from appropriations for the purpose of restoring losses or expenditures from said Fund or Account. Said interest shall be payable annually upon any sum so deposited until an amount equal to such sum is paid from the Fund or Account to which it was deposited and returned to miscellaneous receipts of the Treasury.

"(b) Any sums in the Rural Housing Insurance Fund or the Rural Housing Direct Loan Account which the Secretary determines are in excess of amounts needed to meet the obligations and carry out the purposes of said Fund or Account shall be returned to miscellaneous receipts of the Treasury."

TITLE X—MISCELLANEOUS

Increase in authorization for urban planning grants

Sec. 1001. Section 701(b) of the Housing Act of 1954 is amended by striking out "not exceeding \$150,000,000" in the fifth sentence

and inserting in lieu thereof "such amounts as may be necessary".

Increase in authorization for Federal-State training programs

SEC. 1002. (a) Section 802(d) of the Housing Act of 1964 is amended by (1) striking out the phrase "for grants under this part", and (2) striking out the phrase "not to exceed \$10,000,000" and inserting in lieu thereof "such amounts as may be necessary to carry out the purposes of this part".

(b) Section 803 of such Act is amended by (1) striking out the phrase "authorized to be, and (2) striking out the phrase "by section 802(d)" and inserting in lieu thereof "for the purposes of this part".

Increase in authorization for public works planning advances

SEC. 1003. The second sentence of section 702(e) of the Housing Act of 1954 is amended by (1) striking out "Housing Act of 1964" and inserting in lieu thereof "Housing and Urban Development Act of 1965", and (2) striking out ", not to exceed \$20,000,000,".

Advisory committees—Technical provision

SEC. 1004. Section 601 of the Housing Act of 1949 is amended by striking out the second sentence.

Public facility loans to nonprofit corporations

SEC. 1005. Section 202(c) (as redesignated by section 201(c)(1) of this Act) of the Housing Amendments of 1955 is amended by adding at the end thereof the following new sentence: "Notwithstanding any other provision of this title, the Administrator may extend financial assistance, as otherwise authorized by clause (1) of subsection (a) of this section, to private nonprofit corporations to finance the construction of works for the storage, treatment, purification, or distribution of water; sewage, sewage treatment, and sewer facilities needed to serve such smaller municipalities if he determines that no existing public body is able to construct and operate such facilities."

FHA conforming amendments

SEC. 1006. (a) Section 2(f) of the National Housing Act is amended by striking out all that follows the first sentence.

(b) Section 8 of such Act is amended by—
(1) striking out in subsection (g) "Title I Housing Insurance Fund" and inserting in lieu thereof "General Insurance Fund"; and
(2) repealing subsections (h) and (i).

(c) Section 203(k) of such Act is amended by—

(1) striking out in designated clause (3) in the first sentence "a separate section 203 Home Improvement Account to be maintained as hereinafter provided under the Mutual Mortgage Insurance Fund" and inserting in lieu thereof "the General Insurance Fund";

(2) striking out in designated clause (4) in the first sentence "the section 203 Home Improvement Account or in debentures executed in the name of such Account" and inserting in lieu thereof "the General Insurance Fund or in debentures executed in the name of such Fund";

(3) striking out in the third sentence immediately after "refer to this section 203 (k)" the comma and all that precedes the period; and

(4) striking out the fourth and fifth sentences.

(d) Section 204 of such Act is amended by—

(1) striking out in the first sentence of subsection (a) "or section 210";

(2) striking out in the second sentence of subsection (c) after "the mortgagee" all that follows preceding the period and inserting in lieu thereof "from the Mutual Mortgage Insurance Fund";

(3) striking out in the first sentence of subsection (d) after "shall be negotiable" the

first place it appears all that follows preceding the period;

(4) striking out in subsection (d) "the Fund" each place it appears and inserting in lieu thereof "the Mutual Mortgage Insurance Fund";

(5) striking out in the fifth sentence of subsection (d) "or the Housing Fund, as the case may be,";

(6) striking out in the sixth sentence of subsection (d) "or the Housing Fund"; and

(7) striking out in subsection (f)(1)(i) after "section 203" all that follows preceding the colon.

(e) Section 207 of such Act is amended by—

(1) striking out in the first sentence of subsection (d) "and section 210";

(2) striking out in the first sentence of subsection (d) "of the Housing Insurance Fund issued by the Commissioner under this title" and inserting in lieu thereof the following: "issued by the Commissioner under any title and section of this Act, except debentures of the Mutual Mortgage Insurance Fund";

(3) repealing subsections (f), (m) and (p); and

(4) striking out "the Housing Insurance Fund" and "the Housing Fund" each place they appear in subsections (b), (h), (i), (j), (k) and (l) and inserting in lieu thereof "the General Insurance Fund".

(f) Section 209 of such Act is amended by striking out in the second sentence "or account or accounts,".

(g) Section 213 of such Act is amended by—

(1) striking out in subsection (a)(3) "the Housing Fund" and inserting in lieu thereof "the General Insurance Fund"; and

(2) striking out "(l), (m), (n), and (p)" in subsection (e) and inserting in lieu thereof "(l), and (n)".

(h) Section 220 of such Act is amended by—

(1) striking out "the Section 220 Housing Insurance Fund" each place it appears in subsections (d)(2) and (f) and inserting in lieu thereof "the General Insurance Fund";

(2) inserting "and" immediately before clause (B) in subsection (f)(3), striking out the comma at the end of clause (B) and all that follows preceding the period;

(3) repealing subsections (g) and (h)(4); and

(4) striking out "the Section 220 Home Improvement Account" each place it appears in subsections (h)(5) and (h)(7) and inserting in lieu thereof "the General Insurance Fund".

(i) Section 221 of such Act is amended by—

(1) striking out in subsections (d)(4), (f), (g)(1) and (g)(3) "the Section 221 Housing Insurance Fund" each place it appears and inserting in lieu thereof "the General Insurance Fund";

(2) striking out in subsection (g)(2) after "mortgages insured under this section" the comma and all that precedes the semicolon;

(3) inserting "and" immediately before clause (B) in subsection (g)(3), striking out the comma at the end of clause (B) and all that follows preceding the period; and

(4) repealing subsection (h).

(j) Section 222 of such Act is amended by—

(1) striking out in subsection (e) "Service-men's Mortgage Insurance Fund" and inserting in lieu thereof "General Insurance Fund"; and

(2) repealing subsection (f).

(k) Section 229 of such Act is amended by striking out in the first sentence "and Accounts".

(l) Section 231 of such Act is amended by—

(1) striking out in subsection (c)(4) "the Section 207 Housing Insurance Fund" and inserting in lieu thereof "the General Insurance Fund"; and

(2) striking out "(f), (g), (h), (i), (j), (k), (l), (m), (n), and (p)" in subsection (e) and inserting in lieu thereof "(g), (h), (i), (j), (k), (l), and (n)".

(m) Section 232 of such Act is amended by—

(1) striking out in subsection (d)(1) "the Section 207 Housing Insurance Fund" and inserting in lieu thereof "the General Insurance Fund"; and

(2) striking out "(f), (g), (h), (i), (j), (k), (l), (m), (n), and (p)" in subsection (f) and inserting in lieu thereof "(g), (h), (i), (j), (k), (l), and (n)".

(n) Section 233 of such Act is amended by—

(1) striking out "the Experimental Housing Insurance Fund" in designated clause (1) in the third sentence of subsection (f) and inserting in lieu thereof "the General Insurance Fund";

(2) inserting "and" immediately before designated clause (2) in the third sentence of subsection (f), striking out the comma at the end of designated clause (2) and all that follows preceding the period; and

(3) repealing subsection (g).

(o) Section 234 of such Act is amended by—

(1) striking out in subsections (d)(2) and (g) "the Apartment Unit Insurance Fund" and inserting in lieu thereof "the General Insurance Fund";

(2) amending subsection (h) to read as follows: "(h) The provisions of subsections (d), (e), (g), (h), (i), (j), (k), (l), and (n) of section 207 shall be applicable to mortgages insured under subsection (d) of this section."; and

(3) repealing subsection (l), and redesignating subsection (j) as (l).

(p) Section 604 of such Act is amended by striking out "the War Housing Insurance Fund" each place it appears in subsections (c), (d), and (f)(1)(i) and inserting in lieu thereof "the General Insurance Fund".

(q) Section 608 of such Act is amended by—

(1) striking out "the War Housing Insurance Fund" each place it appears in subsections (b)(1) and (d) and inserting in lieu thereof "the General Insurance Fund"; and

(2) amending subsection (f) to read as follows:

"(f) The provisions of section 207(k) of this Act shall be applicable to mortgages insured under this section, except that as applied to such mortgages, the reference therein to subsection (g) shall be construed to refer to subsection (c) of this section."

(r) Section 609 of such Act is amended by striking out designated clause (1) in subsection (f) and renumbering designated clauses (2), (3) and (4) as (1), (2) and (3), respectively.

(s) Section 707 of such Act is amended by striking out "the Housing Investment Insurance Fund" and inserting in lieu thereof "the General Insurance Fund".

(t) Section 708 of such Act is amended by striking out in subsections (c), (e), (g) and (h) "the Housing Investment Insurance Fund" each place it appears and inserting in lieu thereof "the General Insurance Fund".

(u) Section 803 of such Act is amended by—

(1) striking out in subsections (b)(1), (b)(2), (e), (f) and (g) "the Armed Services Housing Mortgage Insurance Fund" each place it appears and inserting in lieu thereof "the General Insurance Fund"; and

(2) amending subsection (h) to read as follows:

(h) The provisions in section 207(k) and section 207(l) of this Act shall be applicable to mortgages insured under this title and to property acquired by the Commissioner hereunder, except that as applied to such mortgages and property, the reference in section 207(k) to subsection (g) shall be

construed to refer to subsection (d) of this section."

(v) Section 809 of such Act is amended by striking out in subsections (b), (e) and (g) "the Armed Services Housing Mortgage Insurance Fund" each place it appears and inserting in lieu thereof "the General Insurance Fund".

(w) Section 810 of such Act is amended by—

(1) striking out "the Armed Services Housing Mortgage Insurance Fund" in subsection (e) and inserting in lieu thereof "General Insurance Fund";

(2) striking out "(l), (m), (n), and (p)" in subsection (j) and inserting in lieu thereof "(l), and (n)"; and

(3) striking out the proviso in subsection (j) and inserting in lieu thereof the following: "Provided, That wherever the words Fund or Mutual Mortgage Insurance Fund appear in section 204, such reference shall refer to the General Insurance Fund with respect to mortgages insured under this section."

(x) Section 903 of such Act is amended by striking out in subsection (a) "the National Defense Housing Insurance Fund" each place it appears and inserting in lieu thereof "the General Insurance Fund".

(y) Section 904 of such Act is amended by—

(1) striking out in subsections (c) and (d) "the National Defense Housing Insurance Fund" each place it appears and inserting in lieu thereof "the General Insurance Fund"; and

(2) striking out in subsection (e) after "of this Act" all that follows preceding the period.

(z) Section 908 of such Act is amended by—

(1) striking out in subsection (b) (1) "the National Defense Housing Insurance Fund" and inserting in lieu thereof "the General Insurance Fund";

(2) striking out in subsection (d) after "of this Act" the comma and all that follows preceding the period; and

(3) amending subsection (f) to read as follows:

"(f) The provisions of section 207(k) and section 207(l) of this Act shall be applicable to mortgages insured under this section and to property acquired by the Commissioner hereunder, except that as applied to such mortgages and property, the reference therein to subsection (g) shall be construed to refer to subsection (c) of this section."

(aa) Sections 219, 602, 605, 710, 802, 804, 902, and 905 of such Act are hereby repealed. *Repeal of special provision in Urban Mass Transportation Act*

SEC. 1007. Section 9 of the Urban Mass Transportation Act of 1964 is amended by striking out subsection (c) and redesignating subsections (d), (e), and (f) as subsections "(c)", "(d)", and "(e)", respectively.

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SECTION-BY-SECTION ANALYSIS OF HOUSING AND URBAN DEVELOPMENT ACT OF 1965

Section 1. Short title: The bill would be cited as the "Housing and Urban Development Act of 1965."

TITLE I—SPECIAL PROVISIONS FOR DISADVANTAGED PERSONS

Section 101. Financial assistance to enable certain private housing to be available for lower income families who are elderly, handicapped, displaced, or occupants of substandard housing: This section would authorize the Housing and Home Finance Administrator to undertake a program of rent supplements to serve people who are in need of standard housing and are in the lower income range above the level prevailing for admission to low-rent public housing and below that necessary to obtain standard private housing, including moderate-income housing financed with FHA-aided market-interest rate mortgages insured under section 221(d) (3) of the National Housing Act. Under the proposed program, rent supplements would be available with respect to housing to be built with the assistance of FHA-insured section 221(d) (3) market-interest rate mortgages and owned by private nonprofit corporations, limited dividend corporations, or cooperatives. Lower housing costs would be achieved for eligible occupants by rent supplement payments owner made directly to the project owner. Such payments for an occupant would be in an amount sufficient to reduce the rent to the level that the occupant could afford. If the income of the occupant (other than the elderly) later increased, the amount of the rent supplement payments would be reduced until the occupant could afford to pay the full rent, at which time the payments for that occupant would cease.

In addition to the income range requirement, eligibility for the rent supplementation aid would be restricted (1) to the elderly and the physically handicapped, (2) to those displaced by urban renewal and other public improvement programs, including code enforcement and (3) to those living in substandard housing. In serving these persons the program will also increase the supply of moderate-income private housing. The rent supplement payments that could be contracted for with respect to any project assisted under this section would be limited to a term of 40 years. The aggregate amount of such payments contracted for could not exceed amounts approved in appropriation acts nor \$50 million per annum, but this limitation would be increased by \$50 million on July 1 of each of the years 1966, 1967, and 1968.

The amount of rent to be paid by an occupant would be 20 percent of income, except where the occupant obtains a lease with option to purchase either sales-type housing or a unit in a cooperative, in which case the rent or charges to be paid would be 25 percent of income. Sales-type housing could be provided in a rental project where units, such as row or detached houses, are rented initially but are designed so that they could later be transferred to individual ownership. Tenants selected for participation in lease-purchase arrangements would

be only those with a potential for increased incomes for homeownership. When the income of an occupant has increased to the point that 25 percent of income would enable the occupant to assume ownership, this would be done generally with the aid of an FHA-insured section 221 home mortgage or, in the case of a cooperative dwelling, by changing his status from tenant of the cooperative to cooperating member.

Income ceilings and floors would be established for each area. In each area, the rent supplement payments could not exceed the public housing contractual subsidy amount for a comparable unit in the same or a comparable area. The income floor in any area would be the maximum income limit for admission of low-income families generally to public housing in that area.

The organizations owning the private projects assisted under the program would select the occupants, subject only to certain facts relating to eligibility as determined by the Housing Administrator or his delegatee. Prospective occupants would be referred by the housing owner to appropriate offices or agencies for the purpose of obtaining the Housing Administrator's certification as to facts concerning eligibility. More specifically, the certification would relate to the tenant's age or physical handicap where this is the basis for eligibility, or displacement, or occupancy of substandard housing. Certifications would also relate to incomes at initial occupancy and every 2 years thereafter, or more frequently if the Housing Administrator deems it desirable, except that recertifications after initial occupancy would not be required in the case of the elderly.

The amount of rent supplements to be paid to the project owner with respect to any occupant would be the difference between 20 percent of income (or 25 percent in the case of leases with option to purchase) and the full rent that is required under the market-interest rate FHA-insured mortgage financing. A given proportion of the units could be available for tenants or cooperative housing applicants who would not require any rent supplements, and the balance of the units would be available for tenants or cooperative housing applicants who would need rent supplements. Payment of the rent supplements would be delegated by the Administrator to the FHA.

A workable program will be required with respect to housing assisted under this section in any community where Federal assistance is being provided for code enforcement, urban renewal, or public housing, and with respect to such housing in any community for which a workable program was required and in effect at the time Federal assistance was provided for code enforcement, urban renewal, or public housing.

Administrative limitations on the per-unit mortgage amount would be applied in all areas. The per-unit mortgage limit for an area would be the same as is now used in the FHA-insured below-market interest rate program under section 221(d)(3). Under the latter program, the per-unit mortgage limit is that mortgage amount for a unit which would require a rent equal to 20 percent of the maximum income limit established for that area.

The rent supplement payments to be made under this program would help provide housing for people who are in need of standard housing and are in the income gap referred to above. In this income range are many of the 60,000 to 70,000 families displaced each year by public improvement actions and the approximately 10,000 a year whose incomes become too high for continued occupancy in public housing. Increasing code enforcement will increase public action displacements. Altogether, there are about 1.6

million elderly households (families or individuals) in this income gap, as well as about 1.8 million nonelderly nonfarm families living in substandard units.

The flexibility provided in rent supplement payments would enable people of various incomes to become occupants of the units to be provided without requiring an excessively high proportion of their income to be paid for rent. Moreover, after initial occupancy, the rent supplement payments would be adjusted at least every 2 years (except as to elderly) and paid only as needed and in the amounts needed.

The rent supplementation program would to a very great extent utilize private participation. The projects would be owned by private, nonprofit, limited dividend, or cooperative groups; constructed by private builders; and financed by private lenders with FHA-insured market interest rate mortgages.

Section 102. Extension of FHA section 221 programs: This section would continue for 4 years (from September 30, 1965, to October 1, 1969) the authority of FHA to insure mortgages under its section 221 programs of housing for lower income families. This includes extension of the "(d)(3) below market" rental housing and the "(d)(2)" low down-payment sales housing programs.

Section 103. Rehabilitation grants to homeowners in urban renewal areas: This section would authorize the limited use of urban renewal capital grant funds for rehabilitation grants to certain homeowners in urban renewal areas. These grants would be used only in hardship cases where no other means of financing is available to avoid displacement of the homeowners. These would be the few but important cases involving elderly and others where low interest rate loans (under section 312 of the Housing Act of 1964) are not feasible for the purpose of financing rehabilitation necessary to make the home conform to public standards for decent, safe, and sanitary housing established by applicable codes or the urban renewal plan for the area.

In the case of an individual or family whose annual income is not more than \$2,000, the amount of a grant could not exceed the lesser of (1) the actual and approved cost of the repairs and improvements, or (2) \$1,000, or (3) that portion of the cost of such repairs and improvements that could not be paid for with any available loan which could be amortized, along with such individual's or family's other monthly housing expense, without requiring their monthly housing expense to exceed 25 percent of monthly income.

In other words, in the case of an individual or family whose income exceeds \$2,000 a year, no grant could be made for that portion of the actual and approved cost of required repairs and improvements which could be paid for with a loan which could be amortized, along with that individual's or family's other monthly housing expense, with 25 percent of its monthly income. This limitation would require most individuals and families with incomes over \$2,000 to finance the cost of such repairs and improvements with loans. In some cases, these loans can be obtained through private financing. For those unable to obtain private financing on reasonable terms, direct 3 percent interest rate loans will be made available under the provisions of section 312 referred to above.

Repairs and improvements for which grants authorized by this section could be made available include the repair or replacement of plumbing facilities, such as piped hot and cold running water, hot-water heaters, flush toilets, or bathtubs, and such basic rehabilitation work as is necessary to bring the dwelling unit up to the standards for

decent, safe, and sanitary housing established by the local housing code or the urban renewal plan.

Successful execution of an urban renewal rehabilitation project requires, in addition to upgrading property in the project area, that displacement be minimized. Even with a 3-percent rehabilitation loan, many homeowners in urban renewal areas, especially elderly homeowners, cannot afford to make the necessary repairs and improvements to their properties.

At present, if such homeowners cannot bring their property up to the required standards, the property must be acquired and either be rehabilitated or torn down by the local public agency. It is clear that the grants authorized by this section would make it possible to carry out urban renewal projects with the acquisition of fewer properties (and consequently less displacement of families) than otherwise would be possible.

The grants authorized by this section for low-income individuals and families in urban renewal areas will assist in upgrading properties, as well as help to minimize displacement and its consequent problems. Aside from the social costs involved in displacing homeowners who cannot afford to repair and improve their property to required standards, there is the dollar cost involved in providing to these displaced homeowners the relocation payments authorized by the urban renewal law.

The cost of providing the rehabilitation grants authorized by this section would not exceed \$2 to \$3 million annually.

Section 104. Parity of treatment for the handicapped and elderly in public housing: This section would establish parity of treatment between the handicapped and elderly and thereby facilitate the provision of housing for handicapped families by making applicable to the handicapped certain existing provisions that are now available for housing for the elderly. It would increase by \$1,000 (\$500 in the case of Alaska) the maximum room cost limits applicable to public housing designed specifically for the handicapped; would authorize a special contribution of up to \$120 per unit per year to dwelling units occupied by the handicapped; and would exempt the handicapped from the requirement that there be a 20-percent gap between the upper rental limits for admission to a proposed low-rent housing project and the lowest rents at which private enterprise is providing a substantial supply of standard housing.

The Housing Act of 1964 contained a number of provisions designed to facilitate the provision of housing for the handicapped, including a provision which made handicapped individuals eligible for admission to low-rent housing. However, while that act in general established parity of treatment between the handicapped and the elderly under relevant Federal housing programs, it did not fully extend this principle to the low-rent public housing program. Most significantly, the increased room cost limits applicable to housing designed specifically for the elderly and the special \$120 contribution for the elderly were not extended to the handicapped. The handicapped family's need for specially designed housing and the very low incomes of many of these families, clearly justifies the extension of these benefits.

Estimates based on a national survey conducted by the Public Health Service from mid-1957 to mid-1961, showed that 5,306,000 persons age 15 to 62 were reported to have chronic conditions which limited them in the amount and kind of major activity, such as employment or housework, which they could undertake. An additional 1,204,000 persons in this age category were further

restricted since they were unable to carry on a major activity.

The Public Health Service data also showed the family incomes applicable to the persons reported on. Relating this family income data to the \$3,100 median income limit for admission to PHA-assisted low-rent housing in 1960 for an average-size family of 3 to 4 persons, it is estimated that 40 percent of the 5,306,000 families containing a person with chronic conditions limiting the amount and kind of major activity would be eligible for admission to low-rent housing. Twenty-six percent of these 5,306,000 families had incomes of less than \$2,000. For the 1,204,000 families in which there was a person who was not just limited in capacity but who was unable to carry on a major activity about 55 percent would be eligible for low-rent housing and 40 percent had incomes of less than \$2,000.

It will be noted, however, that many of these persons who are less than age 62 would qualify as "elderly" under the present provisions of the Housing Act of 1937, if their condition were such as to constitute a disability as defined in section 223 of the Social Security Act. This section of the bill would extend the same status and benefits to the others whose condition would render them "handicapped" within the meaning of section 202 of the Housing Act of 1959, even though their condition does not constitute a disability as defined in section 223 of the Social Security Act.

Section 105. Relocation payments under Mass Transportation Act: This section would amend the relocation payment provisions of the Urban Mass Transportation Act of 1964 to make the payments to individuals, families, business concerns, and nonprofit organizations displaced by federally aided urban mass transportation projects after the date the bill is introduced the same as those provided under the urban renewal and low-rent public housing programs.

Under these provisions, payments to families and individuals could not exceed \$200 for moving costs and property loss. In addition, families and elderly individuals displaced on and after the date of introduction of the bill could receive a relocation adjustment payment of up to \$500 to assist them in relocating in standard accommodations.

For businesses, the payment could not exceed \$3,000 for moving expenses and loss of property, except that where actual moving expenses are greater than \$3,000 the maximum relocation payment to a business concern could not exceed the total of the actual moving expenses. By regulation this would be limited to \$25,000 or actual expenses, whichever is less. Independent businesses displaced after the date of introduction of the bill which have average annual net earnings of less than \$10,000 could receive additional readjustment payments of \$1,500.

Under the present provisions of the mass transportation law the relocation payments may not exceed \$200 in the case of an individual or family, or \$3,000 (or, if greater, the total certified actual moving expenses) in the case of a business concern or nonprofit organization. By regulation, payments are limited to \$25,000 or actual moving expenses, whichever is less.

TITLE II—FHA INSURANCE OPERATIONS

Section 201. Land development: This section would authorize Federal assistance to land development.

FHA mortgage insurance for land development: Subsection (a) would add a new title X to the National Housing Act which would authorize FHA mortgage insurance to assist in financing the cost of land development for residential and related uses. The activities financed under the title would include the acquisition of land and its improvement with water and sewer facilities, roads, streets, sidewalks, storm drainage facilities, other

site improvement work, including certain community buildings approved by the Federal Housing Commissioner. These activities involve substantial capital requirements which the mortgage insurance would assist in meeting. The land made available for further development could vary in size and type from land suitable for a small, but well-planned neighborhood or to a suburban subdivision or an even more extensive new development, such as a new town.

During the next 10 years, new homes will be required for 15 to 20 million families. The new title X would help assure that sites are available for these homes at more economical prices and in communities which avoid the wasteful sprawl and disorganization of much recent urban development. Through adequate planning, home buyers can receive the benefit of good design and the conveniences and economies of adequate facilities for the community. This is true for well-planned small tracts and for more extensive developments.

In addition, in the case of extensive new development, there could be additional savings resulting from the ability to select land in areas now largely undeveloped and yet provide all needed facilities. The extensive new development can also more easily provide nearby industrial, commercial, civic, and recreational facilities, thereby minimizing transportation costs and efforts and, may also provide a full range of housing both as to incomes served and as to design.

The homebuilding and mortgage lending industries have shown sharply increasing interest in such extensive developments, and quite a few have been started throughout the Nation. The availability of FHA mortgage insurance would permit smaller land developers, and smaller local homebuilders and mortgage lenders to participate in this desirable trend on a cooperative basis, since at the present time the large capital requirements involved tend to limit the possibilities of participation to very large participants. The extension of the long tested device of FHA mortgage insurance for housing and related purposes to the land development stage would in effect bring FHA's services to private enterprise up to date in the light of contemporary trends in the homebuilding and mortgage lending industries.

Section-by-section summary of the proposed new title X of the National Housing Act

Section 1001. Purpose: The purpose of the title is: "to provide appropriate credit assistance in order that private enterprise may better serve the needs of a rapidly expanding urban population by means of additional well planned and adequately improved sites for the development of desirable residential neighborhoods, subdivisions, and sound communities."

Section 1002. Definitions: This section contains definitions of terms used in the title, including a definition that indicates the nature of eligible site improvements. The only buildings that would be eligible as site improvements are those needed for water supply or sewage disposal installations or such other buildings (except schools) to be jointly owned and maintained by the property owners as the Commissioner considers appropriate.

Sections 1002-1008. Basic conditions for insurance and land planning:

(a) Authority to issue mortgage insurance commitments under the title would expire on October 1, 1969.

(b) The insured mortgage loan could not exceed the lesser of (1) 75 percent of the Federal Housing Commissioner's estimate of the value of the property as of the completion of land development or (2) the sum of 50 percent of his estimate of the value of the land before development and 90 percent of his estimate of the cost of the site improvements. The insured mortgage amount outstanding could not exceed \$25 million.

(c) The improvements and the development plan would be required to comply with all applicable State and local governmental requirements and with FHA's standards. The land development schedule would in all cases contemplate development within the shortest reasonable period consistent with sound development, and the development plan for the site would be required to be consistent with a comprehensive plan which covers, or with comprehensive planning being carried on for, the area in which the land is situated.

The comprehensive plans or planning would in all cases meet criteria established by the Housing and Home Finance Administrator, and would encompass activities such as those referred to in section 701(d) of the Housing Act of 1954. The applicable criteria would differ for different types of planned developments, for example—a suburban subdivision immediately adjacent to the developed outskirts of a city or an extensive new development with large residential, commercial and industrial areas to be situated in the countryside between two large cities. In the first case, the plan would need to demonstrate the adequacy of the community environment to provide an appropriate setting for the new subdivision, and that land uses and public facilities would be consistent with comprehensive planning for the entire urban area. In the second case, the criteria would contemplate a comprehensive plan for a larger urban area to demonstrate the interacting relationship between the new development and other communities in the urban area (including the two large cities), major employment centers, major open spaces and intercity transportation facilities.

In all cases the criteria to be established by the Administrator will have as their purpose reasonable assurance that the process of comprehensive planning for the area where the land is situated includes, as an integral part of that process, provisions for making the planning effective so that the proposed development assisted by the mortgage insurance will in actual fact be compatible with the present and projected development of the wider area where the land is situated.

In the case of a site proposed to be prepared for an extensive new development, the Administrator would review the site development plan (including the adequacy of housing to be provided for those employed within the planned development) for consistency with the overall comprehensive plan or planning for the area. However, in all ordinary cases this review would be the responsibility of the Federal Housing Commissioner.

All land development plans would be required to be acceptable to the Commissioner as providing reasonable assurance that the land development will contribute to the establishment or growth of a well-planned neighborhood, subdivision, or community which (i) will have a sound economic base and a long economic life, (ii) will be characterized by sound land use patterns, and (iii) will include or be served by such shopping, school, recreational, transportation and other facilities as the Commissioner deems adequate or necessary.

Section 1009. Priorities: The Commissioner would, in administering the program, encourage the maintenance of a diversified local home building industry and the inclusion in land development plans of a proper balance of housing for families of moderate or low income and he may give a priority among land development undertakings assisted under the title to those undertakings that will, through open marketing of the developed land or other means, encourage broad participation by builders and that will serve families having a broad range of incomes.

Section 1010. Water and sewerage facilities: The land after development would normally be expected to be served by public systems of water supply and sewerage. These would be consistent with other existing or

prospective systems within the area. If the Commissioner finds that a public system is not feasible he may, under such assurances as he may require with respect to eventual public ownership and operation, approve an adequate privately or cooperatively owned system. Such a system would be required to be regulated in a manner acceptable to the Commissioner to protect the interest of consumers as to user rates and charges and methods of operation and also as to terms of any sale or transfer of the systems.

Sections 1011-1015. Miscellaneous: These sections relate to the subordination of mortgage liens, the assessment of reasonable premiums and fees, the payment of mortgage insurance benefits, insurance contract incontestability, and the issuance of FHA rules and regulations.

Section 1016. Taxation: This section provides that real property acquired and held by the Commissioner under this title shall not be exempt from State or local real estate taxation.

Section 1017. Cost certification: This section contains a requirement for certification by the mortgagor of actual development costs to be made from time to time to assure that the outstanding balances of loans insured under the title during the course of land development will be appropriately limited to reflect both the actual costs of development and the release of improved parcels from the lien of the mortgage.

Conforming amendments

Amendments to other provisions of law appropriate for conformity with the proposed new title X are made by subsection (b) of this section.

Paragraph (1) of subsection (b) would amend the labor standards provisions of the National Housing Act to make them applicable to work performed by laborers and mechanics employed in land development receiving financial assistance under the proposed new title X program.

Paragraph (2)(A) would amend the Federal National Mortgage Association Charter Act "Special Assistance" provisions to make inapplicable, in the case of title X mortgages on extensive new developments, the present statutory dollar ceilings that are based on mortgage amounts per family residence or per dwelling unit.

Paragraph (2)(B) would amend the definition of "mortgages" in the FNMA Charter Act to make it clear that the "home mortgages" referred to in the statement of purposes and elsewhere in that act include the proposed new land development mortgages as well as all other mortgages insured under the National Housing Act.

Paragraph (3) would amend the Federal Reserve Act to permit national banking associations to make loans secured by title X mortgages.

Paragraph (4) would amend the Home Owners' Loan Act of 1933 to permit Federal savings and loan associations to invest in title X insured mortgage loans to the extent permitted under Federal Home Loan Bank Board regulations.

Paragraph (5) would include among the eligible categories of planning grants under section 701 of the Housing Act of 1954, grants for planning for areas in which there is to be established an extensive new development on land improved or to be improved with assistance under the proposed new title X or on land acquired or to be acquired with assistance under section 202(b)(1) of the Housing Amendments of 1955.

Paragraph (6) would make the existing population limits in the public facility loans program authorized by section 202 of the Housing Amendments of 1955 inapplicable to financial assistance extended to municipalities or other political subdivisions in connection with an extensive new development on land improved or to be improved

with assistance under the proposed new title X, or on land acquired or to be acquired by State land development agencies with assistance under section 202(b)(1) of the Housing Amendments of 1955.

State land development agencies

Subsection (c) of this section would authorize the Housing and Home Finance Administrator to make loans to land development agencies (created or designated by or pursuant to State legislation) to finance the acquisition of land to be utilized in connection with development of well-planned residential neighborhoods, subdivisions, and communities. The land so acquired would be sold to private builders, and possibly after installation of basic public facilities, for the construction of well-planned developments. These may be residential neighborhoods, housing subdivisions or more extensive new developments.

The loans would be limited to an amount not exceeding the total cost as approved by the Administrator, of the acquisition of a fee simple or other interest in the land, including capitalization of interest for the term of the loan, and related expenses. The loans would be required to be reasonably secured and would be repayable within a period not exceeding 15 years at an interest rate of not more than the average annual interest rate on all interest-bearing obligations of the United States forming a part of the public debt, adjusted to the nearest one-eighth of 1 percent, plus one-half of 1 percent. For the current fiscal year this formula produces an interest rate of 4 percent.

Loans for land acquisition could not be made unless the Administrator determines that (1) private financing is not otherwise available on reasonable terms, (2) the development of a well-planned residential neighborhood, housing subdivision, or community on the land would be consistent with a comprehensive plan or with comprehensive planning, meeting criteria established by the Administrator, for the area in which the land is located, and (3) a preliminary development plan for the use of the land meets criteria which he has established.

The subsection further provides that the land acquired with Federal financial assistance under this subsection must be developed in accordance with a development plan approved by the Administrator. Sales of the land to private persons may not be for less than its fair value for uses in accord with the approved development plan. A development plan, wherever feasible in the light of current conditions, would be required to encourage the provision of sites providing a proper balance of types of housing to serve families having a broad range of incomes.

This program is designed to assist the State governments that wish to establish land development agencies in order to take advantage of the State government's unique powers to promote the planned development of future urban growth. As a governmental body with an area of jurisdiction beyond the confines of the geographical boundaries of a city, county, or special district, these State land development agencies could become focal points in the process of planning for attractive and efficient land development. Through these public land development agencies State governments, which are responsible for the well-being of all of its citizens, would become instrumental in fostering comprehensive planning of new areas expected to be populated within the foreseeable future.

State governments are already concerned with economic planning with respect to promoting industrial development and seeking to induce business concerns to locate (or relocate) their industrial plants within their States. Many State governments are also engaged in some form of "systems" planning in

connection with determining the location of, and standards for, water and sewer facilities, location of State highways and the planning of other public works.

Once the public land development agencies are established, and after some experience with Federal loans indicates that this type of State activity is both practical and successful, private investor interest in the obligations issued by the State land development agencies can be expected. Such private funds are expected to be obtainable at interest rates below 4 percent.

Loans authorized by this subsection would be made from the revolving fund established by title II of the Housing Amendments of 1955 to finance the Public Facility Loan Program. No additional authorization is necessary. It is estimated that during the first full year of operations the amount of Federal funds committed for loans authorized by this subsection will not exceed \$25 million.

Section 202. Extension of insurance authorizations: This section would continue for 4 years (from the present termination date of October 1, 1965, to October 1, 1969), the authority of FHA to (1) insure property improvement loans under its title I program, (2) insure housing loans and mortgages under all of its programs except those with independent termination dates, and (3) insure mortgages providing housing under its sections 809 and 810 programs for the military, NASA, and AEC. The section 221 program of mortgage insurance for housing for low- and moderate-income families would be continued for 4 years by another section in title I of the bill.

Section 203. Multifamily mortgage limits for four or more bedroom units: This section would permit an increased dollar limitation on the amount of a mortgage financing multifamily housing with dwelling units consisting of four or more bedrooms (except where the mortgage is insured under the section 810 program for the military). For example, under the regular rental housing program (section 207), the mortgage limit would be \$21,000 per dwelling unit (an increase of \$2,500) in the case of a family unit with four or more bedrooms. No change would be made in the existing limits for dwelling units containing no bedrooms, or one, two, or three bedrooms.

Prior to the Housing Act of 1964, the FHA was able to recognize additional rooms almost without limit as to number in the statutory per room multifamily mortgage limits. While the former per room limits too often led to superfluous additional rooms to the detriment of design, they did permit the recognition of the cost of additional bedrooms. The FHA has found, in working with the new family unit limitations added by the 1964 Housing Act, that they do not contain adequate provisions for financing projects with large units having four or more bedrooms. For this reason, an additional dollar limitation is being proposed for four or more bedroom units. This additional dollar limitation would enable the FHA to reflect properly the added cost of large units in the maximum mortgage amount and encourage production of accommodations for larger families where needed.

Section 204. Rehabilitation in urban renewal areas: The principal purpose of this section is to encourage more rehabilitation of housing for rent in urban renewal areas by removing an obstacle which unduly restricts the use of the FHA section 220 urban renewal housing program as it applies to nonoccupant owners of 1- to 11-family structures. Under the amendments of section 220 of the National Housing Act provided by this section a nonoccupant mortgagor who intends to hold 1- to 11-family housing for rent would be entitled to a larger loan amount which would be more in line with that now permitted where the housing con-

sists of larger multifamily structures. The amendments would liberalize and make section 220 more workable for financing the construction, purchase, or rehabilitation of housing in urban renewal areas.

Section 220 would be amended (1) to increase the maximum amount of a mortgage which can be insured where the mortgagor is not an occupant of the property and intends to hold it for rent, and (2) where refinancing is involved, to permit existing indebtedness for improvement of the property to be included in the computation of the amount of a mortgage whether or not the indebtedness is secured by a mortgage against the property. Under existing law only indebtedness secured by the property may be included in the insured mortgage.

Under the proposed amendment, a non-occupant mortgagor could obtain an insured loan for rehabilitation, purchase, or construction of a 1- to 11-family property for rent in an amount which is 93 percent (now 85 percent) of the amount that an owner-occupant of the property could receive. Under existing law, an owner-occupant may obtain a rehabilitation loan which does not exceed (1) 97 percent of \$15,000 of the estimated value before rehabilitation, plus 90 percent of estimated value above \$15,000 but not above \$20,000, plus 75 percent of value above \$20,000, or (2) the estimated cost of rehabilitation plus cost of refinancing. For new construction the loan can be up to 97 percent of \$15,000 or estimated replacement cost, plus 90 percent of cost above \$15,000 but not above \$20,000, plus 75 percent of the cost above \$20,000.

Since under this section a nonoccupant mortgagor could obtain 93 percent of the amount that could be obtained under either of these formulas, the amount he would obtain would in effect be approximately 90 percent of the value or replacement cost of the property, depending upon the formula applicable. In no case involving refinancing of housing to be rented could the mortgage amount exceed the estimated rehabilitation cost plus refinancing.

Under the present law, a nonoccupant mortgagor of rental housing may obtain a mortgage in an amount only up to 85 percent of that permitted for an owner-occupant. In a case of refinancing and rehabilitation he may have a substantial equity in the property, but the 85-percent limit requires him to increase his cash outlay and equity more than he is willing to do.

A nonoccupant mortgagor who intends to sell the housing would continue, as the law presently provides, to be eligible for a mortgage up to 85 percent of the amount available for an owner-occupant, except that the mortgage amount can be the same as that permitted for an owner-occupant if the mortgagor places 15 percent of the mortgage proceeds in escrow pending sale to an acceptable owner-occupant within 18 months.

Section 205. Nondwelling facilities for urban renewal rental housing: A multifamily rental housing project in an urban renewal area financed with a mortgage insured by FHA under the section 220 urban renewal housing program would be permitted, by amendments in this section, to include more nondwelling facilities financed by the mortgage than under the existing law. Under the new provisions, the Federal Housing Commissioner could permit such nondwelling facilities as he deems desirable and consistent with the urban renewal plan to be included in the project. However, the project would have to be predominantly residential, and the Commissioner would also have to find that any nondwelling facilities included in the project would contribute to the economic feasibility of the project. To assure that commercial construction under this provision will be kept at a minimum, the Commissioner intends to require that proposed projects, involving more commercial facili-

ties than are presently permitted, must be sent to the Washington office for review.

Under existing law the mortgage on a section 220 rental housing project can finance only such nondwelling facilities as the Commissioner deems adequate to serve the needs of the occupants of the property and of other housing in the neighborhood. This provision is too limited for housing in urban renewal areas where the facilities are essential to renting the housing but are economically feasible only if they can serve a larger area.

Sponsors would be more willing to undertake the provision of rental housing in urban renewal areas, particularly in areas where there has been extensive clearance of slums, if this provision is enacted because they would be assured of more rapid renting of the units in the project. Quick renting of housing in an urban renewal area depends on the availability of shopping centers and other commercial services and facilities of this nature.

Section 206. Larger insured mortgages for servicemen: The limit on the amount of an FHA section 222 insured mortgage, financing the home of a serviceman in the Armed Forces or the Coast Guard, would be increased from \$20,000 to \$30,000. This larger maximum mortgage is requested by the Department of Defense in order to make the special program for servicemen under that section more useful in providing housing. The downpayments required would be the same as those required under FHA's regular section 203(b) home mortgage insurance program—that is, 3 percent of the value of the property up to \$15,000, 10 percent of the value of the property over \$15,000 but not over \$20,000, plus 25 percent of the value above \$20,000.

Under the section 222 program the Department of Defense pays the mortgage insurance premium where a home is purchased by a serviceman with a mortgage insured under the program and so long as he is in the service. Over 75,000 servicemen currently have homes purchased with these mortgages. Around 276,000 additional homes are needed for career military personnel.

Under the present provisions of section 222 a mortgage cannot exceed \$20,000 in amount. Housing construction costs and related expenses of homeownership have increased. The effective incomes of many career military members have also been increased by changes in the military compensation system. In high-cost areas in particular, the \$20,000 limit does not provide an adequate or appropriate home, especially in the cases of servicemen above the grade of major or lieutenant commander.

Section 207. Refinancing of insured mortgages: This section would correct an omission in existing law. It would give FHA the same authority to insure mortgages executed for the purpose of refinancing existing mortgages insured under any FHA insured mortgage program as is now available for mortgages insured under sections 220, 221, 903, 908 and certain section 608 mortgages.

The principal amount of any refinancing mortgage cannot exceed the original principal amount or the unexpired term of the existing mortgage, except that if the Commissioner determines that an additional term will inure to the benefit of FHA the refinancing mortgage may have a term of not more than 12 years in excess of the unexpired term of the existing mortgage.

This refinancing authority serves a useful purpose in assisting mortgagors who encounter financial difficulties, especially those owning multifamily housing projects. It also serves to protect the interests of the mortgagee and of the FHA in marginal cases where the alternative to refinancing may be default and foreclosure. There does not seem to be any sound basis for limiting the authority, as is done by present law, to certain specified programs under the act.

Section 208. Consolidation of insurance funds: As a means of streamlining accounting procedures, with substantial economies in operations both in Washington and the field offices, this section would provide that all FHA insurance funds be consolidated into two funds: namely, a mutual mortgage insurance fund, and a general insurance fund. The mutual mortgage insurance fund would be continued in its present coverage and form, and all other insurance funds and accounts would be consolidated under a single insurance fund—the general insurance fund. All title I property improvement loans would be registered for insurance, and mortgages under all of FHA's insurance programs would be endorsed for insurance under the general insurance fund, except those mortgages committed and insured under the regular section 203 home mortgage insurance program. The assets and liabilities of all of the current funds and accounts except the mutual mortgage insurance fund would be transferred to and become the responsibility of the general insurance fund.

Since its creation in 1934, the programs of the Federal Housing Administration have from time to time been expanded and broadened in order that it could be of increasing assistance in providing housing to meet the needs of all Americans. These goals have not yet been fully achieved and additional programs will undoubtedly be proposed and enacted into law in the future.

As new insurance programs have been authorized, new insurance funds or accounts have usually been created, thus requiring separate financing and accounting for the programs. These funds and accounts have grown from 2 in 1934 to 15 at the present time.

In the early 1950's it became apparent that, by reason of the small volume of insurance written under some of the special purpose programs, revenues would be insufficient to maintain those programs on a self-supporting basis. Because of this, and in order to strengthen FHA's overall position and avoid the necessity of calling upon the Congress for operating funds, section 219 was added to the National Housing Act. That authorized the Commissioner to transfer moneys from any one or more insurance funds or accounts to any other fund or account, except the participating reserve account and the general surplus account of the mutual mortgage insurance fund.

The effect of section 219 was to give FHA all of the advantages and flexibility of single-fund accounting but it left the agency burdened with the expense and necessity under the act for full and complete accounting for each of its present 15 funds or accounts.

While the maintenance of separate insurance funds affords complete financial information with respect to each of FHA's various insurance programs, such complete accounting and fiscal data on a continuing monthly basis are unnecessary for management purposes. Moreover, the maintenance of the separate funds complicates FHA's financial structure.

Under the proposed consolidation of funds, statements would be provided monthly for the general insurance fund and the mutual mortgage insurance fund with respect to the status of the funds. Data would also continue to be supplied which is needed to evaluate the effectiveness of individual programs.

The proposed consolidation would reduce from 15 to 2 the number of monthly entries to be accounted for and later consolidated into a combined balance sheet and statement of income and expense. It would substantially reduce field reporting of expenses. The consolidation would also result in significant savings in the Treasury Department since the recordkeeping, issuance, exchange, and redemption of debentures would relate to only 2 series of debentures rather than 22 series as at present.

After consolidation, FHA would still be able to compute with reasonable accuracy the financial experience of individual programs, as the need might arise. Special attention would continue to be given to income and loss experience under the section 213 cooperative housing program in compliance with the desire expressed in the conference report on the Housing Act of 1964. The semi-annual and annual valuation of reserve requirements would continue to be prepared as in the past.

Section 209. Optional cash payment of insurance benefits: This section would authorize the Federal Housing Commissioner, in his discretion at the time of payment, to offer payment of insurance benefits in cash on any insurance claim filed by a mortgagee on or after the date of its enactment. At present, the FHA does not have this general authority, but periodically calls in debentures for redemption to the extent deemed appropriate. The proposed new authority in no way changes the basic nature of the FHA debenture system, as the Commissioner would be given no new authority to agree in advance to make payments in cash instead of debentures.

A cash payment under this new authority would be in an amount equivalent to the face amount of the debentures that would have been issued, plus an amount equivalent to the interest which the debentures would have earned, computed to a date established by the Commissioner. In a case where a mortgagee, under his mortgage insurance contract, is entitled to receive debentures, the mortgagee would still be entitled to receive payment in debentures rather than in cash if the mortgagee does not want to accept a cash payment. Mortgagees filing insurance claims on mortgages insured under the section 220, 221, or 233 programs (urban renewal housing, low- or moderate-income housing, and experimental housing) after the Housing Act of 1961 now have in their insurance contracts the right to a cash insurance settlement. Also, lenders insuring home improvement loans under section 203(k) after the date of enactment of the Housing Act of 1964 have the right to receive cash insurance benefits.

For various reasons, occasions may arise when it would be in the national interest to pay insurance benefits in cash rather than in debentures. For example, the sale of debentures in the private capital markets may result in losses to their holders where there is a spread in interest rates. Where adverse conditions exist in the private capital market, it would be desirable for the Commissioner to have the authority to make cash payments of insurance benefits in all programs.

In order to have funds with which to make such cash payments, the Commissioner would need the authority to borrow from the U.S. Treasury such amounts as he determines from time to time. The Treasury loans would bear interest at a rate determined by the Secretary, taking into consideration the average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the obligations evidencing the loans. Of course, this borrowing authority would be in place of the U.S. guarantee on the debentures which would otherwise be issued.

TITLE III—URBAN RENEWAL

Section 301. General neighborhood renewal plans: This section would make more realistic the statutory requirements with respect to general neighborhood renewal plans.

It would permit a GNRP to be prepared for an urban renewal area or areas together with any adjoining area or areas having specially related problems and eliminate the present requirement that the whole area covered by the GNRP be an urban renewal area.

However, this section would not make eligible for urban renewal project activities any areas not presently eligible, and would not provide any increased grant assistance, through noncash credits or otherwise, to urban renewal projects carried out in those portions of the area covered by the GNRP in which urban renewal project activities can be undertaken.

To permit unified planning of total neighborhoods, this section would authorize a GNRP area to include subareas which are not in themselves so blighted or deteriorated as to require urban renewal treatment. Under present legislative language, all parts of a GNRP area must be slum or blighted, deteriorated, or deteriorating, to the same extent as is required before an urban renewal project can be undertaken in the area. The amendment would make possible, for example, study of the street capacities and requirements of an entire neighborhood rather than only those portions of that neighborhood already scheduled to receive urban renewal assistance through an urban renewal project or projects.

This section would also ease the present requirement that all urban renewal projects in the urban renewal area covered by the GNRP be completed in 10 years and would require only that all such projects be initiated in that time. The present law describing a GNRP states that, "urban renewal activities therein may have to be carried out in stages * * * over an estimated period of not more than 10 years." Experience with urban renewal activity in GNRP areas has proven this requirement to be unrealistic.

Section 302. Increase in authorization for capital grants: This section would increase the aggregate amount of obligational authority for urban renewal grants by \$2.9 billion. Of the new \$2.9 billion authority, \$675 million would be authorized upon the enactment of the bill, with further increases of \$725 million on July 1, 1966, and \$750 million on July 1 in each of the years 1967 and 1968.

The existing figure designating total present urban renewal grant authorization (\$4,725,000,000) would be reduced by \$25 million to reflect the deletion of an obsolete proviso in that amount. This is the proviso which authorized the use of a portion of the urban renewal grant authorization for demonstration grants under the urban mass transportation program.

The new authority would permit, over a period of 4 years, an increasing level of urban renewal activity. It is geared to available local resources for the financing and carrying out of projects during this period, and takes into consideration other legislative provisions in the bill. The volume of need and demand for this program are well recognized, and extend to almost all cities in all areas of the United States.

Section 303. Community renewal program requirement: This section would establish a new community renewal program requirement for communities of over 50,000 population which seek Federal assistance for urban renewal projects. The new requirement would apply to projects for which planning is commenced (and provided "Federal recognition") later than 6 months after the date of enactment of the bill. When a community later applies for approval of the urban renewal plan and for loan or grant assistance in its execution, the community would be required to demonstrate that the proposed project is in accord with an up-to-date "community renewal program" which it has prepared as the basis of a community-wide attack on urban renewal problems, making use of all available Federal and local resources. This requirement would be modified, during the first 3 years after enactment of this bill, in order to provide sufficient time for cities to prepare

such programs. During that time the community could instead demonstrate that it is actively preparing such a program and that the proposed project can reasonably be expected to be in accord with it upon its completion.

There would also be a complete exemption from the requirement in the case of projects undertaken in disaster areas, in accord with the special urban renewal law provisions for such projects. To be of full assistance, such projects must go into execution as soon as possible, and they are therefore exempted from other regular statutory requirements.

An acceptable community renewal program would not be required to have been prepared with Federal assistance. However, such assistance, in the form of two-thirds grants, is already available under provisions which were added to the urban renewal law by the Housing Act of 1959. The basic purpose of such programs is to assess in broad terms the community's overall needs for urban renewal and to develop a staged program of action, commensurate with its resources, to meet these needs, determining, to the extent feasible, individual urban renewal areas and activities and appropriate schedules and priorities for undertaking such projects.

Activity in this field has been steadily increasing since about 1961. Sixty-nine localities of over 50,000 population are now preparing such programs with Federal grant assistance, and seven others have completed initial preparation. Already, about one-third of all cities of this size which are undertaking urban renewal projects are also undertaking community renewal programs. Sufficient experience has now been gained with these programs, and their value, so that it is both feasible and desirable to require, rather than permit, larger communities to undertake such programs as a basis for individual urban renewal project planning.

Experience to date has shown that a community renewal program can be valuable to a locality in bringing to its attention problems and opportunities in scheduling and coordinating urban renewal projects. It can, for example, determine the effect on a proposed project of housing resources and relocation needs in other proposed projects and public undertakings. It can also focus on the social and economic needs of the residents of slum and deteriorated areas and the resources available to meet those needs—which are of direct importance in planning urban renewal activities in those areas. Whether and to what extent an area can be rehabilitated depends, for example, not only on the type and condition of its buildings but also on the age and family size of its residents, their incomes, and their willingness and ability to participate in the upgrading and maintaining of the area. Community renewal programs can help to make available information on such questions and help to assure that necessary social services and facilities are provided.

The community action programs authorized in the Economic Opportunity Act of 1964 and the new rehabilitation and code enforcement provisions of the Housing Act of 1964 have already provided important new opportunities for increased effectiveness in urban renewal. This bill would provide additional opportunities through its new grant programs for rehabilitation, for neighborhood facilities, and for the provision and beautification of open space and other public land. One of the primary purposes of the proposed community renewal program requirement is to assure that urban renewal projects are planned and scheduled to obtain maximum benefit from the facilities and activities assisted under such programs. With their help many localities should find it possible to give increased emphasis to rehabilitation, compared to clearance activities, and to gray-area and other residential

renewal, compared to commercial and industrial renewal.

Section 304. Amendment of section 316 of Housing Act of 1954: This section would clarify the authority of the Redevelopment Land Agency of the District of Columbia to undertake urban renewal projects in areas which are not residential or predominantly residential at the outset by amending section 316(2) of the Housing Act of 1954 (which inserted a new section 20 in the District of Columbia Redevelopment Act of 1945) to provide unmistakable authority for the Redevelopment Land Agency to undertake non-residential projects as contemplated by title I of the Housing Act of 1949.

TITLE IV—LOW RENT PUBLIC HOUSING

Section 401. Acceptance of local certification of equivalent elimination: This section would permit acceptance of certifications by local governing bodies that they have complied with the equivalent elimination requirements of the U.S. Housing Act of 1937.

This amendment is essentially technical in character. It is designed to eliminate unnecessary administrative processing and attendant expenses, and is in line with administration and congressional policy to eliminate unnecessary administrative costs and vest greater local responsibility in local governmental agencies.

Under the act, where a low-rent housing project is undertaken in a locality, the local governing body must enter into an agreement providing for the elimination, within 5 years, of a number of substandard dwelling units equivalent to the new low-rent housing units included in the project. Extensions of the 5-year period for elimination can be granted where there is an acute shortage of decent low-income housing in the community. Administration of this provision now involves direct Federal supervision over the carrying out of the equivalent elimination agreement, even though the act provides no specific penalties for noncompliance. Such supervision would be eliminated by this section.

Section 402. Greater use of existing private housing: This section would perfect the annual contributions formula to permit local housing authorities to make greater use of the private housing supply through the purchase, purchase and rehabilitation, or lease of privately owned units, which are available on the local market and suitable for low-rent housing purposes.

The present annual contributions formula establishes a maximum contribution in terms of a specified percentage (the "going Federal rate" plus 2 percent) of the acquisition or development cost of a project. Under this formula, use can only be made of housing with an economic life extending over a sufficient period to allow the amortization of the capital cost at the statutory rate. This rate was designed to permit amortization of bonded indebtedness over a long period, and the established practice has been to contract for periods of 40 years. Such a period is too long to permit utilization of many kinds of existing housing that may be suitable for low-rent housing, or to permit the leasing of units desirable for relatively short-term use.

This section would authorize an alternative formula under which the annual contribution for an acquired or leased unit could be fixed, as a maximum, at the same dollar amount as would be established as the annual contribution under the conventional formula for a new low-rent housing project consisting of units designed for the comparable number, types and sizes of families. Because it is not stated in terms of a specific percentage of capital cost, the formula would permit the acquisition, or acquisition and rehabilitation, of structures, over whatever period may be appropriate considering the condition and nature of the property, as well as the leasing of units for short-term use in meeting particular needs.

The new formula is intended to promote economies in the use of such housing through its requirement that the annual Federal contribution could never exceed the fixed contribution that would be established for comparable housing in a new project. Where a project or dwelling is acquired for use over a substantially shorter period than is required for units in the regular program, this would mean that the capital cost would have to be reduced according to the reduction in amortization period, since the maximum contribution available annually to amortize that cost could be no greater than in the case of a comparable conventional newly constructed project, but this annual amount would be available for substantially fewer years than in the case of the newly constructed project. The same limitation on the dollar amount of the annual contribution would apply to leased units, and would operate to preclude the excessive rentals that might otherwise result from efforts to secure housing for lease in a housing market where vacancies are low.

There has been a growing awareness in recent years that the subsidized low-rent housing program has suffered because it has not utilized the existing housing supply. Under this new authorization the PHA would be enabled to finance the leasing for any term of privately owned units in individual houses and in multifamily structures. It would be able to finance joint private-public owned or leased units. It would be able to subsidize units financed through other means such as FHA-insured, conventional financing, or State or municipal financing.

An important source of existing housing is the supply of FHA- and VA-acquired properties. Despite high vacancy rates, there are many low-income families in communities where vacancies exist who continue to live in slum conditions because they are unable to pay the economic rent which the vacant properties warrant.

In many cases local authorities should be able to provide units more quickly under this section, than through new construction and meet more readily the special problems presented by large numbers of low-income displaced. The new formula should also provide greater flexibility in providing housing for different kinds of families, as in obtaining units for larger families and providing conveniently located units for elderly families. A collateral advantage of broadened use of existing structures is its effect in encouraging the conservation and improvement of residential properties.

Projects involving the purchase of existing housing would, of course, be subject to the same requirements of approval and cooperation by the local governing body as in the case of new construction. As in the case of the regular program, there will be local selection of the properties and sites to be used.

Since the units which are leased will be privately owned and subject to tax, the required local contribution, normally provided through tax exemption, would have to be provided by other means. The required local contribution, when property is not tax exempt, is the amount by which the taxes paid exceed 10 percent of the shelter rents charged in the project or dwelling. Local communities can easily meet this requirement by authorizing the housing authority to retain from payments-in-lieu-of-taxes to be paid with respect to its tax-exempt properties the amount required to meet this local contribution with respect to the privately owned units.

Use of existing housing will constitute a valuable supplement—but nevertheless merely a supplement—to new construction. Existing housing can be effectively used for low-income families only where a combination of certain conditions exist. There must, first, be a supply of vacant housing on the local market, and that housing must freely

be made available, since eminent domain will of course not be used under the new program. Moreover, the vacant housing should be appropriately located to serve the needs of the low-income families to be housed. Its cost, design, and physical condition must be appropriate, and its use should be consistent with the community plans and urban renewal programs and in accord with the wishes of the local governing body.

Section 403—Increase in authorization for annual contributions: This section would increase the limit on the aggregate amount of annual contributions contracts for low-rent housing, so as to permit continuation of the regular program for conventional units at approximately its past average and current level, plus provision of additional units through new approaches involving purchase and leasing of existing housing, with or without rehabilitation. Contracts for approximately 240,000 units over the next 4 years would be authorized.

For conventional units, the increase contemplates a program level of 35,000 units a year. For new approaches (purchase, leasing, and rehabilitation) the increase would provide for an additional 100,000 units over the 4-year period. The law would not, however, prescribe specific levels for the different approaches.

Program levels, each of the 4 years, are estimated as follows:

	Regular program	Purchase	Leasing
1966.....	35,000	10,000	5,000
1967.....	35,000	15,000	10,000
1968.....	35,000	15,000	10,000
1969.....	35,000	20,000	15,000

To permit this level of program activity, the amendment would increase the limit on the aggregate amount of annual contributions by \$47 million on the date of enactment of the Housing and Urban Development Act of 1965, and by the same amount on July 1 in each of the years 1966, 1967, and 1968, or an aggregate increase of \$188 million.

Experience with the interim additional authorization which was provided in the Housing Act of 1964 has already shown that the need and the demand are great and continuing. The additional authorization in the 1964 act contemplated the provision of 37,500 units of low-rent public housing. Affecting this authorization were the applications on hand when it became available, plus subsequent applications. Applications for about 74,000 units had been received by the end of January 1965, and more than 40,000 units had been placed under program reservation. Taking into account attrition and delays, and in order to place the 37,500 units under annual contributions contracts by September 30, 1965, the PHA plans to place a total of about 50,000 units under program reservation. In view of the application for some 24,000 units above this amount, the PHA has already instituted priorities and limitations. It assumes that the 24,000 units, plus any additional units remaining from the 50,000 and included in applications received after January, will have to depend upon further congressional authorization.

The provisions of the bill which would provide more flexibility in connection with the acquisition, leasing, and rehabilitation of existing housing, and the provisions extending to the handicapped parity of treatment with the elderly, would afford new means for meeting the needs.

Without any additional authorization for annual contributions, the public housing program can also be a valuable vehicle for helping families make an easier adjustment to urban living conditions. In many cases, low-income families are not even aware of the services which are available, and such

services have often been inadequate. To help develop a better range of services to meet the social needs of families in public housing, and coordinate those existing services, local housing authorities will be authorized to provide broader assistance within the framework of the public housing program. Such a program could provide special counseling in the maintenance of housing, as well as counseling to families prior to moving into or out of public housing. These are primarily the kinds of services that an enlightened manager would want to engage in for the more economical management of the housing.

At the Federal level PHA will work to the fullest extent possible with other interested agencies, such as the Department of Health, Education, and Welfare, and the Office of Economic Opportunity. At the local level local housing authorities would cooperate, as appropriate, with other local public agencies and private nonprofit community service organizations. Expenditures from project revenue would be authorized only for specific planned programs which would be periodically reviewed. In approving programs, preference will be given to those in which a substantial portion of the costs are met by funds from sources other than those supplied by the PHA-aided program or by funds derived from demonstrable economies achieved by local housing authorities in their operation.

Section 404. Sale of federally owned projects to private purchasers: This section would remove the restriction that federally owned public housing projects may be sold only to public housing agencies. It would permit disposal to a nonprofit organization, but any sale would have to be for continued use as low-rent housing. There are two remaining federally owned public housing projects, both of which are located in Oklahoma. Disposal of these projects has been blocked by the restriction permitting sale only to a public housing agency, since Oklahoma law does not authorize creation of local public housing authorities. Removal of the restriction would permit consideration to be given to disposal to a purchaser, such as a nonprofit organization. The projects would continue to be subject to the requirement that they be used only for low-income families.

TITLE V—COLLEGE HOUSING

Section 501. Increase in authorization for college housing loans: This section would increase the college housing loan authorization by \$110 million upon the enactment of the bill, with further increases of \$285 million on July 1 in each of the years 1966 and 1967, and \$275 million on July 1, 1968. This section would also increase on July 1 in each of the years 1965 through 1968: (1) By \$30 million the ceiling on loans for other educational facilities (such as dining halls, health facilities, and student unions) and (2) by \$15 million the ceiling on loans to hospitals for nurses and intern housing.

The Treasury borrowing authorization for the college housing loan program now totals \$2,875 million with ceilings of \$295 million for college service facilities and \$220 million for hospitals. Through the end of December 1964, a total of 2,328 loans for \$2,502 million have been approved under this program. As of this date, there were 172 applications for \$267 million for which funds had been reserved, bringing the total funds committed to \$2,769 million.

Through December 1964, funds committed under the program provide assistance for about 2,360 projects, including housing accommodations for about 593,000 students and faculty (including student nurses and interns) and also 239 projects for related facilities such as student unions, dining halls, and health centers. There have been no defaults under the program in payment of principal and interest.

The Office of Education's college and university enrollment and facilities survey indicates an increase in college enrollments from 5.2 million in 1965 to 6.7 million in 1969. Assuming that about 25 percent of this increased enrollment will require college housing accommodations costing about \$5,000 per student, it is estimated that total college housing needs during the next 4 years will amount to about \$2 billion, exclusive of related facilities (cafeterias, dining halls, student unions, infirmaries, and other essential service facilities), and exclusive of the current backlog of unmet housing needs.

The increased authorization in this section, with amounts from repayment of loans, would give institutions of higher learning assurance that the present program would continue during the next 4 years to supplement funds available in the private market. This would permit the institutions to plan their residential and related construction programs to meet the expected tidal wave of students. The increased authorization would permit increased program levels in fiscal 1967, 1968, and 1969.

TITLE VI—GRANTS FOR BASIC PUBLIC WORKS, NEIGHBORHOOD FACILITIES, AND THE ADVANCE ACQUISITION OF LAND

Section 601. Purpose: The rapid rise in population that has occurred in the Nation has outpaced the ability of many localities to provide necessary basic community facilities and neighborhood health and recreation facilities. There is a tremendous need for additional basic water supply and sewage disposal facilities to provide for future population growth. Between 1960 and 1975 the urban population alone is expected to rise from 125 to 171 million and the per capita use of municipal water systems is expected to increase from 140 to 160 gallons per day. As a result, municipal water consumption (excluding large industrial users) is expected to increase from 17.5 to 27.4 billion gallons per day, a rise of 57 percent in just 15 years.

Relatively limited local resources are available for neighborhood facilities such as community centers, health stations, or other public buildings that house health and recreational facilities. Nonetheless, such facilities are essential to our communities so that they can effectively cope with such problems as the debilitating effects of idleness upon their juvenile and elderly population. Substantial Federal financial assistance will be required to enable local governments to provide adequate neighborhood facilities geared to such needs of the young and the elderly.

Great economies and other benefits can be gained by the advance acquisition of land planned to be utilized in connection with the future construction of public works and facilities. Such advance acquisition makes possible large monetary savings; savings which have ranged from \$5 to \$30 for every dollar invested in the advance acquisition of future highway rights-of-way.

The purpose of this title is to assist and encourage the communities of the Nation to meet the needs of their citizens by making it possible with Federal grant assistance for their governmental bodies (1) to construct adequate basic water and sewer facilities needed to promote the efficient orderly growth and development of our communities, (2) to construct neighborhood facilities needed to enable them to carry on programs of necessary social services, and (3) to acquire, in a planned and orderly fashion, land to be utilized in connection with the future construction of public works and facilities.

Section 602. Grants for basic water and sewer facilities: This section would authorize the Housing and Home Finance Administrator to make grants to local public bodies and agencies to finance a portion of the cost of certain projects for basic water and sewer facilities. The amount of any grant made under this section could not exceed 40 percent of the cost of that portion of the

project which is necessary to enable the project to adequately serve the reasonably foreseeable growth needs of the area to be served by the project.

No grant could be made for any project unless the Administrator determines that the project will serve an area which is expected to experience significant population growth in the reasonably foreseeable future and that the project is (1) designed so that adequate capacity will be available to serve the reasonably foreseeable growth needs of the area, (2) consistent with the program for a unified or officially coordinated areawide water or sewer facilities system as part of the comprehensively planned development of the area, and (3) necessary to orderly community development. Prior to July 1, 1968, grants, in the discretion of the Administrator, could be made if a program for an areawide water and sewer facility system is under active preparation but not yet completed, if the facility for which assistance is sought can reasonably be expected to be required as part of such program, and there is an urgent need for the facility.

The areawide system for basic water and sewer facilities would be required to be a part of the comprehensively planned development of the area. The requirement that a basic water and sewer facility assisted under this section be part of a unified or officially coordinated areawide water or sewer facility system will assure that Federal grant funds do not finance uncoordinated or fractionated water or sewer facilities. Where there are no existing areawide water or sewer systems the Administrator would require as a condition to a grant for a single, independent water or sewer project, that the project be designed so that it can be linked with other independent water or sewer facilities or a proposed areawide system.

In addition, requiring that the areawide water or sewer facility be related to the comprehensive planned development of the area will assure that grant funds available under this section will be available only for facilities which help promote orderly community development and are consistent with a coordinated scheduling of other public works in the area. Such orderly development and coordination will minimize waste and unnecessary costs which are the result of the unplanned and haphazard construction of basic community facilities.

The requirement that a facility assisted with funds under this section have adequate capacity to serve the reasonably foreseeable growth needs of the area will avoid the duplication of costs often occasioned by having to rebuild undersized facilities at a later date.

The Federal grants for basic water and sewer facilities authorized by this section will stimulate an acceleration in the rate of construction of water supply and sewerage disposal facilities needed for growth and will contribute to the development of areawide systems which are consistent with comprehensive local planning.

Proper regard will be given to established standards to assure that facilities constructed with assistance under this section are adequate for the maintenance of health and control of water pollution.

Section 603. Grants for neighborhood facilities: This section would authorize the Administrator to make grants to local public bodies and agencies to finance specific projects for neighborhood facilities, including neighborhood or community centers, youth centers, health stations, and other public buildings to provide health or recreational or similar social services. The grants generally would be limited to 66⅔ percent of the development cost of the project, but could be up to 75 percent of such cost in the case of a project located in an area designated as a redevelopment area under section 5 of the Area Redevelopment Act.

Before making a grant under this section, the Administrator would be required to de-

termine that the project would provide a neighborhood facility which is necessary for carrying out a program of health, recreational, or similar social services in the community. The project must be consistent with comprehensive planning for the development of the community. These Federal grants would thus help to stimulate a concerted effort by local public bodies, possibly in cooperation with private groups, to provide systematically for the often long-neglected local health, recreational, and social service needs of the community.

Since most of these needs are largely those of low- and moderate-income families and individuals, the neighborhood facility projects would have to be so located as to be available for use by a significant portion (or number in the case of large urban places) of the area's low- or moderate-income residents. In addition, a priority would be given to applications for projects that will primarily benefit members of low-income families or otherwise further the objectives of a community action program approved under title II of the Economic Opportunity Act of 1964.

No neighborhood facility aided by a Federal grant may be converted for a period of 20 years to other uses without the approval of the Administrator. In approving any conversion the Administrator may impose additional conditions and requirements.

It has been increasingly recognized that much of the heavy costs of ill health, dependency, juvenile delinquency, and old age could be avoided by preventive measures such as adequate local preventive health, recreational, and related social services. The cost of these services are small when compared to the tremendous economic and social losses resulting from illness and deprivation and the mounting expenditures in curing sickness, making welfare payments, combating crime, and accommodating the needs of the elderly. Availability of Federal grants for neighborhood facilities (many of which can be multipurpose facilities which can serve the needs of different groups) will encourage communities to expand, and in some instances initiate, a group of community services which hitherto have been neglected.

To obtain a Federal grant a local government would have to furnish from its own resources the remaining funds needed to complete the project. In addition, it would have to allot sufficient funds to operate the facilities after they are built.

Section 604. Advance acquisition of land: This section would authorize the Administrator to make grants to local public bodies and agencies to assist in financing the acquisition of sites planned to be utilized in connection with the future construction of public works or facilities. The grant could not exceed the aggregate amount of reasonable interest charges on a loan or other financial obligation incurred to finance the acquisition of such land for a period not exceeding the lesser of 5 years from the date of issue of such loan or financial obligation or the time elapsing between the date of issue and the date on which construction of the public work or facility is begun.

Before making such grants the Administrator would be required to determine that the public work or facility for which the land is to be utilized is planned to be constructed or initiated within a reasonable period of time. He also would have to determine that construction of such public work or facility will contribute to economy, efficiency, and the comprehensively planned development of the area.

On some occasions, circumstances arising after the acquisition of land purchased with assistance under this section may make construction of the facility planned to be placed on such land no longer feasible or desirable. A community which has acquired land with assistance under this section may then wish

to divert the land to other uses. In such circumstances the Administrator is authorized to require the repayment of assistance provided under this section and prescribe the terms and conditions of such repayment.

To qualify for Federal financial assistance, a community would have to be engaged in comprehensive planning appropriate to its size and location. Larger urban areas and communities experiencing rapid growth would have to be engaged in comprehensive planning for the development of the entire urban area. The public work or facility for which the advance acquisition of land is to be made would have to be consistent with a community-wide and areawide system of such facilities.

In smaller isolated communities it will not be necessary that the entire planning process be underway. For such places, it would be enough to have a clear indication that the community had examined its probable future size, public facility needs, and financial capacity and that the proposed facility would be an efficient element in its efforts to meet its future needs. In addition, to the extent that there is an overall plan for the development of the community, the public work or facility for which advance acquisition of land is to be made will have to be consistent with the existing overall plan.

The objective of this Federal assistance is to encourage communities to plan ahead, in connection with their future public works needs, with respect to land acquisition as well as preparation of construction plans. Under section 702 of the Housing Act of 1954, the Housing Administrator is authorized to make interest-free advances to finance the planning of specific works. But the advance acquisition of sites is equally important in helping to attain maximum economy and efficiency in the construction of public works. Such advance site acquisition would be assisted by the new program.

By encouraging communities to anticipate the site requirements for future public works construction and by assisting them in the timely acquisition of the land that will be used in such future construction, the new program will help produce a number of savings. Local public bodies will be assured of the availability of appropriate sites and will save by acquiring sites before the rising trend of land prices increases their cost. Advance acquisition before there is further construction on a site would avoid the costs of demolishing such construction, relocating the occupants of the buildings and disrupting businesses. Advance knowledge regarding the site location of future public works would enable private land developers and builders to make appropriate adjustments in their construction plans or schedules, which would lead to more orderly growth in the area.

Section 605. General provisions: Subsection (a) of this section would apply certain administrative provisions found in section 402 of the Housing Act of 1950 to activities carried on under the provisions of this title.

Subsection (b) authorizes the Administrator to make advance or progress payments on account of any grant made under this title and provides that no part of any such grant could be used for payment of ordinary governmental or operating expenses.

Section 606. Definitions: This section would, for the purposes of this title, define: (a) "State" to include the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States; (b) "Local public bodies and agencies" to include public corporate bodies or political subdivisions; public agencies or instrumentalities of one or more States, municipalities, or political subdivisions of one or more States (including public agencies and instrumentalities of one or more municipalities, or other political

subdivisions of one or more States); Indian tribes; and boards or commissions established under the laws of any State to finance specific capital improvement projects; and (c) "Development cost" to mean costs of the construction of the facility and the land on which it is located, including necessary site improvements to permit its use as a site for the facility.

Section 607. Labor standards: This section provides that prevailing wages determined in accordance with the provisions of the Davis-Bacon Act are to be applicable to construction work financed with assistance under sections 602 and 603 of this title, and specifies that certain authority generally available to the Secretary of Labor with respect to the enforcement of such labor standards shall also apply to these requirements of this title.

Section 608. Appropriations: This section would authorize to be appropriated such sums as may be necessary to carry out the provisions of this title, and would provide that all funds so appropriated would remain available until expended. Funds could, of course, be made available only through appropriations.

For fiscal year 1966, it is currently estimated that appropriations will be requested in the amount of \$100 million for the purpose of making grants for basic water and sewer facilities as authorized by section 602, \$50 million for the purposes of making grants for neighborhood facilities as authorized by section 603, and \$25 million for the purposes of making grants to help finance the advance acquisition of land as authorized by section 604.

TITLE VII—SECONDARY MARKET AND SPECIAL ASSISTANCE FUNCTIONS

Section 701. Increase in FNMA special assistance authority: This section would increase by approximately \$2,345,000,000 the amount of special assistance that the President of the United States can authorize the Federal National Mortgage Association to provide for housing and community development.

Under its special assistance program, the FNMA makes commitments to purchase and purchases FHA- and VA-backed mortgages financing housing for low- and moderate-income families, in urban renewal areas, for the elderly, and for disaster victims, and other special types of housing designated by the President as being housing that needs special assistance. Under other provisions in the bill, special assistance to FHA-insured mortgages financing certain land development would also be authorized.

The increase in special assistance authority would be provided by subsection (a) raising the present \$1.7 billion authorization in section 305(c) of the Federal National Mortgage Association Charter Act by \$150 million on the date of enactment of the bill, and by an additional \$550 million on July 1, 1966, \$700 million on July 1, 1967, and by \$725 million on July 1, 1968.

Subsection (b) would provide approximately \$220 million more authority, to be merged with the authority in section 305(c) of the Charter Act, by transferring to that section the balance of the amount of special assistance authorized by section 305(f) for housing for the military, AEC and NASA financed with FHA title VIII insured mortgages. Approximately \$220 million (out of the \$500 million originally authorized for title VIII housing) is unused and would be made available to the President for special assistance as he may authorize.

Section 702. FNMA purchase of mortgages held by Federal instrumentalities: This section would authorize FNMA to purchase from other Federal agencies housing mortgages they have insured or guaranteed and offered to FNMA for purchase, or housing mortgages securing loans made by the Federal agencies. A provision now in the Charter Act would be deleted which generally

prohibits FNMA from purchasing any mortgage offered by or covering property held by a Federal instrumentality.

This section would permit steps to centralize the Government's ownership and management of housing mortgages to the extent determined desirable from time to time. To this extent, such centralization could promote economy in the maintenance of mortgage servicing facilities by Government agencies. In addition, FNMA through its marketing facilities (including the new pooling and trust certificate program authorized by the Housing Act of 1964) could sell the mortgages or participations therein to private investors and thus substitute private financing for Treasury financing where the present owning agencies cannot make such sales.

TITLE VIII—OPEN-SPACE LAND AND URBAN BEAUTIFICATION AND IMPROVEMENT

Section 801. Revision of title heading and findings and purpose: This section would add reference to "Urban Beautification and Improvement" to "Open-Space Land" in the heading of title VII of the Housing Act of 1961, to take into account the proposed new program (described below) of grants for urban beautification and improvement. It would also amend the congressional findings and statement of purpose of the title to refer to the need both for this proposed program and for the proposed new program (also described below) to provide open-space land in built-up urban areas.

Section 802. Increased grant level for preservation of open-space land: This section would change the grant levels of the present open-space program from 20 and 30 percent to 30 and 40 percent, respectively. This program has, in the about 3½ years since its enactment in the Housing Act of 1961, increasingly demonstrated its potential for meeting the critical need for additional open-space acquisition in urban areas. The relatively low grant level has, however, substantially impeded use of the program, and this is particularly harmful in many localities where prompt local action is essential in order both to help control urban development and to conserve public funds in the face of sharply rising land costs.

It is important, also, to increase the grant percentages at this time so that the Federal assistance made available for parks and other open space in urban areas through this program may be on a par with that made available through the new recreation area programs authorized in the Land and Water Conservation Fund Act of 1965. That act authorizes up to 50-percent grants for acquisition and development of outdoor recreation areas but such grants will, by administrative action, be limited to 40 percent, the same as the proposed higher grants under this program.

Section 803. Substitution of appropriation authority, without dollar limitation for grant contract authority: This section would remove the present \$75 million contract authority for grants under title VII of the Housing Act of 1961 and substitute authority for appropriation of such amounts as may be necessary to carry out the purposes of the title, without dollar limit. This authorization would apply to the present program of grants for urban open-space preservation, as well as to the two proposed new grant programs for provision of open space in built-up urban areas and for beautification and improvement of urban public land. It would also apply to the present authorization for the Administrator to provide technical assistance, undertake studies, and publish information in connection with activities carried on under the title.

Fifty million dollars was originally authorized for the present open-space preservation program, by the Housing Act of 1961, and this amount was increased to \$75 million in

the Housing Act of 1964. Although this authorization has been in the form of contract authority, funding for the program has, since its inception, been in the form of advance appropriations for liquidation of this authority, with a restriction on use of any contract authority in excess of such appropriations, through earmarking of funds appropriated for administrative expenditures. This method of funding is in effect equivalent to that provided under a regular authorization for appropriations, and if the Congress intends that the program continue to be so funded, it would be desirable to amend the statute as proposed in order more clearly to express the congressional intent.

The President's budget for fiscal year 1966 proposes a level of \$60 million to carry out activities under the open-space title. This would in any case require additional appropriation authority of \$31.3 million, since all but \$28.7 million of the presently authorized \$75 million has been appropriated and is expected to be committed by June 30, 1965.

Section 804—Grants for provision of open-space land in built-up urban areas: This section would add a new program to title VII of the Housing Act of 1961 to provide Federal grants to States and local public bodies to assist them in providing open-space land through the acquisition of title to, or other permanent interests in, developed land in built-up portions of urban areas. A grant could not exceed 40 percent of the cost of acquiring the interest in the land and the cost of demolishing and removing those improvements on the land which were inappropriate to its use as permanent open-space land. These grants could only be made where the governing body of the locality determines that adequate open-space land cannot effectively be provided through use of existing undeveloped or predominantly undeveloped land and the Administrator determines that the proposed acquisition will assist in the comprehensively planned development of the locality.

The present title VII program is limited to assisting in the acquisition of lands that are undeveloped or predominantly undeveloped. This limitation has helped to prevent acquisitions in the more densely developed, "built-up" portions of urban areas. The proposed new program would help to correct this situation and would provide additional assistance for such acquisitions, in the form of 40-percent grants, in recognition of the higher cost of acquiring and clearing developed land.

This program could assist, for example, in the acquisition of land for pedestrian malls, waterfront restoration, or neighborhood "commons" and play areas. More such areas are needed to enhance the physical environment of our urban communities and to make them more attractive places in which to live, work, and play.

Federally financed relocation payments would be authorized in connection with projects assisted under the program. This would provide for any displaced individuals, families, business concerns, and nonprofit organizations the same benefits already provided in connection with the urban renewal and public housing programs.

It is contemplated that acquisitions would be of relatively small size, and in key locations which would assist in the comprehensively planned development of the locality.

As with the present program, land acquired under this program would have to be permanently retained as open space, and it would have to be demonstrated that the locality is making maximum efforts to acquire and preserve open-space land through other means, such as the acquisition and conversion of tax delinquent lands.

Since the usefulness of such open areas would depend in large part on how they are developed, the proposed program (described below) of grants for urban beautification and

improvement would be especially useful in assuring the success of this program.

Section 805. Grants for urban beautification and improvement: Subsection (a) of this section would add a new program to title VII of the Housing Act of 1961 authorizing matching grants to assist States and local public bodies in carrying out local programs for the greater use and enjoyment of open space and other public land in urban areas. The need for such assistance was recently emphasized by the President in his message on the state of the Union, where he pointed out that "Within our cities imaginative programs are needed to landscape streets and transform open areas into places of beauty and recreation."

The proposed local programs would, under criteria established by the Administrator, be required to (1) represent significant and effective efforts, involving all available public and private resources, for the beautification and improvement of public land in the locality and (2) be important to the comprehensively planned development of the locality. Assistance could be provided for eligible work on land acquired pursuant to the acquisition programs of title VII or on other public land such as streets, but the work could only be for the beautification of the land or its improvement for recreation or other open-space uses. Assisted activities could, for example, include tree planting and other landscaping on streets, park improvements and renovation, and other substantial upgrading of selected outdoor public areas. Generally, no assistance would be provided for buildings. Only those small structures would be eligible which are incidental to proposed park or other open-space uses. Thus, toilet facilities or rain shelters might be assisted, but an activities center, museum building, swimming pool, or recreation equipment could not be.

Assisted activities would have to be capable of providing long-term benefit to the locality. Assistance would not, for example, be provided for the increasing operating costs of keeping parks better lighted or more tidy. On the other hand, assistance could be provided for the cost of the lighting fixtures. Thus, it is anticipated that many of the assisted activities would be "routine" improvements, but which the proposed Federal assistance would enable the localities to undertake on a broader scale.

An important aim of the legislation would also be to encourage and assist local experimentation and innovation. To facilitate this, the administrator would be authorized to make up to \$5 million of grants, without the otherwise required matching local grants, for projects which he determines to have special value in developing and demonstrating new and improved methods and materials for use in beautification and improvement activities. Under this provision localities could, for example, receive special assistance in providing outdoor facilities for art and technological exhibits or in holding a design contest for a downtown pedestrian mall.

Because of the special nature of these demonstration projects, they would not be subject to the "local program" and other usual grant requirements provided in this section. However, it is expected that grants under this provision would ordinarily be for less than 100 percent of cost, since allowance would be made for the continued benefit which the project might provide the locality.

The experience gained in these special demonstration projects could, in turn, be made available to other localities through the authority of the administrator to undertake studies and publish information to carry out the purposes of the title.

A Federal grant could not exceed 40 percent of the amount by which the cost of the activities carried on by the applicant, during its fiscal year, under a local program has exceeded its usual expenditures for com-

parable activities during that year. The usual expenditures of the applicant for such activities would be determined in accord with administrative regulations based on the previous expenditures of the locality but taking into account, to the extent feasible, unusual circumstances affecting those expenditures.

Approval would be given in advance for the types of activities to be carried out and the overall amounts which could be spent, but a portion of each grant would be withheld until the required accounting at the end of year. This procedure would help to assure that the Federal assistance is in fact provided only for additional local efforts.

Regulations would be established to assure that assistance under this program was not provided where grants were available under Federal programs; for example, landscaping in connection with construction of federally assisted highways.

Subsection (b) of this section would remove the present prohibition for grant assistance, under title VII, for "development costs," since the proposed beautification and improvement grants will be, in effect, for "development." Grants in the present and proposed open-space acquisition programs could still not be used for development, because of the statutory language in each program specifying the purposes for which the grants may be used.

Also, the present prohibition would remain against grant assistance, under title VII, for "ordinary State or local governmental expenses." Grants would be provided only for the direct cost of carrying out the proposed acquisition or other activities, rather than for associated administrative expenses.

Section 806. Use of funds for studies and publications: This section would permit the Housing Administrator to use open-space grant appropriations, not to exceed \$100,000 per year, for undertaking and publishing open-space surveys and other studies in connection with activities under this title. Such studies and publications are already authorized under present law but must now be financed through separate appropriations. This makes it difficult, for example, to take advantage of study opportunities which arise after submission of the budget justification for that year. The undertaking of studies and the publication of information in connection with these activities is a function that should be carried out on a continuing basis as the needs and opportunities appear. Such a continuing approach is best achieved through the proposed limited authorization to utilize program grant funds.

Section 807. Conforming amendments: This section would make necessary technical and drafting amendments in the present language of title VII of the Housing Act of 1961 to provide for inclusion of the two proposed new grant programs described above.

Under subsection (a), the section heading of the present grant program, now entitled "Federal Grants," would be changed to "Grants for Preservation of Open-Space Land" in order to avoid confusion with the proposed new program of "Grants for Provision of Open-Space Land in Built-Up Urban Areas."

Under subsection (b), applicants under the open-space preservation program would continue to be approved by the Administrator as capable of carrying out the provisions and purposes of that program rather than, in addition, the provisions of the other new programs in the title.

Subsection (c) would broaden the language of the present requirement, in section 702(e), under which the Secretary of the Interior furnishes the Administrator information on recreational planning. It would require such information with respect to areas receiving assistance under the new urban beautification and improvement program, as well as areas where open-space land is acquired.

Subsection (d) would restrict the application of the requirements, in section 704, under which the Administrator must approve conversion of open-space land for which a grant has been made under this title to other uses and require assurance that equivalent other open-space land is provided. Such requirements are not appropriate for open-space land which receives assistance for beautification and improvement, rather than acquisition.

TITLE IX—RURAL HOUSING

Section 901. Loans for previously occupied buildings and minimum site acquisition: This section would amend section 501 of the Housing Act of 1949 to authorize the Secretary of Agriculture to make loans to farmers and other rural residents for the purchase of previously occupied dwellings and related facilities and farm service buildings and for minimum adequate building sites.

Section 902. Interest rate on direct rural housing loans: This section would increase to 5 percent the maximum interest rate on direct loans under section 502 of the Housing Act of 1949, except for loans to elderly persons in accordance with section 501(a) (3) and loans in accordance with sections 503 and 504, which would remain at 4 percent. It would also authorize the Secretary of Agriculture to charge fees on all title V loans.

Section 903. Insured rural housing loans: Subsection (a) of this section would add new sections 517 and 518 to the Housing Act of 1949. The new section 517 would authorize the Secretary of Agriculture to insure loans, and make loans to be sold insured, in accordance with section 502, except that—

1. Insured section 502 loans to persons of low or moderate income would bear interest not above 5 percent and be limited to adequate housing modest in size, design, and cost and to an aggregate of \$300 million per fiscal year.

2. For insured section 502 loans to persons other than those with low or moderate incomes the Secretary would be authorized to charge interest and insurance or service charges at rates comparable to those charged under section 203 of the National Housing Act.

The new section 517 would authorize a new revolving fund, the rural housing insurance fund, to finance insured section 502 loans and to be used in lieu of the agricultural credit insurance fund for section 514 domestic farm labor housing and section 515(b) elderly rental housing loans.

It would also authorize the Secretary of Agriculture—

1. To make insured section 502 loans with insured lenders' funds, or to make them out of the fund for insurance and resale, within the range of market prices for comparable loans, and to repurchase loans for servicing or liquidation. Loans made out of the fund and held unsold could not exceed \$100 million at any one time.

2. To retain a borrower's mortgage to secure his indemnity and other obligations to the Secretary under the loan, while the note was held by an insured investor.

3. To retain out of payments by a borrower on an insured loan an annual charge in an amount specified in the insurance agreement. Of any such charge, an amount not exceeding 1 percent of the unpaid balance of the loan would be available for deposit in the fund. Any remainder would be available for annual appropriation to administrative expenses of the Farmers Home Administration.

4. To borrow from the Treasury, at cost-of-money interest rates, to meet loan insurance obligations and to make other authorized expenditures from the fund. Such borrowing could not be made to provide capital for making loans or to restore losses from discounted sales.

5. To utilize the fund for the purposes—

in addition to meeting loan insurance obligations and making loans for insurance and resale—of paying interest accruals on borrower payments before transmittal by the Farmers Home Administration to insured holders and of paying taxes, insurance, prior liens, and other expenses and advances to protect, service, collect, and liquidate the loans and security.

It would also authorize the Secretary to use the Rural Housing Insurance Fund and authority for insuring loans, or making loans to be sold insured, to finance housing and related facilities for domestic farm labor in accordance with section 514 and for senior citizens in accordance with section 515(b), not including the inconsistent provisions in these sections.

The new section 518 would group rural housing direct loans made under sections 502, 503, 504, and 515(a) of the 1949 act, collections therefrom, and funds available from appropriations or Treasury borrowings for such loans, into a new fund, the "Rural Housing Direct Loan Account," to be used for making such loans and making repayments to the Treasury. It would also establish the interest rate on borrowings from the Treasury for the Rural Housing Direct Loan Account at the same rate as provided in the new section 517(h) for borrowings for the Rural Housing Insurance Fund.

Subsection (b) would extend for 4 years, to October 1, 1969, the present unused balance of \$101 million of the borrowing authority under section 511, as well as remove the present partial allocation to section 502 senior citizen loans exclusively.

Section 904. FNMA secondary market operations for insured rural housing loans: This section would authorize the Federal National Mortgage Association to include loans insured under title V of the 1949 act in its secondary market operations.

Section 905. Extension of rural housing authorizations: Subsections (a), (b), and (c) of this section would extend for 4 years, to October 1, 1969, the present authority—

1. For the Secretary of Agriculture to make section 503 loan contribution commitments;

2. For appropriations to finance section 504(a) grants, section 504(b) loans, section 516 assistance, and section 506 rural housing research and study programs; and

3. For making insured section 515(b) rental housing loans for elderly persons and families.

Subsection (b) would also raise to \$50 million the authority for appropriations for section 516 assistance to provide low-rent housing for domestic farm labor.

Subsection (d) would extend the construction standards and technical services provisions of section 506(a) of the 1949 act to operations under the new provisions added by this title.

Section 906. Payment of interest to the Treasury on appropriations for rural housing loans: This section would direct the Secretary of Agriculture to pay into miscellaneous receipts of the Treasury any surpluses from the Rural Housing Insurance Fund or Direct Loan Account. Would also provide for payment to the Treasury of interest, at cost-of-money rates, on any portions of future appropriations to the fund or the account authorized for making loans, until returned to miscellaneous receipts of the Treasury.

TITLE X—MISCELLANEOUS

Section 1001. Increase in authorization for urban planning grants: This section would remove the dollar limit on the authorization for appropriation of funds for section 701 urban planning grants and authorize such additional funds to be appropriated as may be necessary to carry out the urban planning assistance program.

Under section 701 of the Housing Act of 1954, the Housing Administrator is authorized to make grants (generally not to exceed two-thirds of the estimated costs) to States and local planning agencies to assist in pre-

paring comprehensive development plans and programs. Grants are made for comprehensive planning of small communities and counties, metropolitan areas and urban regions, States, and interstate regions.

Thus, far \$86.325 million of the presently authorized \$105 million have been appropriated. The program level for fiscal year 1966 is estimated at \$35 million. Appropriation of \$16.3 million in addition to the \$18.675 million remaining in unused authorization will be required to fund the program at this level. Additional funds would still, of course, be made available only through appropriations.

Section 1002. Increase in authorization for Federal-State training programs: This section would remove the dollar limit on the authorization for appropriation of funds for grants for Federal-State training programs and would authorize such additional funds to be appropriated as may be necessary to carry out the programs. Additional funds would, of course, be made available only through appropriations.

Under part I of title VIII of the Housing Act of 1964, the Housing Administrator is authorized to make matching grants to States to assist them in developing special training programs for technical and professional people who are, or are likely to be, employed by a governmental or public body which has responsibilities for community development. These matching grants may also be used to support State and local research on housing, public improvement programs, code problems, efficient land use, urban transportation, and similar community development problems.

It is estimated that \$10 million in matching grants will be made under this program in fiscal year 1966. The Housing Act of 1964 authorized the appropriation of \$10 million for such grants. Of this \$10 million authorization, \$5 million will be requested by the Housing Agency as a supplemental appropriation for fiscal year 1965, and \$5 million will remain available for appropriation. To fund an estimated program level of \$10 million for fiscal year 1966, appropriation of \$5 million, in addition to the \$5 million in unused authorization, will be required.

Section 1003. Increase in authorization for public works planning advances: This section would remove the existing dollar limitation on the amount that may be appropriated for the public works planning fund and authorize such additional funds to be appropriated to the fund as may be necessary to carry out the planning advance program. Additional funds would still, of course, be made available only through appropriations.

It is estimated that \$25 million in planning advances will be made in fiscal year 1966. The Housing Act of 1964 authorized the appropriation of \$20 million to the public works planning fund (in addition to amounts previously authorized and which had been appropriated). Of this \$20 million in new authorizations provided by the Housing Act of 1964, \$10 million has been appropriated and \$10 million remains available for appropriation.

Repayments to the fund, during fiscal year 1966 (which are available to make planning advances) are estimated at \$10 million. To fund the estimated program level of \$25 million for fiscal year 1966, appropriation of \$5 million, in addition to the \$10 million in existing authorization and the estimated \$10 million in repayments, will be required.

Under section 702 of the Housing Act of 1954, the Housing Administrator is authorized to advance interest-free funds to States, municipalities, and other public agencies to help finance the cost of planning various public works and facilities. These advances become repayable in whole or in part when construction of the public work planned is started.

Through the end of December 1964, a total of 3,817 applications for approximately \$92 million have been approved under the program. The estimated cost of the projects aided by these public works planning advances totals \$5.56 billion. As of the same date, 3,360 plans involving Federal advances of \$84 million have been completed and 1,186 advances for \$31 million have been repaid.

Section 1004. Advisory committees—technical provision: This section would delete an obsolete provision from section 601 of the Housing Act of 1949. The provision deleted exempts a member of an advisory committee appointed by the Housing and Home Finance Administrator or the heads of any of the constituents of the Housing Agency from certain cited conflict of interest laws. This provision was made obsolete and no longer necessary by section 2 of Public Law 87-849. That law enacted new provisions which accomplish the same purpose.

Section 1005. Public facility loans to nonprofit corporations: This section would permit the Administrator to make loans under the public facility loans program to private nonprofit corporations to finance the construction of works for the storage, treatment, purification, or distribution of water; sewage, sewage treatment and sewer facilities needed to serve small communities (with a population of less than 10,000) if he determines no existing public body is able to construct and operate such facilities.

Section 1006. FHA conforming amendments: This section would amend various sections of the National Housing Act to make their provisions conform to the provisions in title II of this bill with respect to the consolidation of FHA insurance funds.

Section 1007. Repeal of special provision in Urban Mass Transportation Act: This section would repeal a provision in the Urban Mass Transportation Act of 1964 which requires that contractors, in providing facilities or equipment which have received loan or grant assistance under the act, "shall use only such manufactured articles as have been manufactured in the United States." There is no other Federal matching grant program which contains such a requirement. The President, in approving the Urban Mass Transportation Act, expressed hope that the provision would be repealed and said that it is incompatible with the trade policy this Nation is pursuing under the Trade Expansion Act.

Mr. BARRETT. Mr. Speaker, I join the gentleman from Texas, Congressman PATMAN, in commending President Johnson for the very fine housing and urban development legislation he has submitted to the Congress. I too pledge my support for the administration's program introduced here today and recommend to the Members of this body its enactment into law.

This Nation will prosper and remain great only if the 70 percent of our population which live in the urban areas of our country can make for themselves a good life in the city. Almost all of the great growth in population which we know for a certainty we will experience in the next 40 years will be concentrated in the Nation's urban areas. The next 15 years, 30 million additional people will be added to our cities.

Mr. Speaker, I know—and the people I represent know—only too well the truth of President Johnson's words:

The modern city can be the most ruthless enemy of the good life, or it can be its servant. The choice is up to this generation of Americans. For this is truly the time of decision for the American city.

We must face up to the truly great needs that must be met in our cities—housing for low and moderate-income people; more and better schools; fresh water and an end to pollution of our air, rivers, and streams—and at least a taste of the natural beauty of trees and parks and open space.

We must help the cities plan to meet the needs of today and plan for the great increase in population they must accommodate.

The legislation presented to the Congress by the Johnson administration offers new strength and opportunity to the cities. If we make the effort, we can make of our cities a place where men can come together to live the good life. "A place where every man feels safe on his streets and in the house of his friends—where each individual's dignity and self-respect is strengthened by the respect and affection of his neighbors—where each of us can find the satisfaction and warmth which comes only from being a member of the community of man."

CORRECTION OF THE RECORD

Mr. BOGGS. Mr. Speaker, on behalf of the gentleman from Oklahoma [Mr. ALBERT], I ask unanimous consent to correct the RECORD of March 3, 1965, on page 3915 the last sentence of the first paragraph in column 3 which reads, "He have an opportunity here today to send this bill to the White House." This sentence should read "We have an opportunity here today to send this bill to the White House." I ask unanimous consent that the permanent RECORD be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

VFW CONGRESSIONAL AWARD TO THE HONORABLE JOHN W. McCORMACK

(Mr. DAVIS of Georgia asked and was given permission to address the House for 1 minute and to revise and extend his remarks and to include extraneous matter.)

Mr. DAVIS of Georgia. Mr. Speaker, one of the year's most notable occasions in this Capital City is the annual congressional dinner of the Veterans of Foreign Wars of the United States. This has become a traditional event at which the VFW honors the Members of Congress.

Each year, on the occasion of this banquet, the VFW presents the VFW Congressional Award to a Member of Congress. This VFW Congressional Award has become recognized as one of the most meaningful and coveted awards for public service which it is within the power of any of our national organizations to make.

The announcement that this year's recipient would be the Honorable JOHN W. McCORMACK, Speaker of the House of Representatives, was made recently by VFW Commander in Chief John A. Jenkins.

I am confident, Mr. Speaker, that the Members of this House will join with me in extending to our respected Speaker our warmest congratulations upon his selection to receive this honor which he so thoroughly deserves.

Congratulations, too, should go to the Veterans of Foreign Wars of the United States for the wisdom, understanding, and insight they have demonstrated in selecting the Honorable JOHN W. MCCORMACK for this Congressional Award.

Reflecting the affection which all Members of Congress have for our Speaker, and indicative of the respect in which the VFW is held by Members of Congress, I am informed that there will be an unusually large number of Members of both the Senate and this House at the VFW congressional dinner the evening of Tuesday, March 9, at the Sheraton-Park Hotel, at which time the beautifully sculptured bronze plaque, symbolizing the VFW Congressional Award, will be presented to the Honorable JOHN W. MCCORMACK. The presentation will be made by the national commander in chief of the Veterans of Foreign Wars, Mr. John A. Jenkins, of Birmingham, Ala., who is well known to the Members of this House.

Because of the importance of this VFW award, I include, under leave to extend my remarks, the VFW's official descriptive data, together with the criteria for making the award.

THE VFW CONGRESSIONAL AWARD

The Veterans of Foreign Wars Congressional Award, conferred annually at the midwinter congressional dinner, is one of the several given by the VFW in recognition of meritorious achievement in various fields. It is unique in that it is the top award given to a Member of Congress by the organization. For this reason, it carries the simple inscription, "for outstanding service to the Nation."

By the awarding of this honor to one of our national legislators, the VFW seeks to dramatize the importance of the role of a freely elected legislature in serving the great ends of the Republic, maintaining true allegiance to the United States of America and fidelity to its Constitution and laws, the fostering of true patriotism, maintaining and extending the institutions of American freedom, and preserving and defending our country from all her enemies, at home or abroad.

The special committee on awards and citations, in establishing the award in 1963, decided that it should be given to a sitting Member of Congress; i.e., a Member who, at the time the award is conferred, is on active legislative service. The recipient may be a Member either of the House of Representatives or of the Senate. By custom, the granting of the award alternates between the two Houses. It is completely nonpartisan in nature.

In deciding who should receive this honor, the committee takes into account the Member's own attitude toward his legislative duties and responsibilities, the degree of respect held toward him by his fellow legislators, his efforts to harmonize civil-military relations and the success of those efforts, the balance he has been able to achieve between the national interests of his own constituency and State, his diligence and hard work, the contribution made to the effectiveness of the House of which he is a part, and the work of the committees to which he has been assigned, and above all, his devotion to American principles. The recipient, in short, should be an outstanding Congressman or Senator.

There are many ways in which distinguished service in the Halls of Congress can be performed for the people of our great country. In granting this award, the Veterans of Foreign Wars wishes to recognize such service, whether carried out in public view with deserved acclaim or performed in ways which gain little public recognition but which may be of equal or even greater value to the country.

The VFW Congressional Award endeavors to pay homage to that single legislator among the 535 Members of Congress who seems most nearly to meet the following criteria:

1. Contribution to the preservation and perpetuation of the ideals upon which the U.S. system of government is based;

2. Recognition by his colleagues of his service, whether that service be one of quiet dedication and hard work or one of achieving wide publicity, to the best and highest interests of the Nation;

3. Exemplification of the principles of civic duty shared by the VFW, which emphasize the individual, the community, the State and the Nation;

4. Unswerving loyalty to, and active performance in, the defense and security of the Nation against its foes whomever and wherever they may be;

5. Compassionate, practical attention to the needs of those men and women who have selflessly given of themselves to the service of America, not only in its wars, but in peaceful pursuits as well; and

6. Dedication to his legislative responsibilities over a period of years and continuous growth in legislative responsibility and experience, not only in fields of special interest to any particular group in American life but in his overall stewardship.

The Veterans of Foreign Wars knows and appreciates that there may be many Members of both Houses of Congress who meet these rigorous standards. It is the organization's hope that by granting this distinguished award it will call attention not only to the dedicated service of the recipient, in whichever House he may be serving, but to the other deserving Members who share the attributes and accomplishments for which the VFW Congressional Award is made each year.

The first award, bestowed on March 10, 1964, went to U.S. Senator CARL HAYDEN, of Arizona.

ARMY PROCUREMENT

(Mr. RUMSFELD asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and to include extraneous matter.)

Mr. RUMSFELD. Mr. Speaker, I have taken this time simply to submit for the RECORD a statement regarding procurement procedures in the Army and comments on various General Accounting Office reports which I believe are significant and which I believe should be brought to the attention of the House.

I also might say that in addition to some critical comments, I intend to make some complimentary remarks about the Army and action they are taking today which I believe should go a long way toward improving procurement proceedings and reducing the cost of military procurement.

I would like to place before the House and the public today some details on Army procurement procedures, which, I believe, should be eye openers to Members of Congress who are engaged in our annual battle to hold down the Federal budget by eliminating waste from areas such as defense procurement.

These comments will take note of personnel policies that directly contribute to waste, the Army's apparent refusal to take meaningful action against employees found responsible for the waste, their failure to make public the names of employees against whom they do act, and the apparent coddling of higher Army officials whom the General Accounting Office—GAO—has said share the responsibility for the incredible snafu that I shall describe.

Briefly, the first case concerns six civilian electronics engineers against whom dismissal action was initiated by the Army Electronics Command, headquartered at Fort Monmouth, N.J., for their role in the repeated purchase of millions of dollars of electronics equipment that would not operate properly. The Army took the action only after it was goaded into moving by GAO.

When the Army announced in July that it was initiating the dismissal actions, the men involved—plus another who retired rather than waiting to be fired—protested that they were mere "scapegoats."

They claimed—correctly—that the GAO had found that higher ranking Army officials, both at Fort Monmouth and in Washington, had also been involved in the decisions that led to the waste.

In November, when the Army made the dismissal actions against five of the men final—charges against the sixth man were dropped—the ousted men announced that they would appeal, exposing the higher-ups also responsible and establishing their own alleged innocence.

So effective was that threat, apparently, that within 3 months, the Army announced that after negotiating with the dismissed men's attorney, four of the five men were being reinstated in their old jobs. The fifth was offered another job at a lower level of responsibility, but refused it.

And what was the Army's explanation for its action?

Maj. Gen. Frank W. Moorman, who heads the Electronics Command, said that the five men—who were fired for "gross negligence"—had refused, in November, to admit any responsibility in the snafu.

However, Moorman announced that they have now decided to acknowledge responsibility so they were being restored to duty.

And what was their penalty? Three of the men were fined 20 days' pay and one will forfeit 10 days' pay. For the remainder of the time since their dismissal in November, they will receive substantial back pay.

As frosting on this cake, the Army—which I am advised, had said last summer that it would identify the men involved after they were dismissed—has continued to refuse to identify the offenders to the press.

The Army also refuses, I am told, to discuss details of the case, or to answer questions from the press as to why the higher-ups mentioned in the GAO report also were not disciplined.

The details of this case are extraordinary. The procurement involved is

April 6, 1965

"The Comptroller General should vigorously and expeditiously implement his announced plan to intensify his review of agency accounting systems and make reports on such reviews to the Congress. He should also undertake to assist and encourage agencies, through personal efforts to his staff, to expedite the development of their accounting systems to the degree necessary to obtain approval.

"With regard to the Civil Service Commission's work in upgrading the quality of Government personnel now working in the field of financial management, and in otherwise assisting the departments and agencies of Government in procuring competent accounting and financial management technicians and professional personnel, this committee recommends:

"That increased emphasis be given to career development programs through more concentrated attention on greater participation in workshops and seminars by financial management personnel at all operational levels in all departments and agencies.

"That work be speeded by the Commission to improve techniques by which departments and agencies evaluate the relative quality of candidates under their promotion plans, especially for financial management positions.

"That more financial management courses be included in all of the general-type management courses offered by the Commission, because an understanding of and appreciation for good financial management practices must become an integral part of the total management job.

"That the Commission work with all departments and agencies of Government in encouraging and arranging for employees to attend courses in financial management in nongovernmental institutions as an additional means of upgrading the quality of personnel in positions of responsibility in the field of financial management."

8. WOOL IMPORTS. Rep. Cleveland inserted and commended a statement by Governor Chafee, R. I., urging quotas on manufactured worsted-woolen imports. p. 6935
9. FOREIGN TRADE. Rep. Dent criticized the order by the Commerce Department terminating a previous order restricting the export of walnut logs and inserted his correspondence with Commerce Secretary Connor on the matter. pp. 6921
10. ELECTRIFICATION. Received from the Federal Power Commission a communication, "Statistics on Electric Utilities, Privately Owned." p. 6941

SENATE

11. EDUCATION. The Labor and Public Welfare Committee reported without amendment H. R. 2362, to strengthen and improve educational quality and educational opportunities of elementary and secondary schools (S. Rept. 146) (p. 6808). Sen. Javits submitted amendments intended to be proposed to this bill (pp. 6821-3). This bill was made the unfinished business of the Senate (p. 6857).
12. HOUSING. Sen. Javits submitted and discussed amendments to S. 1354, the administration's housing and urban development bill. pp. 6819-20
13. NOMINATIONS. The Labor and Public Welfare Committee reported the nominations of Jack T. Conway to be Deputy Director and Glenn W. Ferguson, Otis A. Singletary, N. C., and Theodore M. Berry, O., to be Assistant Directors of the Office of Economic Opportunity. p. 6808

14. CONSERVATION. Sens. Hruska, Cannon and Mundt criticized and inserted articles critical of the proposed reduction in SCS appropriations and establishment of SCS user charges. pp. 6824-5, 6829-30, 6834-5
15. TRADE AND DEVELOPMENT BOARD. Sen. Javits called attention to the organization of U. N. Trade and Development Board which he stated provides a "continuing body to emphasize and consider...the economic problems of the developing nations" and inserted an article on the subject. pp. 6825-6
16. JOB CORPS. Sen. Fulbright inserted an article which he stated is a "thoughtful description of the hope the Job Corps offers for many young Americans." pp. 6828-9
17. POVERTY. Sen. Randolph inserted an address, "Poverty Amidst Affluence," which he stated contains "important statistics and information about the one-fifth of this Nation's population living in substandard conditions" and recommendations for a workable solution to this problem. pp. 6830-33
Sen. Williams, N.J., commended a "miniature war on poverty" in N.J. when 20 tons of clothing, food supplies, etc. were collected for a depressed Ky. area. pp. 6838-9
18. FARM LABOR. Sen. Robertson discussed the farm labor situation and criticized Secretary Wirtz's "point of view" on this subject. pp. 6833-4
19. TOBACCO. Sen. Neuberger summarized some of the material presented during the hearings on bills to regulate the labeling of cigarettes. pp. 6839-44
20. WOOL LABELING. The Commerce Committee voted to report (but did not actually report) with amendment S. 836, to authorize the Federal Trade Commission to exclude from the provisions of the Wool Products Labeling Act wool products with respect to which the disclosure of wool fiber content is not necessary for the protection of the consumer. p. D266
21. PESTICIDES. The Commerce Committee voted to report (but did not actually report) with amendment S. 1623, to authorize a continued study by the Department of the Interior of the effects of insecticides, herbicides, fungicides, and other pesticides upon fish and wildlife. p. D266
22. TEXTILE LABELING. The Commerce Committee voted to report (but did not actually report) S. 1129, to amend the Textile Fiber Products Identification Act so as to permit the listing on labels of certain fibers constituting less than 5 percent of textile fiber product. p. D266
23. NATIONAL PARKS. The Subcommittee on Parks and Recreation of the Interior and Insular Affairs Committee voted to report to the full committee S. 339, to provide for the establishment of the Agate Fossil Beds National Monument, Nebr. p. D266

ITEMS IN APPENDIX

24. WATER RESOURCES. Sen. Magnuson inserted a statement. "Documents Introduce 100-Year Water Plan Study," outlining plans for a progressive planning of Pacific Northwest resources. pp. A1664-5

212(a) and contains a provision similar to the second proviso of section 212(a). The second proviso in section 410(f), however, provides for suspension on short notice of freight forwarder permits for failure to comply with the cargo insurance provisions under section 403(c) and the public-liability and property-damage insurance provisions under section 403(d). The draft bill would bring section 212(a) into further conformity with section 410(f) by removing this distinction.

From the standpoint of the traveling and shipping public there is as much reason to require motor carriers to keep their cargo and public-liability and property-damage insurance in force as there is to require freight forwarders to keep their insurance in effect. It is therefore desirable in the public interest that the Commission have the authority to suspend motor carrier rights, on short notice, when insurance lapses, or is canceled without replacement, until compliance is effected. The prospect of such action by the Commission should act as a deterrent to violations of this nature. An investigation under section 204(c) is not a satisfactory answer to the problem since such a proceeding may be somewhat lengthy and the public may be adversely affected should losses occur while it is pending.

The proposed change in section 204(c), which relates to investigations and the issuance of compliance orders, would bring that section into conformity with the suggested amendment to section 212(a) by similarly removing the restrictive nature of the present wording.

The amendments proposed in this draft bill would enable the Commission to administer the enforcement provisions of part II of the act more effectively.

S. 1733. A bill to make the civil forfeiture provisions of section 222(h) of the Interstate Commerce Act applicable to unlawful operations and safety violations by motor carriers, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (h) of section 222 of the Interstate Commerce Act, as amended (49 U.S.C. 322 (h)), is amended to read as follows:

"Any motor carrier, broker, or lessor, or other person, or any officer, agent, employee, or representative thereof, who shall fail or refuse to keep, preserve, or forward any account, record, or memorandum in the substance, form, or manner prescribed in this part or in any rule, order, or regulation prescribed under this part; or who shall fail or refuse to comply with any requirement of this part with respect to the filing with the Commission or with any agency, office, or representative of the Commission, as prescribed by the Commission, any annual, periodical, or special report, or other report, tariff, schedule, contract, document, or data or with any rule, order, or regulation prescribed with respect to such filing; or who shall fail or refuse to make full, true, or correct answer to any question required by the Commission to be made under the provisions of this part; or who shall fail or refuse to comply with the provisions of section 203(c) or section 206(a)(1) or section 209(a)(1); or who shall fail or refuse to comply with any rule, regulation, requirement, or order promulgated by the Commission pursuant to the provisions of sections 204(a)(1), 204(a)(2), 204(a)(3), or 204(a)(3a), shall forfeit to the United States, the sum of \$200 for each such offense, and, in case of a continuing violation not to exceed \$100 for each additional day during which such failure or refusal shall continue. All forfeitures provided for in this paragraph shall be payable into the Treasury of the United States and shall be recoverable in a

civil suit by the Commission or its duly authorized agent, brought in the district where the motor carrier or broker has its principal office, or in any district in which such motor carrier or broker was, at the time of the offense, authorized by the Commission, or by this part, to engage in operation as such motor carrier or broker, or in the district where such forfeiture may accrue; or in any district where the offender is found. All process in any such case may be served in the judicial district whereof such offender is an inhabitant or wherever he may be found."

The recommendation and justification accompanying Senate bill 1733 are as follows:

RECOMMENDATION No. 22

This proposed bill would give effect to legislative recommendation No. 22 of the Interstate Commerce Commission as set forth on page 75 of its 78th annual report as follows:

"We recommend that section 222(h) be amended so as to (a) extend the civil forfeiture provisions therein to unlawful operations and safety violations by motor carriers, (b) permit the Commission to institute forfeiture actions directly in the courts, and (c) increase substantially the amount of the forfeitures prescribed."

JUSTIFICATION

The purpose of the attached draft bill is to provide the Interstate Commerce Commission with a more effective means of coping with the spread of illegal and so-called "gray area" motor carrier operations which are undermining the strength of the Nation's regulated common carrier system. It is also designed to buttress the Commission's intensified motor carrier safety enforcement program.

Under existing law, procedures for dealing with certain motor carrier violations are often slow and cumbersome, and frequently ineffective. Criminal prosecutions, for example, must be brought in the district in which the violations occurred. Thus, in the case of multiple violations by a carrier with extensive territorial operations it may be necessary to institute separate actions in several district courts if all of the violations are to be covered. Civil forfeiture proceedings, on the other hand, may be instituted in the district in which the carrier maintains its principal office, where it is authorized to operate, or where it can be found. Moreover, less time is needed for investigating violations because of the difference in quantum of proof required in such proceedings.

Under the proposed amendment a civil forfeiture action could be brought against a for-hire motor carrier for transporting property without a required certificate or permit. Such action would be available whether or not the carrier had taken steps to give the operation an appearance of legality, but the principal enforcement advantage that would accrue would be when the operator, by means of an alleged vehicle lease or an alleged purchase of the commodity hauled, has attempted to give the operation an appearance of private carriage. More specifically, an owner of a vehicle may enter into a vehicle lease arrangement with a manufacturer under which the manufacturer allegedly uses the vehicle in private carrier operations. Such arrangements range all the way from a bona fide lease of a vehicle, at one extreme, to an obvious sham at the other. No enforcement action is, of course, involved in the case of a bona fide lease. The obvious shams, however, are the subject of criminal prosecution.

While there are a number of vehicle arrangements which the Commission believes to be illegal for-hire carriage by the vehicle owner, it is doubtful that a criminal conviction could be secured because of the

necessity of showing knowledge and willfulness and proving guilt beyond a reasonable doubt. In addition, in a criminal proceeding there can be no appeal from an acquittal. Such cases are now handled in the civil courts, but an injunction against such operations in the future is all that can be secured. The possibility of a civil injunction action, where there is no pecuniary penalty or criminal stigma involved, has very little effect as a deterrent to would-be violators. A civil forfeiture action, such as that proposed, carrying with it substantial monetary penalties should, on the other hand, have a strong deterrent effect against questionable leasing arrangements.

Operations sometimes referred to as "buy and sell" operations are very similar in effect. By allegedly purchasing merchandise the transporter represents the operation to be private carriage. As in the case of leasing arrangements these operations have many variations, some of which present close questions as to whether the operation constitutes for-hire carriage. Some are obviously illegal for-hire operations and are handled as criminal cases. Others, however, are not so clearly unlawful as to warrant criminal action for the reasons stated above in connection with questionable leasing arrangements, but which, in the Commission's views, are nevertheless unlawful. Such operations may be continued for substantial periods during the pendency of a civil injunction proceeding and before a cease and desist order is issued by the court. If the proposed amendment were enacted a number of these cases could be made the subject of a civil forfeiture action in which, if successful, the operator would suffer a money judgment or forfeiture.

Enactment of the proposed legislation would also greatly facilitate the Commission's enforcement activities in the important area of motor carrier safety. Although a very high percentage of cases involving violations of the Commission's safety regulations are disposed of by pleas of guilty or nolo contendere, investigations looking toward such prosecutions are nevertheless extremely time consuming because of the necessity of proving to the court every element of the alleged criminal offense. Since the quantum of proof required in a civil forfeiture proceeding is not as great as that required in a criminal action, a substantial amount of the time that must now be spent in preparing for criminal prosecutions in such cases could be devoted to handling a larger number of civil forfeiture proceedings.

The Commission's efforts at more effective and expeditious enforcement would also be greatly enhanced if it were authorized to institute forfeiture proceedings directly in the courts instead of proceeding through the Department of Justice as it is now required to do. Delays would be avoided not only by eliminating the mechanics involved in taking the extra step, but also by the elimination of such delays as may be caused by the time consumed in convincing the U.S. attorney that an action should be filed.

These proposed amendments, coupled with a substantial increase in the amount of the forfeitures prescribed, would strengthen the Commission's hand considerably in dealing with some of the principal factors contributing to the decline of regulated common carriers.

AMENDMENTS TO THE ADMINISTRATION'S HOUSING MEASURE, S. 1354 (AMENDMENTS NOS. 65, 66, 67, AND 68)

Mr. JAVITS. Mr. President, I send to the desk, for printing and appropriate reference, four amendments to S. 1354,

the administration's housing bill. The amendments would—

Permit the Housing and Home Finance Agency Administrator to waive the present 15-percent limitation on allocation of public housing funds for use by any one State, upon a finding that imposition of the limitation would cause hardship to a large number of low-income families in that State. The result of the present limitation is that fewer dwelling units are built in States with higher construction costs. Waiver of the limitation would provide authority for the allocation of more low-rental housing in New York as well as other States with large urban centers. The continuing 15-percent dollar limitation for any one State is unrealistic as well as unfair. It ignores the need for larger amounts of low-income housing in the high-cost, densely populated urban areas; it does not recognize the fact that metropolitan areas ignore State boundaries; it inhibits the Administrator of the Housing and Home Finance Agency from allocating public housing on an areawide and regional basis; and it is out of step with the growing emphasis on area development that has been recognized in other sections of the Housing and Urban Development Act of 1965. It is a relic of the past; it should be discarded, now.

Increase the Federal cost limitation on construction of rooms for low-rental housing by \$1,000 per room from the existing limitation of \$2,750 per room in New York and \$3,750 per room for housing for the elderly existing in areas of acute need and high cost such as New York. Increasing the per room construction cost limitation would permit more desirable and livable low-rent housing.

Expand relocation assistance for small businesses displaced by urban renewal projects to include payments of up to \$10,000 upon relocation. The present limitation on relocation compensation is \$1,500, but this figure was found to be totally inadequate by the Select Committee on Real Property Acquisition of the House Committee on Public Works. This additional payment is designed to aid small businesses which are less able to adjust to a new environment than the larger and more flexible business enterprises.

Strengthen the existing National Housing Act middle-income program by providing for a program of Federal matching grants for State and local contributions to such housing projects. The amendment would permit the Federal Government to make matching grants equal to one-half the value of State and local contributions to the Federal program and thus permit substantial reductions for existing middle-income programs. Contributions could take the form of local tax abatement or donation of land prior to construction of a project or local rent subsidy. Where the State or local contribution was made in the form of tax abatement or rent subsidy on an annual basis, the Federal contribution could be made yearly up to 25 percent of the development cost of the housing project. In New York City, for

example, where real estate taxes on a \$12,500 unit amount to approximately \$490 per unit, a matching grant of full value equal to the dollar amount of a tax abatement of 50 percent would result in a reduction of \$41.50 per month for a rental of a single unit.

The PRESIDING OFFICER. The amendments will be received, printed, and appropriately referred.

The amendments (Nos. 65, 66, 67, and 68), were referred to the Committee on Banking and Currency.

VOTING RIGHTS—AMENDMENT (AMENDMENT NO. 68)

Mr. SMATHERS. Mr. President, I submit an amendment to S. 1564, the voting rights bill of 1965. In the amendment there are incorporated several recommended revisions.

This amendment is intended, first to clarify and improve the language used in the original bill. Secondly, each of the substantive changes is designed to make the bill a clear implement of congressional authority under the 15th amendment; and finally, the amendment is intended to broaden and to strengthen the assurance to every American citizen that his rights under the 15th amendment shall be held inviolate. No one who has taken an oath to uphold the Constitution of the United States can disagree with that objective.

Mr. President, many times in the past I have joined with my southern colleagues in opposing so-called civil rights legislation. I have willingly participated in full and extended debate over these issues.

I felt then, as I feel today, that most of those measures granted rights to one person at the expense of another. I have fought such provisions as first, the Fair Employment Practices Commission, because it tells an employer who he must hire in his own private business; second, the Public Accommodations law, because under this law the Federal Government brings its awesome power to bear against private businessmen, dictating whom they must admit, and whom they must serve in their place of business, or go to jail; and third, the so-called genocide provision, because it permits the Federal Government to hang like a dagger above the heads of a sovereign State the threat that all Federal funds will be cut off, unless such State bows to the mandate of so-called civil rights.

And, Mr. President, I have fought such legislation for many other reasons—but never because it sought to protect the right of all American citizens to register and to vote.

On the contrary, in each instance that I have opposed these measures, I have always made it expressly and abundantly clear that I was not thereby opposing the right to vote. It is my belief that every American citizen, in every State, regardless of his race or his color, should not only be allowed to exercise his franchise; he should be encouraged to do so. In my judgment, franchise and freedom are inseparable in America.

In the State of Florida, Mr. President, we have no literacy laws. We outlawed

the poll tax 25 years ago. We go out into the highways and the byways and actively seek the vote of every citizen. The overwhelming majority of the citizens of Florida are in full and complete accord with the 15th amendment and all that it stands for.

Less than 24 hours after the President announced his plan to ask for voting rights legislation, I told the people of my State by newspaper, radio, and television, that I hoped, to be able to support such legislation.

However, I have now had an opportunity to study carefully each of the provisions of the bill that was sent to Congress. We should not let such a bill become our final choice.

It is not only unclear in its language, unfair in its application, and unsafe in its total effect upon our system—it is patently unconstitutional in more than one respect.

In our concern for the rights of citizens under the 15th amendment, we should not let haste and anxiety dictate a remedy worse than the disease.

We should not discriminate against one section of the Nation on the grounds of discrimination. Pure hearts and motives know no State or regional boundaries.

We should not assign to the Attorney General, whose function is to enforce the law, the dual capacity of passing judgment upon the offender. That principle is repulsive to our system of government and inconsistent with elementary criminal jurisprudence.

We should not cite judicial delays as a basis for abandoning the judicial system, or else we may establish a precedent that the next generation may find expedient to follow—and the next—and the next—until the erosion process is complete.

We should be guided by the 15th amendment, which Congress has explicit authority to implement. The measure we pass, unlike the original bill, should guarantee to every citizen in every State the right to vote regardless of race or color—and we should protect that right in every State.

It is to meet these objections, Mr. President, that I have drafted my revisions to S. 1564. The amendment I offer today would achieve the following results:

First. At the very outset, it acknowledges that every State has the constitutional right to impose voter qualifications and procedures, so long as they do not conflict with the 15th amendment and other provisions of the Constitution.

Second. Under the original bill, the Attorney General is empowered to trigger the appointment of examiners, without court action, whenever (a) he receives 20 or more written complaints from citizens of a State or political subdivision alleging their voting rights are being violated; or (b) he determines, in his own discretion, that such examiners should be appointed.

The amendment provides that the Attorney General may not act on his own discretion, but must first receive 20 or more such complaints. At that point, the Attorney General may apply to the appropriate court of appeals for preventive relief.

89TH CONGRESS
1ST SESSION

S. 1354

IN THE SENATE OF THE UNITED STATES

APRIL 6, 1965

Referred to the Committee on Banking and Currency and ordered to be printed

AMENDMENTS

Intended to be proposed by Mr. JAVITS to the bill (S. 1354)
to assist in the provision of housing for low- and moderate-
income families, to promote orderly urban development, to
improve living environment in urban areas, and to extend
and amend laws relating to housing, urban renewal, urban
mass transportation, and community facilities, viz:

1 On page 9, between lines 19 and 20, insert a new section
2 as follows:

3 “GRANTS TO ENCOURAGE THE CONSTRUCTION OF HOUSING
4 PROJECTS FOR FAMILIES OF LOW AND MODERATE
5 INCOME

6 “SEC. 104. (a) In order to encourage State and local
7 units of government to assist private enterprise to provide
8 housing of sound design and construction for families whose

1 incomes are too high for admission to low-rent public housing
2 but too low to afford the rentals required to obtain adequate
3 private housing, the Housing and Home Finance Adminis-
4 trator is authorized to make, and to enter into contracts to
5 make, grants to States and local public bodies and agencies
6 which have made contributions to low- and moderate-income
7 housing projects.

8 “(b) The amount of any grant made under this section
9 shall not exceed the lesser of (1) 50 per centum of the value
10 of the contribution made by any State or local public body or
11 agency to any low- and moderate-income housing project, or
12 (2) 25 per centum of the development cost of such project.

13 “(c) The contribution of any State or local public body
14 or agency to a low- and moderate-income housing project,
15 for which a grant may be made under this section, may be
16 in the form of (1) cash, (2) by donation of land prior to
17 the construction of the project, (3) by annual payments to
18 the owner of the project on behalf of tenants of the project
19 to reduce the rental charges they would otherwise be re-
20 quired to pay, or (4) by the granting of a full or partial
21 exemption from real property taxes on the land on which the
22 project is located and the improvements thereon. If the con-
23 tribution of a State or local public body or agency is in the
24 form of annual payments to the owner of the project, or by
25 full or partial tax exemption, the Federal grant shall be paid

1 to the State or local public body or agency which has borne
2 the cost of such payments or tax exemption, and such Fed-
3 eral grant shall be paid on an annual basis, in an amount
4 equal to 50 per centum of the annual cost of such payments
5 or the value of such tax exemption, but the cumulative
6 amount of such Federal grants with respect to the cost of
7 such annual payments or the value of any tax exemption
8 granted a single low- and moderate-income housing project
9 shall not exceed 25 per centum of the development cost of
10 the project.

11 “(d) No grant shall be made under this section with re-
12 spect to any contribution by a State or local public body or
13 agency which was made, or contracted to be made, prior to
14 the date of enactment of this Act.

15 “(e) As used in this section—

16 “(1) The term ‘State’ means any of the several
17 States, the District of Columbia, and the Commonwealth
18 of Puerto Rico.

19 “(2) The term ‘local public bodies and agencies’
20 includes public corporate bodies or political subdivisions;
21 public agencies or instrumentalities of a State, munici-
22 pality, or political subdivision of a State (including
23 public agencies and instrumentalities of one or more
24 municipalities or political subdivision of a State); In-
25 dian tribes; and boards or commissions established under

1 the laws of any State to finance or assist low- and mod-
2 erate-income housing projects.

3 “(3) The term ‘low- and moderate-income project’
4 means a housing project (A) financed with a loan under
5 section 202 of the Housing Act of 1959 or a below-
6 market-interest-rate mortgage insured under section
7 221 (d) (3) of the National Housing Act, or (B) fi-
8 nanced or assisted by a State or local public body or
9 agency authorized to provide or extend financial assist-
10 ance to housing designed to serve families having in-
11 comes too high for admission to low-rent public housing,
12 but too low to afford the rentals required to obtain ade-
13 quate private housing.

14 “(4) The term ‘development cost’ means the costs
15 of constructing a low- and moderate-income housing
16 project and of acquiring the land on which it is located,
17 including necessary costs of site improvements to per-
18 mit its use as a site for a low- and moderate-income
19 housing project.

20 “(f) There are hereby authorized to be appropriated
21 such sums as may be necessary to carry out the provisions
22 of this section. All sums so appropriated shall remain avail-
23 able until expended.”

24 On page 9, line 22, strike out “104” and insert “105”.

25 On page 10, line 19, strike out “105” and insert “106”.

Amdt. No. 66

89TH CONGRESS
1ST SESSION

S. 1354

AMENDMENTS

Intended to be proposed by Mr. JAVITS to the bill (S. 1354) to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

APRIL 6, 1965

Referred to the Committee on Banking and Currency
and ordered to be printed

AMENDMENTS

April 28, 1965

13. WATERSHEDS. The Public Works Committee approved the following watershed projects: Ketchepedrakee Creek, Ala., Twin-Rush Creek, Ind., Badger Creek (supplemental), Iowa, and Walters Creek, Iowa. p. 8462
14. HOUSING. Sen. Hart submitted an amendment to S. 1354, the housing and urban development bill, and requested that it be referred to the Banking and Currency Committee. p. 8462
Sen. Ribicoff announced that public hearings before a subcommittee of the Government Operations Committee would be resumed May 19 and 20 on S. 1599, and related bills, to establish a Department of Housing and Urban Development. p. 8465
15. EDUCATION. Sen. Fulbright submitted an amendment intended to be proposed to S. 600, the proposed Higher Education Act. p. 8463
Sen. Harris inserted a "question and answer article" which he stated would tend to clarify "some of the misunderstandings" about the new Elementary and Secondary Education Act of 1965. pp. 8486-7
16. FARM LABOR. Sen. Dominick inserted a letter from a constituent to Secretary Wirtz urging reinstatement of braceros program. pp. 8478-9
17. CIVIL DEFENSE. Sen. Young, Ohio, urged the defeat of the civil defense shelter proposal. pp. 8481-2
18. PRESIDENT'S NEWS CONFERENCE. Sen. Mansfield inserted the text of the President's news conference in which he spoke of poverty program, Job Corps, and the nominations of Dr. Schnittker as Under Secretary of Agriculture and Under Secretary Murphy as CAB Chairman. pp. 8482-5
19. NOMINATIONS. Sen. McGovern commended the nominations of Under Secretary Charles S. Murphy to become Chairman of the Civil Aeronautics Board and Dr. John A. Schnittker to become Under Secretary of Agriculture. pp. 8500-1
20. MANPOWER. Sen. Clark inserted the statement of the President upon the signing of the Manpower Development and Training Act. p. 8488
21. NATURAL BEAUTY. Sen. Burdick announced that on May 24 and 25 a White House Conference on Natural Beauty will be convened and inserted an article, "America the Un-Beautiful." pp. 8484
22. FREEDOM ACADEMY. Sen. Mundt spoke in support of his bill to create the Freedom Commission and the Freedom Academy. pp. 8508-15

ITEM IN APPENDIX

23. TOBACCO. Extension of remarks of Rep. King inserting an article, "Should Tobacco Industry be Subsidized?", praising Rep. Roncalio "for his stand against tobacco subsidies." p. A2003

BILLS INTRODUCED

24. RESEARCH. H. R. 7708 by Rep. Conte, to promote economic growth by supporting State and regional centers to place the findings of science usefully in the hands of American enterprise; to Interstate and Foreign Commerce Committee.

25. TOBACCO. H. R. 7713 by Rep. Grabowski, to require that packages of cigarettes shipped in commerce bear a warning that they may be dangerous to health; to Interstate and Foreign Commerce Committee.
26. PERSONNEL. H. R. 7716 by Rep. Lindsay, to provide time off duty for Government employees to comply with religious obligations prescribed by religious denominations for which such employees are bona fide members; to Post Office and Civil Service Committee.
27. CENSUS. H. R. 7719 by Rep. Tunney, to amend title 13, United States Code, to provide for a mid-decade census of population, unemployment, and housing in years 1966 and 1975 and every 10 years thereafter; to Post Office and Civil Service Committee.
28. PEST CONTROL. S. 1835 by Sen. Tower, to provide for the transfer of the Division of Predator and Rodent Control from the Department of Interior to the Department of Agriculture; to Commerce Committee. Remarks of author p. 8458.
29. DAIRY PRODUCTS. S. 1838 by Sen. McGovern, to make dairy products available for domestic and foreign programs; to Agriculture and Forestry Committee. Remarks of author p. 8458.
30. FOOD ADDITIVES. S. 1839 by Sen. Hartke, to amend section 402(d) of the Federal Food, Drug, and Cosmetic Act; to Labor and Public Welfare Committee. Remarks of author pp. 8458-60.
31. PARKWAY. S. 1840 by Sen. Hartke, to provide for the establishment and administration of the Ohio River National Parkway in the State of Indiana; to Interior and Insular Affairs Committee. Remarks of author p. 8460.

COMMITTEE PRINT RECEIVED BY THIS OFFICE

32. RESEARCH. This Office has received for LENDING PURPOSES ONLY a few copies of a report to the Committee on Science and Astronautics by the National Academy of Sciences, "Basic Research and National Goals."

HOUSE - CONTINUED

33. SECOND SUPPLEMENTAL APPROPRIATION BILL, 1965. Received the Conference Report on this bill, H. R. 7091 (H. Report 270) (pp. 8355-7). Attached to this digest is a table showing conference action on appropriations included for this Department. House conferees were appointed earlier (p. 8355). Senate Conferees had already been appointed.

89TH CONGRESS
1ST SESSION

S. 1354

IN THE SENATE OF THE UNITED STATES

APRIL 28, 1965

Referred to the Committee on Banking and Currency and ordered to be printed

AMENDMENT

Intended to be proposed by Mr. HART to S. 1354, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities, viz: On page 39, after line 17, insert a new section 304 as follows and renumber the following section in title III accordingly:

1

DEMOLITION OF UNSAFE STRUCTURES

2

SEC. 304. A new section 116 is added to the Housing

3

Act of 1949 to read as follows:

4

“DEMOLITION

5

“SEC. 116. (a) The Administrator is authorized to make

6

grants to cities, other municipalities, or counties to assist

1 them in bearing the cost of demolishing structures in the com-
2 munity which under State or local law have been declared
3 structurally unsound or unfit for human habitation and which
4 such cities, other municipalities, or counties have authority to
5 demolish. Such grants shall not exceed two-thirds of the
6 cost of the demolition and may be made only to a community
7 which is carrying out a systematic program of demolishing
8 such structures.

9 “(b) In connection with making such grants, the Ad-
10 ministrator shall require that the full cost of the demolition
11 of a structure be recorded as a lien against the real property
12 on which it is located in accordance with State or local law,
13 and, when such lien is satisfied either through payment or
14 through sale of the real property to a private person, the
15 Federal share of the cost of demolishing such structure shall
16 be repaid to the Administrator to the extent that funds are
17 available from the sale.

18 “(c) Any funds repaid to the Administrator as a re-
19 sult of the provisions of subsection (b) shall become avail-
20 able for grant purposes under this title.”

Amdt. No. 101

89TH CONGRESS
1ST SESSION

S. 1354

AMENDMENT

Intended to be proposed by Mr. HART to S. 1354, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

APRIL 28, 1965

Referred to the Committee on Banking and Currency
and ordered to be printed

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 1845) to amend section 8 of Public Law 87-657, 87th Congress, introduced by Mrs. NEUBERGER, was received, read twice by its title, referred to the Committee on Interior and Insular Affairs, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 8 of Public Law 87-657 of the Eighty-seventh Congress is repealed and (b) that there is enacted in lieu thereof the following:

"Sec. 8. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act."

MEMBERSHIP AND PARTICIPATION BY THE UNITED STATES IN THE SOUTH PACIFIC COMMISSION

Mr. FULBRIGHT. Mr. President, by request I introduce, for appropriate reference, a joint resolution to amend the joint resolution of January 28, 1948, providing for membership and participation by the United States in the South Pacific Commission.

This legislation has been requested by the Acting Secretary of State, and I am introducing the proposed legislation in order that there may be a specific bill to which Members of the Senate and the public may direct their attention and comments.

I reserve my right to support or oppose this bill, as well as any suggested amendments to it, when the matter is considered by the Committee on Foreign Relations.

I ask unanimous consent that the joint resolution may be printed at this point in the RECORD, together with a memorandum of justification and the letter from the Acting Secretary of State to the Vice President with regard to it.

The PRESIDING OFFICER. The joint resolution will be received and appropriately referred; and, without objection, the joint resolution, memorandum, and letter will be printed in the RECORD.

The joint resolution (S.J. Res. 71) to amend the joint resolution of January 28, 1948, providing for membership and participation by the United States in the South Pacific Commission, introduced by Mr. FULBRIGHT, by request, was received, read twice by its title, referred to the Committee on Foreign Relations, and ordered to be printed in the RECORD, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, that Section 3(a) of the joint resolution entitled "Joint Resolution providing for membership and participation by the United States in the South Pacific Commission and authorizing an appropriation therefor", as amended (22 U.S.C. 280b) is hereby amended to read as follows:

"(a) such sums as may be required annually for the payment by the United States of its proportionate share of the expenses of the Commission and its auxiliary and subsidiary bodies, as set forth in Article XIV of the Agreement establishing the South Pacific Commission."

The memorandum and letter presented by Mr. FULBRIGHT are as follows:

MEMORANDUM OF JUSTIFICATION OF PROPOSED AMENDMENT TO REMOVE STATUTORY RE- STRICTIONS ON U.S. CONTRIBUTIONS TO THE SOUTH PACIFIC COMMISSION

Current legislation providing for U.S. participation in the South Pacific Commission restricts the authority to make appropriations to fiscal years 1965 and 1966 in amounts not to exceed \$150,000.

The proposed draft of an amendment to Public Law 403, 80th Congress, would replace these restrictions by a continuing authorization without limitation as to amount.

The membership of the Commission consists of the state of Western Samoa, which became a member in 1964, and 5 Governments—Australia, France, New Zealand, the United Kingdom, and the United States—which together administer some 15 territories in the Pacific Ocean. These territories are scattered over an ocean area approximating one-fifth of the world's surface, about a third being in the U.S. sphere of responsibility. The U.S. territories covered by the Commission's activities include American Samoa and Guam as well as the Trust Territory of the Pacific Islands. The entire complex of islands in the Commission's geographical bounds is of strategic importance to the United States.

As a regional organization with the only permanent reservoir of expertise in the South Pacific area, the Commission is uniquely qualified to assist in the economic and social development of the South Pacific people. It supplements and complements the individual territorial efforts of the administering governments and has proved an effective method of mobilizing the resources of these governments in a common effort. At the same time, it provides a forum for the indigenous people to voice their views on the development of the region.

Concentrating in the fields of health, and economic and social development, the Commission carries out its work largely through a program of research, technical assistance, and the collection, publication, and distribution of scientific and technical information.

In the health field, attention centers on organizing research into unsolved health problems, health education, and maternal and child care. In the area of economic development, the Commission is currently concerned with improvement of basic crops, fisheries, and boatbuilding, and eradication of plant disease and pests. The social development program deals with community education, language training, cooperatives, library development, and reading aids.

In order to respond more effectively to the regional needs of the area, the Commission considers desirable a significant strengthening of all these activities over the next few years. Among the projects of high priority are the following:

1. A broad program of improving village sanitation. Emphasis would be placed on the control of insects and rats, the latter being a serious economic as well as health problem in the South Pacific.

2. Expansion of the maternal and child health program. This would include adding a public health nurse to the staff to assist in conducting courses for auxiliary staff in territories, refresher courses for midwives, and seminars on social pediatrics.

3. Strengthening of the Community Education Training Center in the Fiji Islands.

4. Establishment of a regional language-teaching institute for the Pacific region where teachers and administrators could be trained in new methods of teaching English.

5. Intensification of plant production improvement. As part of a program to introduce commercial crops, the Commission hopes to expand the service of supplying new, disease-resistant species of the breadfruit,

cacao, and taro. If the basic research on insect control results in increased coconut production, a regional research and training center for coconut products and byproducts is considered a logical followup.

The budget for calendar year 1965, approved at an assessment level of \$747,799, provides for a start on this work program. Since the United States is assessed at 20 percent of the Commission's budget, our share of 1965 expenditures is \$149,559. This amount, to be funded from U.S. fiscal year 1966 appropriations, is just under the statutory limitation of \$150,000 on our contribution. This ceiling, however, will be inadequate to cover our obligations under subsequent budgets which must increase over the 1965 level if the important projects outlined above are to be carried out.

As between the raising of the annual ceiling on the amounts authorized to be appropriated and eliminating the ceiling entirely, the Department recommends the latter.

A ceiling could prevent the United States from living up to the terms of the agreement establishing the South Pacific Commission which calls for contribution of a fixed percentage of the budget rather than a fixed amount. The other member countries, preferring to relate their financial support of the Commission to the intrinsic value of proposed programs and the overall effectiveness of the Commission, have not enacted such legislation. If they did so, it would result in financial chaos for the Commission since the size of the budget would be determined by a series of unilateral actions and not by multilateral negotiations.

We believe that the absence of a statutory limitation on the U.S. contribution would not result in sharp increases in the Commission budget, since the other contributors would have to pay their share of any expenses. Except for Western Samoa, their share is not much lower than that of the United States and in one case is significantly higher. Current assessments percentages are: Australia, 32; France, 14; New Zealand, 16; United Kingdom, 17; United States, 20; Western Samoa, 1. The relative size of their contributions constrains the other members to approach budget expansion with caution. Moreover, these are responsible governments which, while responsive to the Organization's real needs, have demonstrated a serious interest in the economical operation of the Commission.

The Department also sees advantage in having Congress authorize contributions to the Commission on the basis of a continuing authority. Prior to the adoption of an amendment in 1964 which restricted the authorization for appropriation to fiscal years 1965 and 1966, the Congress had provided a continuing authorization. A return to this arrangement seems appropriate because both the terms of the agreement establishing the Commission set no terminal date to the Commission's life, and the language of the joint resolution authorizing U.S. membership in the Commission places no limits on the duration of that membership. Reestablishment of the continuing authority would, therefore, serve to underline our positive interest in the future development of the Commission. This would in no way affect the availability of officials of the executive branch to testify before appropriate committees of the Congress upon request, in addition to the regular annual review by the Committees on Appropriations.

DEPARTMENT OF STATE,
Washington, April 8, 1965.

HUBERT H. HUMPHREY,
President of the Senate.

DEAR MR. VICE PRESIDENT: I submit herewith a proposed draft of an amendment to Public Law 403, 80th Congress, which provides for membership and participation by

the United States in the South Pacific Commission.

By replacing the present authorization for appropriations in fiscal years 1965 and 1966 in amounts not exceeding \$150,000 by a continuing authorization without limitation as to amount, the amendment would permit the United States to play its proper role in the expanded work of this important Commission.

I do not believe the elimination of the statutory limitation on our contribution would lead to a sharp increase in the U.S. contribution. A detailed description of the Commission's work and our reasons for proposing the amendment is enclosed.

I hope the Congress can give favorable consideration to the amendment during the present session so that the U.S. representative will be able to participate in the fall in the discussion and approval of the program to be included in the Commission's budget for calendar year 1966.

A similar communication is being sent to the Speaker of the House.

The Department of State has been advised by the Bureau of the Budget that there is no objection to the submission of this proposal to the Congress for its consideration.

Sincerely yours,

GEORGE W. BALL,
Acting Secretary.

PRINTING OF REVIEW OF REPORT ON CENTRAL AND SOUTHERN FLORIDA, SOUTHWEST DADE COUNTY, FLA. (S. DOC. NO. 20)

Mr. McNAMARA. Mr. President, I present a letter from the Secretary of the Army, transmitting a favorable report, dated September 15, 1964, from the Acting Chief of Engineers, Department of the Army, together with accompanying papers and illustrations, on a review of the report on central and southern Florida, Southwest Dade County, Fla., requested by a resolution of the Committee on Public Works, U.S. Senate, June 6, 1958. I ask unanimous consent that the report be printed as a Senate document, with illustrations, and referred to the Committee on Public Works.

The PRESIDING OFFICER. Without objection, it is so ordered.

PRINTING OF REVIEW OF REPORT ON CHETCO RIVER, OREG. (S. DOC. NO. 21)

Mr. McNAMARA. Mr. President, I present a letter from the Secretary of the Army, transmitting a favorable report, dated March 4, 1965, from the Chief of Engineers, Department of the Army, together with accompanying papers and illustrations, on a review of the report on Chetco River, Oreg., requested by a resolution of the Committee on Public Works, U.S. Senate, adopted April 28, 1958. I ask unanimous consent that the report be printed as a Senate document, with illustrations, and referred to the Committee on Public Works.

The PRESIDING OFFICER. Without objection, it is so ordered.

WATERSHED PROJECTS APPROVED BY THE COMMITTEE ON PUBLIC WORKS

Mr. McNAMARA. Mr. President, in order that the Senate and other interested parties may be advised of the various projects approved by the Committee on Public Works, I submit for inclusion in the CONGRESSIONAL RECORD, information on this matter:

Projects approved by the Committee on Public Works on Apr. 13, 1965, under the Watershed Protection and Flood Prevention Act, Public Law 566, 83d Cong., as amended

	Federal cost
Ketchepedrakee Creek, Ala.....	\$882,740
Twin-Rush Creek, Ind.....	1,234,620
Badger Creek (supplemental), Iowa.....	212,965
Walters Creek Iowa.....	1,074,920
Total.....	3,405,245

AMENDMENT OF HOUSING AND URBAN DEVELOPMENT ACT OF 1965—AMENDMENT (AMENDMENT NO. 101)

Mr. HART. Mr. President, I send to the desk an amendment to S. 1354—the Housing and Urban Development Act of 1965—and ask that it be printed, and appropriately referred. The purpose of this amendment is to provide grants to cities with workable programs to carry out programs of demolition of dilapidated structures in residential neighborhoods.

For many years cities across the Nation have been waging a battle against decay in residential neighborhoods, with Federal assistance. Thousands of acres of slums have been cleared for public and private redevelopment. Other vast areas have been designated as conservation neighborhoods. In these a vital instrument to achieve neighborhood betterment has been the removal of buildings which are too deteriorated to be rehabilitated.

Had these structures been permitted to remain, conservation efforts would have been severely hindered and sometimes completely blocked. While extensive efforts, involving substantial expenditures are being made to clear areas already blighted and to conserve neighborhoods which have moved significantly along toward becoming totally blighted, more preventative measures are needed.

Many neighborhoods in our cities are in generally excellent condition. In a substantial number of these, however, an occasional building has been abandoned by its owner. This has resulted in a creation of a condition hazardous to the health and welfare of the surrounding area.

These dilapidated buildings serve as an attractive nuisance to children and as a fire hazard. Their existence produces a negative effect on adjoining property owners in terms of their desire to maintain their own property. It is

readily seen that one such building can be the seed of a new blighted neighborhood. The removal of these buildings, where it can be done under local law, becomes an extremely burdensome expense to the community and in almost every case more burdensome than the community can bear alone. Therefore in view of the deep involvement of the Federal Government in programs aimed at the elimination of slums, it seems essential that the elimination of the first sign of blight, that is, a single decaying structure, will in many instances be the key action in keeping a neighborhood as a desirable place in which to live.

The more that can be done to keep a neighborhood from becoming blighted, the less we will have to spend on future clearance of large areas. Commonsense seems to require that the removal of scattered, dilapidated buildings will provide a relatively inexpensive way of saving vast parts of our cities from becoming urban renewal projects through their fall into decay.

We have already made significant changes in Federal law in terms of strengthening local code enforcement activities. This will be another major step in that direction.

The PRESIDING OFFICER. The amendment will be received, printed, and appropriately referred.

Mr. HART. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HART. The bill to which my amendment is offered is presently before the Senate Committee on Banking and Currency. My purpose is to have the amendment referred to that committee.

The PRESIDING OFFICER. It will be referred to the Committee on Banking and Currency.

The amendment (No. 101) was referred to the Committee on Banking and Currency.

VOTING RIGHTS ACT OF 1965— AMENDMENTS

AMENDMENT NO. 182

Mr. TOWER submitted an amendment, in the nature of a substitute, intended to be proposed by him, to the bill (S. 1564) to enforce the 15th amendment to the Constitution of the United States, which was ordered to lie on the table and to be printed.

(See the remarks of Mr. Tower when he submitted the above amendment, which appear under a separate heading.)

AMENDMENTS NO. 103 THROUGH 114

Mr. EASTLAND submitted amendments, intended to be proposed by him, to Senate bill 1564, supra, which were ordered to lie on the table and to be printed

AMENDMENT NO. 115

Mr. FULBRIGHT (for himself and Mr. McCLELLAN) submitted an amendment, intended to be proposed by them, jointly, to Senate bill 1564, supra, which

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE

Washington, D. C.

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May 7, 1965

For actions of

May 6, 1965

89th-1st; No. 81

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HIGHLIGHTS: House committee reported northwest flood disaster relief bill. House passed omnibus transportation bill. House subcommittee voted to report housing and urban development bill. House committee voted to report ASC county committee employees fringe benefits bill. House committee reported independent offices appropriation bill. Senate committee voted to report cigarette labeling bill.

HOUSE

1. DISASTER RELIEF. The Public Works Committee reported with amendment H. R. 7303, to provide assistance to Calif., Ore., Wash., Nev., and Idaho for the reconstruction of areas damaged by recent floods and high waters (H. Rept. 310). p. 9388
2. HOUSING AND URBAN DEVELOPMENT. A subcommittee of the Banking and Currency Committee voted to report to the full committee H. R. 5840, the proposed Housing and Urban Development Act of 1965. p. D367
3. PERSONNEL. The Post Office and Civil Service Committee voted to report (but did not actually report) with amendment H. R. 2452, to extend the benefits of the Annual and Sick Leave Act, the Veterans' Preference Act, and the Classification Act to ASC county committee employees who transfer to competitive civil service jobs. p. D368

4. INDEPENDENT OFFICES APPROPRIATION BILL, 1966. The Appropriations Committee reported this bill, H. R. 7997 (H. Rept. 320). p. 9388
5. TRANSPORTATION Passed with amendments H. R. 5401, to amend the Interstate Commerce Act so as to strengthen and improve the national transportation system (pp. 9333-45). As passed the bill would:
 - "Provide for Federal-State cooperation in the motor carrier field through agreements for the enforcement of State and Federal economic and safety laws and regulations and through establishing standards for the registration within the several States of Federal certificates and permits.
 - "Aid enforcement in the motor carrier field by extending the civil forfeiture provisions of the act and increasing the amounts of maximum forfeiture, and by permitting any persons injured through certain violations of certain operating authority requirements of the act (applicable to freight forwarders as well) to apply directly to the courts for injunctive relief.
 - "Restore a procedure permitting shippers to recover reparations from motor carriers and freight forwarders.
 - "Encourage the development of water transportation upon inland waterways where no certificate may be in effect by providing that any water carrier freely without a certificate can enter into the transportation of any goods over certain water routes, though its rates would be subject to regulation."
6. RECLAMATION. The Interior and Insular Affairs Committee reported with amendment H. R. 485, to authorize construction and maintenance of the Auburn-Folsom South unit, American River division, Central Valley project, Calif. (H. Rept. 295). p. 9388
7. FLOOD CONTROL. The Public Works Committee reported without amendment H. R. 6755, to authorize additional appropriations for prosecution of projects in certain comprehensive river basin plans for flood control (H. Rept. 309). p. 9388
8. FOREIGN AID. The Foreign Affairs Committee was granted until midnight, Fri., May 7, to file a report on H. R. 7750, the foreign aid authorization bill. p. 9363
 - Rep. Sweeney commended the foreign aid program and inserted a summary of goods produced in Ohio that have been exported under the program. pp. 9353-6
 - Rep. Matsunaga commended assistance under the foreign aid program in aiding under-developed countries in developing their agricultural resources. pp. 9379-80
9. FOREIGN TRADE. Rep. Moore criticized U. S. foreign trade policies and inserted an article, "Export Benefits Cannot Outrun Import Damage." pp. 9357-60
 - Rep. Saylor inserted the sixth of a series of articles "on purchasing practices of other governments in contracting for public works projects." pp. 9369-76
10. FARM LABOR. Rep. Cohelan inserted an article critical of the working and living conditions of migratory farm workers, "Slaves For Rent - The Shame of American Farming." pp. 9346-52
11. TARIFFS. The Ways and Means Committee voted to report (but did not actually report) H. R. 7969, the proposed Tariff Schedule Technical Amendments Act of 1965. p. D368

89TH CONGRESS
1ST SESSION

H. R. 7984

IN THE HOUSE OF REPRESENTATIVES

MAY 6, 1965

MR. PATMAN introduced the following bill; which was referred to the Committee on Banking and Currency

A BILL

To assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*
- 3 That this Act may be cited as the "Housing and Urban
- 4 Development Act of 1965".

I—O

1 TITLE I—HOUSING FOR DISADVANTAGED
2 PERSONS

3 FINANCIAL ASSISTANCE TO ENABLE CERTAIN PRIVATE
4 HOUSING TO BE AVAILABLE FOR LOWER INCOME FAM-
5 ILIES WHO ARE ELDERLY, HANDICAPPED, DISPLACED,
6 OR OCCUPANTS OF SUBSTANDARD HOUSING

7 SEC. 101. (a) The Housing and Home Finance Ad-
8 ministrator (hereinafter referred to as the "Administrator")
9 is authorized to make, and contract to make, annual pay-
10 ments to a "housing owner" on behalf of "qualified tenants",
11 as those terms are defined herein, in such amounts and under
12 such circumstances as are prescribed in or pursuant to this
13 section. In no case shall a contract provide for such pay-
14 ments with respect to any housing for a period exceeding
15 forty years. The aggregate amount of the contracts to make
16 such payments shall not exceed amounts approved in appro-
17 priation Acts and shall not exceed \$50,000,000 per annum
18 prior to July 1, 1966, which maximum dollar amount shall
19 be increased by \$50,000,000 on July 1 in each of the years
20 1966, 1967, and 1968.

(b) As used in this section, the term “housing owner” means a private nonprofit corporation or other entity, a limited dividend corporation or other entity, or a cooperative housing corporation, which is a mortgagor under section 221 (d) (3) of the National Housing Act and which, after

1 the enactment of this section, has been approved for mort-
 2 gage insurance thereunder and has been approved for re-
 3 ceiving the benefits of this section: *Provided*, That no
 4 payments under this section may be made with respect to
 5 any property financed with a mortgage receiving the benefits
 6 of the interest rate provided for in the proviso in section
 7 221 (d) (5) of that Act.

8 (c) As used in this section, the term "qualified tenant"
 9 means any individual or family who has, pursuant to criteria
 10 and procedures established by the Administrator, been de-
 11 termined—

12 (1) to be unable to obtain standard privately owned
 13 housing in the area at a rental which is equal to or less
 14 than one-fourth of the income of such individual or
 15 family; and

16 (2) to be one of the following—

17 (A) displaced by governmental action;

18 (B) sixty-two years of age or older (or, in the
 19 case of a family, to have a head who is, or whose
 20 spouse is, sixty-two years of age or over) ;

21 (C) physically handicapped (or, in the case
 22 of a family, to have a head who is, or whose spouse
 23 is, physically handicapped) ; or

24 (D) occupying substandard housing.

25 (d) The amount of the annual payment with respect to

1 any dwelling unit shall not exceed the amount by which
2 the fair market rental for such unit exceeds one-fourth of the
3 tenant's income as determined by the Administrator pur-
4 suant to procedures and regulations established by him.

5 (e) (1) For purposes of carrying out the provisions of
6 this section, the Administrator shall establish criteria and
7 procedures for determining the eligibility of occupants and
8 rental charges, including criteria and procedures with respect
9 to periodic review of tenant incomes and periodic adjustment
10 of rental charges. The Administrator shall issue, upon the
11 request of a housing owner, certificates as to the following
12 facts concerning the individuals and families applying for
13 admission to, or residing in, dwellings of such owner:

14 (A) the income of the individual or family; and

15 (B) whether the individual or family was displaced
16 by governmental action, is elderly, is physically handi-
17 capped, or is (or was) occupying substandard housing.

18 (2) Procedures adopted by the Administrator hereunder
19 shall provide for recertifications of the incomes of occupants,
20 except the elderly, at intervals of two years (or at shorter
21 intervals in cases where the Administrator may deem it
22 desirable) for the purpose of adjusting rental charges and
23 annual payments on the basis of occupants' incomes, but in
24 no event shall rental charges adjusted under this section for
25 any dwelling exceed the fair market rental of the dwelling.

1 (3) The Administrator may enter into agreements, or
2 authorize housing owners to enter into agreements, with
3 public or private agencies for services required in the selec-
4 tion of qualified tenants, including those who may be ap-
5 proved, on the basis of the probability of future increases
6 in their incomes, as lessees under an option to purchase
7 dwellings or cooperative ownership interests therein, and
8 in the establishment of rentals. The Administrator is
9 authorized (without limiting his authority under any other
10 provision of law) to delegate to any such public or private
11 agency his authority to issue certificates pursuant to this
12 subsection.

13 (f) Section 101 (c) of the Housing Act of 1949 is
14 amended by inserting “ (i) ” after “a mortgage under” in the
15 first proviso and by inserting immediately before the colon at
16 the end of such proviso the following: “, or (ii) section
17 221 (d) (3) of the National Housing Act if payments with
18 respect to the mortgaged property are made or are to be
19 made under section 101 of the Housing and Urban Develop-
20 ment Act of 1965, except that no such mortgage shall be in-
21 sured, and no commitment to insure such a mortgage shall
22 be issued, with respect to property in any community for
23 which a workable program for community improvement
24 was required and in effect at the time a contract for a loan
25 or capital grant was entered into under this title, or a con-

1 tract for annual contributions or capital grants was entered
2 into pursuant to the United States Housing Act of 1937,
3 unless there is a workable program for community improve-
4 ment which meets the requirements of this subsection in
5 effect in such community at the time of such insurance or
6 commitment”.

7 (g) The Administrator is authorized to make such rules
8 and regulations, to enter into such agreements, and to adopt
9 such procedures as he may deem necessary or desirable to
10 carry out the provisions of this section. Nothing contained
11 in this section shall affect the authority of the Federal Hous-
12 ing Commissioner with respect to any housing assisted under
13 this section and under section 221 (d) (3) of the National
14 Housing Act, including his authority to prescribe occupancy
15 requirements under other provisions of law or to determine
16 the portion of any such housing which may be occupied by
17 qualified tenants.

18 (h) There are authorized to be appropriated such sums
19 as may be necessary to carry out the provisions of this sec-
20 tion, including, but not limited to, such sums as may be neces-
21 sary to make annual payments, pay for services provided
22 under (or pursuant to agreements entered into under) sub-
23 section (e), and provide administrative expenses.

24 (i) Section 114 (c) (2) of the Housing Act of 1949 is
25 amended by inserting before the colon at the end of the first

1 proviso the following: “, or a dwelling unit assisted under
2 section 101 of the Housing and Urban Development Act of
3 1965”.

4 (j) On or before January 1, 1968, the Administrator
5 shall submit to the Congress a full report of operations under
6 this section, together with his recommendations with respect
7 thereto.

8 EXTENSION OF FHA SECTION 221 PROGRAMS; MODIFICA-
9 TION OF INTEREST RATE; POOLING OF MORTGAGES FOR
10 SALE

11 SEC. 102. (a) The fifth sentence of section 221 (f) of
12 the National Housing Act is amended by striking out “sub-
13 section (d) (2) or (d) (4) after September 30, 1965, or
14 under subsection (d) (3) after September 30, 1965,” and
15 inserting in lieu thereof “this section after October 1, 1969,”.

16 (b) The proviso in section 221 (d) (5) of such Act is
17 amended by striking out “not less than the annual rate of
18 interest determined” and inserting in lieu thereof “not less
19 than the lower of (A) 3 per centum per annum, or (B) the
20 annual rate of interest determined”.

21 (c) Section 302 (c) of such Act is amended by insert-
22 ing before the last sentence thereof the following: “If there
23 shall be included within one or more of the trusts or other
24 agencies created pursuant to the authority of this subsection
25 any mortgages bearing a below-market interest rate and in-

1 sured under section 221 (d) (3) after the date of the enact-
2 ment of the Housing and Urban Development Act of
3 1965, there are authorized to be appropriated from time to
4 time such amounts as may be necessary to reimburse the
5 Association for the amount of the differential (including
6 interest, other costs, and a fair proportion of administrative
7 expense) between (1) the total outlay with respect to out-
8 standing participations or other instruments in an amount not
9 to exceed the dollar amount of such below-market interest
10 rate mortgages, and (2) the total receipts from such
11 mortgages.”

12 LOW-RENT HOUSING IN PRIVATE ACCOMMODATIONS

13 SEC. 103. (a) The United States Housing Act of 1937
14 is amended by redesignating section 23 as section 24, and by
15 adding after section 22 the following new section:

16 “LOW-RENT HOUSING IN PRIVATE ACCOMMODATIONS

17 “SEC. 23. (a) For the purpose of providing a supple-
18 mentary form of low-rent housing which will aid in assuring
19 a decent place to live for every citizen and promote efficiency
20 and economy in the program under this Act by taking full
21 advantage of vacancies or potential vacancies in the private
22 housing market, each public housing agency shall, to the
23 maximum extent consistent with the achievement of the
24 objectives of this Act, provide low-rent housing under this
25 Act in the form of low-rent housing in private accommoda-

1 tions in accordance with this section where such housing in
2 private accommodations can be provided at a cost equal to or
3 less than housing in projects assisted under other provisions
4 of this Act. As used in this section the term 'low-rent hous-
5 ing in private accommodations' means dwelling units in an
6 existing structure, leased from a private owner, which provide
7 decent, safe, and sanitary dwelling accommodations and
8 related facilities effectively supplementing the accommoda-
9 tions and facilities in low-rent housing assisted under the
10 other provisions of this Act in a manner calculated to meet
11 the total housing needs of the community in which they are
12 located. As used in this section, the term 'owner' means
13 any person or entity having the legal right to lease or sub-
14 lease property containing one or more dwelling units as
15 described in this section.

16 “(b) Beginning as soon as practicable after the date of
17 the enactment of this section, each public housing agency
18 shall conduct a continuing survey and listing of the available
19 dwelling units within the community or communities under
20 its jurisdiction which provide decent, safe, and sanitary
21 dwelling accommodations and related facilities and are, or
22 may be made, suitable for use as low-rent housing in private
23 accommodations under this section.

24 “(c) Each public housing agency, by notification to
25 the owners of housing listed under subsection (b), or by

1 publication or advertisement, or otherwise, shall from time
2 to time make known to the public in the community or com-
3 munities under its jurisdiction the anticipated need for dwell-
4 ing units in such community or communities to be used as
5 low-rent housing in private accommodations under this sec-
6 tion, inviting the owners of such dwelling units to make
7 available for purposes of this section one or more of such
8 units (not exceeding 10 per centum of the units in any single
9 structure except to the extent that the agency, because of
10 the limited number of units in the structure or for any other
11 reason, determines that such limit should not be applied).
12 The public housing agency shall conduct appropriate inspec-
13 tions of the units offered to be made available in any
14 residential structure by the owner thereof in response to
15 such invitation, and if—

16 “(1) it finds that such units are, or may be made,
17 suitable for use as low-rent housing in private accom-
18 modations within the meaning of subsection (a), and

19 “(2) the rentals to be charged for such units, as
20 negotiated and agreed to by the agency and the owner
21 of the structure in a manner consistent with subsection
22 (d) (2), are within the financial range of families of
23 low income,

24 such agency may approve such units for use as low-rent
25 housing in private accommodations in accordance with (and

1 subject to the applicable limitations contained in) this sec-
2 tion. Each public housing agency shall maintain and keep
3 current a list of units approved by it under this subsection,
4 including such information with respect to each such unit
5 as it may consider necessary or appropriate.

6 “(d) To the extent of contracts for annual contributions
7 entered into by the Authority with a public housing agency
8 under section 10 (e), such agency may enter into contracts
9 with the owners of structures containing dwelling units ap-
10 proved under subsection (c) for the use of such units in
11 accordance with this section. Each such contract with an
12 owner shall provide (with respect to any unit) that—

13 “(1) the selection of tenants for such unit shall be
14 the function of the owner, subject to the provisions of
15 the contract between the Authority and the agency;

16 “(2) the rental and other charges to be received by
17 the owner shall be negotiated and agreed to by the
18 agency and the owner, and the rental and other charges
19 to be paid by the tenant shall be determined in accord-
20 ance with the standards applicable to units in low-rent
21 housing projects assisted under the other provisions of
22 this Act;

23 “(3) the agency shall have the sole right to give
24 notice to vacate, with the owner having the right to

1 make representations to the agency for termination of
2 a tenancy;

3 “(4) maintenance and replacements (including
4 redecoration) shall be in accordance with the standard
5 practice for the building concerned, as established by
6 the owner and agreed to by the agency; and

7 “(5) the agency and the owner shall carry out such
8 other appropriate terms and conditions as may be
9 mutually agreed to by them.

10 Each contract between a public housing agency and an
11 owner entered into under this subsection shall be for a term
12 of not less than twelve months nor more than thirty-six
13 months, and shall be renewable by such agency and owner
14 at the expiration of such term.

15 “(e) The annual contribution under this Act for a proj-
16 ect of a public housing agency for low-rent housing in private
17 accommodations under this section in lieu of any other guar-
18 anteed contribution authorized by section 10 shall not exceed
19 the amount of the fixed annual contribution which would be
20 established under this Act for a newly constructed project
21 by such public housing agency designed to accommodate the
22 comparable number, sizes, and kinds of families. The
23 period over which payments will be made to a public hous-
24 ing agency for a project of low-rent housing in private
25 accommodations under this section, and the aggregate

1 amount of such payments, under a contract for annual
2 contributions, shall be determined on the basis of the number
3 of units in the community or communities under the juris-
4 diction of such agency which are in use (or can reasonably
5 be expected to be placed in use) as low-rent housing in
6 private accommodations under this section, taking into ac-
7 count the terms of the leases under which such units are (or
8 will be) so used. In addition, contracts for financial assist-
9 ance entered into by the Authority with a public housing
10 agency pursuant to this section shall provide for reimburse-
11 ment of reasonable and necessary expenses incurred by such
12 agency in conducting surveys, listings, and inspections de-
13 scribed in subsections (b) and (c).

14 “(f) On or before January 1, 1968, the Authority shall
15 submit to the Congress a full report of operations under this
16 section, together with its recommendations with respect
17 thereto.”

18 (b) The last sentence of section 2(1) of such Act is
19 amended by striking out “Income limits for occupancy and
20 rents” and inserting in lieu thereof “Except as otherwise pro-
21 vided in section 23, income limits for occupancy and rents”.

22 (c) The provisions of sections 10(h) and 15(7) of the
23 United States Housing Act of 1937, and the workable pro-
24 gram requirement in section 10(e) of such Act and section

1 101 (c) of the Housing Act of 1949, shall not apply to low-
2 rent housing in private accommodations provided under sec-
3 tion 23 of the United States Housing Act of 1937.

4 LOW-RENT PUBLIC HOUSING

5 SEC. 104. (a) Section 10 (e) of the United States
6 Housing Act of 1937 is amended by inserting after "per
7 annum," the following: "which limit shall be increased by
8 \$47,000,000 on the date of the enactment of the Housing
9 and Urban Development Act of 1965, and by further
10 amounts of \$47,000,000 on July 1 in each of the years
11 1966, 1967, and 1968, respectively,".

12 (b) Section 10 (c) of such Act is amended by striking
13 out "*And provided further*" and inserting in lieu thereof
14 "*Provided further*", and by inserting before the period at
15 the end thereof the following: ": *And provided further, That*
16 the amount of the fixed annual contribution which would be
17 established under this Act for a newly constructed project by
18 a public housing agency designed to accommodate a number
19 of families of a given size and kind may be established, as a
20 maximum annual contribution in lieu of any other guaranteed
21 contribution authorized under this section, for a project by
22 such public housing agency which would provide housing
23 for the comparable number, sizes, and kinds of families
24 through the acquisition, acquisition and rehabilitation, or use

1 under lease of existing structures which are suitable for low-
2 rent housing use and obtainable in the local market”.

3 (c) Section 2 (2) of such Act is amended to read as
4 follows:

5 “(2) The term ‘families of low income’ means families
6 (including elderly and displaced families) who are in the
7 lowest income group and who cannot afford to pay enough
8 to cause private enterprise in their locality or metropolitan
9 area to build an adequate supply of decent, safe, and sanitary
10 dwellings for their use. The term ‘families’ includes families
11 consisting of a single person in the case of elderly families
12 and displaced families, and includes the remaining member
13 of a tenant family. The term ‘elderly families’ means families
14 whose heads (or their spouses), or whose sole members, have
15 attained the age at which an individual may elect to receive
16 an old-age benefit under title II of the Social Security Act,
17 or are under a disability as defined in section 223 of that
18 Act, or are handicapped within the meaning of section
19 202 of the Housing Act of 1959. The term ‘displaced fami-
20 lies’ means families displaced by urban renewal or other
21 governmental action.”

22 (d) Section 15 (7) (b) of such Act is amended by strik-
23 ing out “(ii)” and all that follows down through “and
24 (iii)”, and by inserting in lieu thereof “and (ii)”.

1 DIRECT LOANS TO PROVIDE HOUSING FOR THE ELDERLY
2 OR HANDICAPPED

3 SEC. 105. (a) Section 202 (a) (4) of the Housing Act
4 of 1959 is amended by striking out "not to exceed \$350,-
5 000,000" and inserting in lieu thereof "such sums as may
6 be necessary for purposes of this section,".

7 (b) Effective with respect to loans made on or after
8 the date of the enactment of this Act, section 202 (a) (3) of
9 such Act is amended by striking out "the higher of (A)
10 $2\frac{3}{4}$ per centum per annum, or" and inserting in lieu thereof
11 "the lower of (A) 3 per centum per annum, or".

12 (c) Section 202 (a) of such Act is further amended
13 by adding at the end thereof the following new paragraph:

14 "(5) No loan shall be made under this section after
15 October 1, 1969, except pursuant to a commitment entered
16 into on or before such date."

17 REHABILITATION GRANTS TO HOMEOWNERS IN URBAN
18 RENEWAL AREAS

19 SEC. 106. (a) Title I of the Housing Act of 1949 is
20 amended by adding at the end thereof the following new
21 section:

22 "REHABILITATION GRANTS

23 "SEC. 115. (a) Notwithstanding any other provision
24 of this title, the Administrator may authorize a local public
25 agency to make grants (and the urban renewal project may

1 include the making of such grants) as prescribed in this sec-
2 tion. Any such grant may be made only to an individual or
3 family, as described in subsection (b), who owns and oc-
4 cupies a structure in an urban renewal area, and only for the
5 purpose of covering the cost of repairs and improvements
6 necessary to make such structure conform to public standards
7 for decent, safe, and sanitary housing as required by appli-
8 cable codes or other requirements of the urban renewal plan
9 for the area. Any contract for financial assistance under this
10 title shall provide that the capital grant otherwise payable
11 for the project shall be increased by an amount equal to the
12 total amount of the grants under this section and that no part
13 of the total amount of such grants shall be required to be con-
14 tributed as part of the local grant-in-aid.

15 “(b) A grant authorized by this section may be made
16 to an individual or family whose income does not exceed
17 \$2,000 a year, and such grant may be in an amount which
18 does not exceed the lesser of (1) the actual (and approved)
19 cost of the repairs and improvements involved, or (2)
20 \$1,500. In case the income of the individual or family
21 exceeds \$2,000 a year, a grant may be made under this
22 section, subject to the limitations specified in clauses (1) and
23 (2) of the preceding sentence, but only in an amount not to
24 exceed that portion of the cost of the repairs and improve-

1 ments which cannot be paid for with any available loan that
 2 can be amortized as part of such individual's or family's
 3 monthly housing expense without requiring such monthly
 4 housing expense to exceed 25 per centum of such individual's
 5 or family's monthly income."

6 (b) Any contract with a local public agency which was
 7 executed under title I of the Housing Act of 1949 before the
 8 date of enactment of this Act may be amended to provide for
 9 grants authorized by section 115 of the Housing Act of
 10 1949.

11 TITLE II—FHA INSURANCE OPERATIONS

12 LAND DEVELOPMENT

13 SEC. 201. (a) The National Housing Act is amended
 14 by adding at the end thereof the following new title:

15 "TITLE X—MORTGAGE INSURANCE FOR LAND 16 DEVELOPMENT

17 "DEFINITIONS

18 "SEC. 1001. As used in this title—

19 "(a) the term 'mortgage' means a lien or liens on
 20 real estate in fee simple, or on a leasehold (1) under a
 21 lease for not less than ninety-nine years which is renew-
 22 able or (2) under a lease having a period of not less
 23 than fifty years to run from the date the mortgage was
 24 executed;

25 "(b) the term 'first mortgage' includes such classes

1 of first liens as are commonly given to secure advances
2 (including but not limited to advances during construc-
3 tion) on, or the unpaid purchase price of, real estate
4 under the laws of the State in which the real estate is
5 located, together with the credit instrument or instru-
6 ments, if any, secured thereby, and may be in the form
7 of trust mortgages or mortgage indentures or deeds of
8 trusts securing notes, bonds, or other credit instruments;

9 “(c) the terms ‘mortgagee’, ‘mortgagor’, and
10 ‘State’ have the same meaning as in section 207 of
11 this Act;

12 “(d) the term ‘improvements’ means waterlines and
13 water supply installations, sewerlines and sewage dis-
14 posal installations, roads, streets, curbs, gutters, side-
15 walks, storm drainage facilities, and other installations
16 or work, whether on or off the site, which the Com-
17 missioner deems necessary or desirable to prepare land
18 primarily for residential and related uses or to provide,
19 for public or common use, facilities which (1) shall
20 include only such buildings as are needed in connection
21 with water supply or sewage disposal installations and
22 such buildings, other than schools, as the Commissioner
23 considers appropriate, and (2) are to be owned and
24 maintained jointly by the property owners; and

1 “(e) the term ‘land development’ means the process
2 of making, installing, or constructing improvements.

3 “BASIC CONDITIONS FOR INSURANCE

4 “SEC. 1002. The Commissioner is authorized (1) to
5 insure, upon such terms and conditions as he may prescribe,
6 any first mortgage (including advances on such mortgage)
7 in accordance with the provisions of this title and (2) to
8 make a commitment for the insurance of such mortgage prior
9 to the date of execution of such mortgage or prior to the date
10 of disbursement of the mortgage proceeds. No mortgage
11 shall be insured under this title after October 1, 1969, except
12 pursuant to a commitment to insure issued before such date.

13 “SEC. 1003. The mortgage shall—

14 “(a) be executed by a mortgagor, other than a pub-
15 lic body, approved by the Commissioner;

16 “(b) be made to and held by a mortgagee approved
17 by the Commissioner; and

18 “(c) cover the land to be developed and the im-
19 provements to be made with the assistance of the mort-
20 gage insurance under this title, except facilities intended
21 for public use and in public ownership.

22 “SEC. 1004. The principal obligation of the mortgage
23 shall (1) not exceed 75 per centum of the Commissioner’s
24 estimate of the value of the property upon completion of the
25 land development, and (2) not exceed the sum of 50 per

1 centum of the Commissioner's estimate of the value of the
2 land before development and 90 per centum of his estimate
3 of the cost of such development. The outstanding principal
4 obligations of mortgages involving a single land development
5 undertaking, as defined by the Commissioner, shall at no
6 time exceed \$12,500,000.

7 "SEC. 1005. The mortgage shall—

8 " (a) have a maturity, not to exceed seven years,
9 and contain repayment provisions satisfactory to the
10 Commissioner;

11 " (b) bear interest at a rate satisfactory to the Com-
12 missioner, and such interest shall be exclusive of premium
13 charges for mortgage insurance and such service charges
14 and fees as may be approved by the Commissioner; and

15 " (c) contain such terms and provisions with respect
16 to protection of the security, payment of taxes, de-
17 linquency charges, prepayment, additional and secondary
18 liens, and other matters as the Commissioner may in his
19 discretion prescribe.

20 "SEC. 1006. A property or project to be financed by a
21 mortgage insured under this title shall—

22 " (a) represent a good mortgage insurance risk;
23 and

24 " (b) involve improvements that comply with all
25 applicable State and local governmental requirements

1 and with minimum standards approved by the Com-
2 missioner.

3 “LAND PLANNING

4 “SEC. 1007. (a) The land development covered by a
5 mortgage insured under this title shall be undertaken pur-
6 suant to a schedule, conforming to such requirements and
7 procedures as the Commissioner may prescribe, that will
8 assure the use of the land for the purposes for which it is to
9 be developed within the shortest reasonable period consistent
10 with the objectives of sound and economic community growth
11 or urban development.

12 “(b) The land development shall be undertaken in
13 accordance with an overall development plan, appropriate
14 to the scope and character of the undertaking, which—

15 “(1) has received all governmental approvals re-
16 quired by State or local law or by the Commissioner;

17 “(2) is acceptable to the Commissioner as provid-
18 ing reasonable assurance that the land development will
19 contribute to good living conditions in the area being
20 developed, which area (i) will have a sound economic
21 base and a long economic life, (ii) will be characterized
22 by sound land-use patterns, and (iii) will include or be
23 served by such shopping, school, recreational, transpor-
24 tation, and other facilities as the Commissioner deems
25 adequate or necessary; and

“(3) is consistent with a comprehensive plan which covers, or with comprehensive planning being carried on for, the area in which the land is situated, and which meets criteria established by the Housing and Home Finance Administrator for such plans or planning.

“ENCOURAGEMENT OF SMALL BUILDERS AND MODERATE
COST HOUSING

“SEC. 1008. The Commissioner shall adopt such requirements as he deems necessary in land development covered by mortgages insured under this title to encourage the maintenance of a diversified local homebuilding industry, broad participation by builders, and the inclusion of a proper balance of housing for families of moderate or low income.

“WATER AND SEWERAGE FACILITIES

“SEC. 1009. After development of the land it shall be served by public systems for water and sewerage which are consistent with other existing or prospective systems within the area. If the Commissioner determines that public ownership of such a system is not feasible, he may approve an adequate privately or cooperatively owned system which will be regulated, during the period of such ownership, in a manner acceptable to him with respect to user rates and charges, capital structure, methods of operation, and rate of return. Approval of such system shall be given only where the Commissioner receives assurances, satisfactory

1 to him, with respect to eventual public ownership and op-
2 eration of the system and with respect to the conditions
3 and terms of any sale or transfer.

4 "RELEASES

5 "SEC. 1010. The Commissioner may, on such terms and
6 conditions as he may prescribe, consent to the release or
7 subordination of a part or parts of the mortgaged property
8 from the lien of the mortgage.

9 "PREMIUMS AND FEES

10 "SEC. 1011. The Commissioner shall collect reasonable
11 premiums for the insurance of any mortgage under this title
12 and make such charges as he determines are reasonable for
13 the analysis of the land development plan and the appraisal
14 and inspection of the property and improvements. On or
15 before January 1, 1967, the Commissioner shall make a
16 report to the Congress concerning the premium rates and
17 other charges under this title that he estimates will be ade-
18 quate to provide income sufficient for a self-supporting pro-
19 gram.

20 "INSURANCE BENEFITS

21 "SEC. 1012. The provisions of subsections (e), (g),
22 (h), (i), (j), (k), (l), and (n) of section 207 of this
23 Act shall be applicable to mortgages insured under this
24 title, except that as applied to such mortgages (1) any
25 reference therein to section 207 shall be deemed to refer to

1 this title, and (2) any reference to an annual premium shall
2 be deemed to refer to such premiums as the Commissioner
3 may designate under this title.

4 "INCONTESTABILITY PROVISIONS

5 "SEC. 1013. Any contract of insurance executed by the
6 Commissioner under this title shall be conclusive evidence of
7 the eligibility of the mortgage for insurance, and the validity
8 of any contract of insurance so executed shall be incontest-
9 able in the hands of an approved mortgagee from the date of
10 the execution of such contract, except for fraud or material
11 misrepresentation on the part of such approved mortgagee.

12 "RULES AND REGULATIONS

13 "SEC. 1014. The Commissioner is authorized to make
14 such rules and regulations and to require such agreements
15 as he may deem necessary or desirable to carry out the pro-
16 visions of this title.

17 "TAXATION PROVISIONS

18 "SEC. 1015. Nothing in this title shall be construed to
19 exempt any real property acquired and held by the Com-
20 missioner under this title from taxation by any State or
21 political subdivision thereof to the same extent, according
22 to its value, as other real property is taxed.

23 "COST CERTIFICATION

24 "SEC. 1016. (a) The Commissioner shall adopt such re-
25 quirements as he determines necessary to assure, at reason-

1 able intervals of time during land development and upon
2 completion of such development, that the amount of the
3 mortgage loan outstanding at each such interval does not
4 exceed with respect to that portion of the land remaining
5 under the lien of the mortgage (1) 50 per centum of the
6 Commissioner's estimate of the value of such remaining
7 land before development, plus (2) 90 per centum of the
8 actual costs of the development allocated by the Commis-
9 sioner to such remaining land.

10 “(b) From time to time during, and upon completion
11 of, the development, the Commissioner shall require the
12 mortgagor to certify as to the actual costs of development
13 of the land.

14 “(c) Certifications required pursuant to this section
15 shall be accompanied by such data and records as the Com-
16 missioner shall prescribe.

17 “(d) A mortgagor's certification approved by the Com-
18 missioner shall be final and incontestable except for fraud
19 or material misrepresentation on the part of the mortgagor.

20 “(e) As used in this section, the term ‘actual costs’
21 means the costs (exclusive of kickbacks, rebates, or trade
22 discounts) to the mortgagor of the improvements involved.
23 These costs may include amounts paid for labor, materials,
24 construction contracts, land planning, engineers' and archi-
25 tects' fees, surveys, taxes, and interest during development,

1 organizational and legal expenses, such allocation of general
2 overhead expenses as are acceptable to the Commissioner,
3 and other items of expense incidental to development which
4 may be approved by the Commissioner. If the Commis-
5 sioner determines there is an identity of interest between
6 the mortgagor and the contractor, there may be included
7 an allowance for contractor's profit in an amount deemed
8 reasonable by the Commissioner."

9 (b) (1) Section 302 (b) of the National Housing Act is
10 amended by striking out "the term 'mortgages' " in the last
11 sentence and inserting in lieu thereof "the terms 'mortgages'
12 and 'home mortgages' ".

13 (2) The first paragraph of section 24 of the Federal
14 Reserve Act is amended by inserting before the next to last
15 sentence the following new sentence: "Notwithstanding the
16 foregoing limitations and restrictions in this section, any na-
17 tional banking association may make loans for land develop-
18 ment which are secured by mortgages insured under title X
19 of the National Housing Act."

20 (3) Section 5 (c) of the Home Owners Loan Act of
21 1933 is amended by adding at the end thereof the following
22 new paragraph:

23 "Without regard to any other provision of this sub-
24 section, any such association may, to such extent as the
25 Federal Home Loan Bank Board may by regulation permit,

1 invest in loans, and interests in loans, secured by mortgages
 2 as to which the association has the benefit of insurance under
 3 title X of the National Housing Act or of a commitment or
 4 agreement for such insurance, and investments under this
 5 sentence shall not be included in any percentage of assets
 6 or other percentage referred to in this subsection.”

7 EXTENSION OF INSURANCE AUTHORIZATIONS

8 SEC. 202. (a) Section 2 (a) of the National Housing
 9 Act is amended by striking out “October 1, 1965” and insert-
 10 ing in lieu thereof “October 1, 1969”.

11 (b) Section 217 of such Act is amended—

12 (1) by striking out “title VIII” and inserting in
 13 lieu thereof “title VIII, or title X”, and

14 (2) by striking out “October 1, 1965” and insert-
 15 ing in lieu thereof “October 1, 1969”.

16 (c) The second sentences of sections 809 (f) and 810 (k)
 17 of such Act are each amended by striking out “October 1,
 18 1965” and inserting in lieu thereof “October 1, 1969”.

19 MULTIFAMILY MORTGAGE LIMITS FOR FOUR OR MORE

20 BEDROOM UNITS

21 SEC. 203. (a) Section 207 (c) (3) of the National
 22 Housing Act is amended—

23 (1) by striking out “and \$18,500 per family unit
 24 with three or more bedrooms” and inserting in lieu
 25 thereof “\$18,500 per family unit with three bedrooms,

1 and \$21,000 per family unit with four or more bed-
2 rooms,”; and

3 (2) by striking out “and \$22,500 per family unit
4 with three or more bedrooms” and inserting in lieu
5 thereof “\$22,500 per family unit with three bedrooms,
6 and \$25,500 per family unit with four or more bed-
7 rooms”.

8 (b) (1) Section 213 (b) (2) of such Act is amended—

9 (A) by striking out “and \$18,500 per family unit
10 with three or more bedrooms” and inserting in lieu
11 thereof “\$18,500 per family unit with three bedrooms,
12 and \$21,000 per family unit with four or more bed-
13 rooms”; and

14 (B) by striking out “and \$22,500 per family unit
15 with three or more bedrooms” and inserting in lieu
16 thereof “\$22,500 per family unit with three bedrooms,
17 and \$25,500 per family unit with four or more bed-
18 rooms”.

19 (2) Section 213 (c) of such Act is amended by strik-
20 ing out “and not to exceed” and all that follows and insert-
21 ing in lieu thereof the following: “and not to exceed a sum
22 computed on the basis of a separate mortgage for each
23 single-family dwelling (irrespective of whether such dwell-
24 ing has a party wall or is otherwise physically connected
25 with another dwelling or dwellings) comprising the prop-

erty or project, equal to the total of each of the maximum principal obligations of such mortgages which would meet the requirements of section 203 (b) (2) if the mortgagor were the owner and occupant who had made any required payment on account of the property prescribed in such paragraph.”

(c) Section 220 (d) (3) (B) (iii) of such Act is amended—

(1) by striking out “and \$18,500 per family unit with three or more bedrooms” and inserting in lieu thereof “\$18,500 per family unit with three bedrooms, and \$21,000 per family unit with four or more bedrooms”; and

(2) by striking out “and \$22,500 per family unit with three or more bedrooms” and inserting in lieu thereof “\$22,500 per family unit with three bedrooms, and \$25,500 per family unit with four or more bedrooms”.

(d) Section 221 (d) of such Act is amended—

(1) by striking out “and \$17,000 per family unit with three or more bedrooms” in paragraphs (3) (ii) and (4) (ii) and inserting in lieu thereof “\$17,000 per family unit with three bedrooms, and \$19,250 per family unit with four or more bedrooms”; and

1 (2) by striking out “and \$20,000 per family unit
2 with three or more bedrooms” in paragraphs (3) (ii)
3 and (4) (ii) and inserting in lieu thereof “\$20,000 per
4 family unit with three bedrooms, and \$22,750 per
5 family unit with four or more bedrooms”.

6 (e) Section 231 (c) (2) of such Act is amended—

7 (1) by striking out “and \$17,000 per family unit
8 with three or more bedrooms” and inserting in lieu
9 thereof “\$17,000 per family unit with three bedrooms,
10 and \$19,250 per family unit with four or more bed-
11 rooms”; and

12 (2) by striking out “and \$20,000 per family unit
13 with three or more bedrooms” and inserting in lieu
14 thereof “\$20,000 per family unit with three bedrooms,
15 and \$22,750 per family unit with four or more bed-
16 rooms”.

17 (f) Section 234 (e) (3) of such Act is amended—

18 (1) by striking out “and \$18,500 per family unit
19 with three or more bedrooms” and inserting in lieu
20 thereof “\$18,500 per family unit with three bedrooms,
21 and \$21,000 per family unit with four or more bed-
22 rooms”; and

23 (2) by striking out “and \$22,500 per family unit

1 with three or more bedrooms” and inserting in lieu
2 thereof “\$22,500 per family unit with three bedrooms,
3 and \$25,500 per family unit with four or more bed-
4 rooms”.

5 REHABILITATION IN URBAN RENEWAL AREAS

6 SEC. 204. Section 220 (d) (3) (A) of the National
7 Housing Act is amended—

8 (1) by striking out the second proviso in clause
9 (i) ; and

10 (2) by striking out clause (ii) and inserting in
11 lieu thereof the following:

12 “(ii) in a case where the mortgagor is not the
13 occupant of the property and intends to hold the prop-
14 erty for rental purposes, have a principal obligation in
15 an amount not to exceed 93 per centum of the amount
16 computed under the provisions of clause (i) ;

17 “(iii) in a case where the mortgagor is not the
18 occupant of the property and intends to hold the prop-
19 erty for the purpose of sale, have a principal obligation
20 in an amount not to exceed 85 per centum of the amount
21 computed under the provisions of clause (i) , or in the
22 alternative, in an amount equal to the amount computed
23 under the provisions of clause (i) if the mortgagor and
24 mortgagee assume responsibility in a manner satisfactory

1 to the Commissioner for the reduction of the mortgage
2 by an amount not less than 15 per centum of the out-
3 standing principal amount thereof, or by such greater
4 amount as may be required to meet the limitations of
5 clause (iv), in the event the mortgaged property is not,
6 prior to the due date of the eighteenth amortization pay-
7 ment of the mortgage, sold to a purchaser acceptable to
8 the Commissioner who is the occupant of the property
9 and who assumes and agrees to pay the mortgage in-
10 debtedness; and

11 “(iv) in no case involving refinancing (except as
12 provided in clause (iii)) have a principal obligation
13 in an amount exceeding the sum of the estimated cost
14 of repair and rehabilitation and the amount (as deter-
15 mined by the Commissioner) required to refinance ex-
16 isting indebtedness secured by the property or project,
17 plus any existing indebtedness incurred in connection
18 with improving, repairing, or rehabilitating the prop-
19 erty; or”.

20 NONDWELLING FACILITIES FOR URBAN RENEWAL HOUSING

21 SEC. 205. Section 220 (d) (3) (B) of the National
22 Housing Act is amended by striking out clause (iv) and
23 inserting in lieu thereof the following:

1 “(iv) include such nondwelling facilities as the
2 Commissioner deems desirable and consistent with the
3 urban renewal plan: *Provided*, That the project shall
4 be predominantly residential and any nondwelling fa-
5 cility included in the mortgage shall be found by the
6 Commissioner to contribute to the economic feasibility
7 of the project.”

8 LARGER INSURED MORTGAGES FOR SERVICEMEN

9 SEC. 206. Section 222 (b) of the National Housing Act
10 is amended—

11 (1) by striking out “\$20,000” in paragraph (2)
12 and inserting in lieu thereof “\$30,000”; and

13 (2) by striking out paragraph (3) and inserting
14 in lieu thereof the following:

15 “(3) have a principal obligation not in excess of
16 the amount derived by applying the maximum ratio of
17 loan to value prescribed in the first sentence of section
18 203 (b) (2) ; and”.

19 REFINANCING OF INSURED MORTGAGES

20 SEC. 207. Section 223 (a) (7) of the National Housing
21 Act is amended by striking out “section 608 of title VI prior
22 to the effective date of the Housing Act of 1954 or under
23 section 220, 221, 903, or section 908” and inserting in lieu
24 thereof “this Act”.

1 CONSOLIDATION OF FHA INSURANCE FUNDS

2 SEC. 208. Title V of the National Housing Act is
3 amended by adding at the end thereof the following new
4 section:

5 “ESTABLISHMENT OF GENERAL INSURANCE FUND

6 “SEC. 519. (a) There is hereby created a General In-
7 surance Fund which shall be used by the Commissioner, on
8 and after the date of the enactment of the Housing and Urban
9 Development Act of 1965, as a revolving fund for carrying
10 out all the insurance provisions of this Act with the excep-
11 tion of those specified in subsection (e). All mortgages or
12 loans insured under this Act pursuant to commitments issued
13 on or after the date of the enactment of the Housing and
14 Urban Development Act of 1965, except those specified in
15 subsection (e), and all loans reported for insurance under
16 section 2 on or after the date of the enactment of the
17 Housing and Urban Development Act of 1965, shall be
18 insured under the General Insurance Fund. The Commis-
19 sioner shall transfer to the General Insurance Fund—

20 “(1) the assets and liabilities of all insurance ac-
21 counts and funds, except the Mutual Mortgage Insurance
22 Fund, existing under this Act immediately prior to
23 the enactment of the Housing and Urban Development
24 Act of 1965;

1 “(2) all outstanding commitments for insurance
2 issued prior to the date of the enactment of the Housing
3 and Urban Development Act of 1965, except those
4 specified in subsection (e) ;

5 “(3) the insurance on all mortgages and loans in-
6 sured prior to the date of the enactment of the Housing
7 and Urban Development Act of 1965, except insur-
8 ance specified in subsection (e) ; and

9 “(4) the insurance of all loans made by approved
10 financial institutions pursuant to section 2 prior to the
11 date of the enactment of the Housing and Urban De-
12 velopment Act of 1965.

13 “(b) The general expenses of the operations of the Fed-
14 eral Housing Administration relating to mortgages and loans
15 which are the obligation of the General Insurance Fund
16 may be charged to the General Insurance Fund.

17 “(c) Moneys in the General Insurance Fund not needed
18 for the current operations of the Federal Housing Admin-
19 istration with respect to mortgages and loans which are the
20 obligation of the General Insurance Fund shall be deposited
21 with the Treasurer of the United States to the credit of such
22 Fund, or invested in bonds or other obligations of, or in
23 bonds or other obligations guaranteed as to principal and
24 interest by, the United States. The Commissioner may, with
25 the approval of the Secretary of the Treasury, purchase in

1 the open market debentures issued as obligations of the Gen-
2 eral Insurance Fund or issued prior to the enactment of the
3 Housing and Urban Development Act of 1965 under other
4 provisions of this Act, except debentures issued under the
5 Mutual Mortgage Insurance Fund. Such purchases shall be
6 made at a price which will provide an investment yield of not
7 less than the yield obtainable from other investments author-
8 ized by this section. Debentures so purchased shall be can-
9 celed and not reissued.

10 “(d) Premium charges, adjusted premium charges, and
11 appraisal and other fees received on account of the insurance
12 of any mortgage or loan which is the obligation of the Gen-
13 eral Insurance Fund, the receipts derived from the property
14 covered by such mortgages and loans and from the claims,
15 debts, contracts, property, and security assigned to the Com-
16 missioner in connection therewith, and all earnings on the
17 assets of the Fund shall be credited to the General Insurance
18 Fund. The principal of, and interest paid and to be paid on,
19 debentures which are the obligation of such Fund, and cash
20 insurance payments and adjustments, and expenses incurred
21 in the handling, management, renovation, and disposal of
22 properties acquired, in connection with mortgages and loans
23 which are the obligation of such Fund, shall be charged to
24 such Fund.

25 “(e) The General Insurance Fund shall not be used

1 for carrying out the provisions of sections 203 (b) , 203 (h) ,
2 and 203 (i) , or the provisions of section 213 to the extent
3 that they involve mortgages the insurance for which is the
4 obligation of the Cooperative Management Housing Insur-
5 ance Fund created by section 213 (k) ; and nothing in this
6 section shall apply to or affect any mortgages, loans, com-
7 mitments, or insurance under such provisions.”

8 MUTUALITY FOR MANAGEMENT-TYPE COOPERATIVES

9 SEC. 209. (a) Section 213 of the National Housing Act
10 is amended by adding at the end thereof the following new
11 subsections:

12 “(k) There is hereby created a Cooperative Manage-
13 ment Housing Insurance Fund (hereinafter referred to as
14 the ‘Management Fund’). The Management Fund shall
15 be used by the Commissioner as a revolving fund for carry-
16 ing out the provisions of this section with respect to
17 mortgages or loans insured, on or after the date of the enact-
18 ment of this subsection, under subsections (a) (1) , (a) (3)
19 (if the project is acquired by a cooperative corporation) ,
20 (i) , and (j) . The Management Fund shall also be used as
21 a revolving fund for mortgages, loans, and commitments
22 transferred to it pursuant to subsection (m) . The Commis-
23 sioner is directed to transfer to the Management Fund from
24 the General Insurance Fund established pursuant to section
25 519 such amount as the Commissioner determines to be

1 necessary and appropriate. General expenses of operation
2 of the Federal Housing Administration relating to mort-
3 gages or loans which are the obligation of the Management
4 Fund may be charged to the Management Fund.

5 “(1) The Commissioner shall establish in the Manage-
6 ment Fund, as of the date of the enactment of this subsec-
7 tion, a General Surplus Account and a Participating Reserve
8 Account. The aggregate net income thereafter received or
9 any net loss thereafter sustained by the Management Fund,
10 in any semiannual period, shall be credited or charged to
11 the General Surplus Account or the Participating Reserve
12 Account or both in such manner and amounts as the Com-
13 missioner may determine to be in accord with sound actu-
14 arial and accounting practice. Upon termination of the
15 insurance obligation of the Management Fund by payment
16 of any mortgage or loan insured under this section, and at
17 such time or times prior to such termination as the Commis-
18 sioner may determine, the Commissioner is authorized to
19 distribute to the mortgagor or borrower a share of the Par-
20 ticipating Reserve Account in such manner and amount as
21 the Commissioner shall determine to be equitable and in ac-
22 cordance with sound actuarial and accounting practice: *Pro-*
23 *vided*, That in no event shall the amount of the distributable
24 share exceed the aggregate scheduled annual premiums of the
25 mortgagor or borrower to the year of payment of the share

1 less the total amount of any share or shares previously dis-
2 tributed by the Commissioner to the mortgagor or borrower:
3 *And provided further*, That in no event may a distributable
4 share be distributed until any funds transferred from the Gen-
5 eral Insurance Fund to the Management Fund pursuant to
6 subsection (k) or (o) have been repaid in full to the General
7 Insurance Fund. No mortgagor, mortgagee, borrower, or
8 lender shall have any vested right in a credit balance in any
9 such account or be subject to any liability arising out of the
10 mutuality of the Management Fund. The determination of
11 the Commissioner as to the amount to be paid by him to any
12 mortgagor or borrower shall be final and conclusive.

13 “(m) The Commissioner is authorized to transfer to the
14 Management Fund commitments for insurance issued under
15 subsections (a) (1), (i), and (j) prior to the date of the
16 enactment of this subsection, and to transfer to the Manage-
17 ment Fund the insurance of any mortgage or loan insured
18 prior to the date of the enactment of this subsection under
19 subsection (a) (1), (a) (3) (if the project is acquired by a
20 cooperative corporation), (i), or (j), but only in cases
21 where the consent of the mortgagee or lender to the transfer
22 is obtained or a request by the mortgagee or lender for the
23 transfer is received by the Commissioner within such period
24 of time after the date of the enactment of this subsection as
25 the Commissioner shall prescribe: *Provided*, That the insur-

1 ance of any mortgage or loan shall not be transferred under
2 the provisions of this subsection if on the date of the enact-
3 ment of this subsection the mortgage or loan is in default and
4 the mortgagee or lender has notified the Commissioner in
5 writing of its intention to file an insurance claim. Any
6 insurance or commitment not so transferred shall continue to
7 be an obligation of the General Insurance Fund.

8 “(n) Notwithstanding the limitations contained in
9 other provisions of this Act, premium charges for mortgages
10 or loans insured under this section and sections 207, 231, and
11 232 may be payable in debentures issued in connection with
12 mortgages or loans transferred to the Management Fund or
13 in connection with mortgages or loans insured pursuant to
14 commitments transferred to the Management Fund, as pro-
15 vided in subsection (m) of this section.

16 “(o) Notwithstanding any other provision of this Act,
17 the Commissioner is authorized to transfer funds between
18 the Cooperative Management Housing Insurance Fund and
19 the General Insurance Fund in such amounts and at such
20 times as he may determine, taking into consideration the
21 requirements of each such Fund, to assist in carrying out
22 effectively the insurance programs for which such Funds
23 were respectively established.”

24 (b) Section 213 of such Act is further amended—

25 (1) by inserting before the period at the end of

1 subsection (a) the following: “: *Provided*, That as ap-
 2 plied to mortgages the mortgage insurance for which is
 3 the obligation of the Management Fund, the reference
 4 to the General Insurance Fund in section 207 (b) (2)
 5 shall be construed to refer to the Management Fund”;
 6 and

7 (2) by inserting before the period at the end of
 8 subsection (e) the following: “: *Provided*, That as ap-
 9 plied to mortgages or loans the insurance for which is
 10 the obligation of the Management Fund (1) all refer-
 11 ences to the General Insurance Fund shall be construed
 12 to refer to the Management Fund, and (2) all refer-
 13 ences to section 207 shall be construed to refer to sub-
 14 sections (a) (1), (a) (3) (if the project involved is
 15 acquired by a cooperative corporation), (i), and (j)
 16 of this section”.

17 OPTIONAL CASH PAYMENT OF INSURANCE BENEFITS

18 SEC. 210. Title V of the National Housing Act is
 19 amended by adding at the end thereof (after the new sec-
 20 tion added by section 208 of this Act) the following new
 21 section:

22 “OPTIONAL CASH PAYMENT OF INSURANCE BENEFITS

23 “SEC. 520. (a) Notwithstanding any other provisions
 24 of this Act with respect to the payment of insurance benefits,
 25 the Commissioner is authorized, in his discretion, to pay in

1 cash or in debentures any insurance claim or part thereof
2 which is paid on or after the date of the enactment of the
3 Housing and Urban Development Act of 1965 on a mort-
4 gage or a loan which was insured under any section of this
5 Act either before or after such date. If payment is made in
6 cash, it shall be in an amount equivalent to the face amount
7 of the debentures that would otherwise be issued plus an
8 amount equivalent to the interest which the debentures would
9 have earned, computed to a date to be established pursuant
10 to regulations issued by the Commissioner.

11 “(b) The Commissioner is authorized to borrow from
12 the Treasury from time to time such amounts as the Com-
13 missioner shall determine are necessary to make payments
14 in cash (in lieu of issuing debentures guaranteed by the
15 United States, as provided in this Act) pursuant to the pro-
16 visions of this section. Notes or other obligations issued
17 by the Commissioner in borrowing under this subsection
18 shall be subject to such terms and conditions as the Secretary
19 of the Treasury may prescribe. Each sum borrowed pur-
20 suant to this subsection shall bear interest at a rate deter-
21 mined by the Secretary of the Treasury, taking into consid-
22 eration the average market yield on outstanding marketable
23 obligations of the United States of comparable maturities
24 during the month preceding the issuance of such notes or
25 other obligations.”

1 FHA MORTGAGE FINANCING FOR VETERANS

2 SEC. 211. Section 203 (b) (2) of the National Housing
3 Act is amended—

4 (1) by striking out “and not to exceed” and in-
5 serting in lieu thereof “and (except as provided in the
6 last sentence of this paragraph) not to exceed”; and

7 (2) by adding at the end thereof the following
8 new sentence: “If the mortgagor is a veteran (as de-
9 fined in section 101 (2) of title 38, United States Code)
10 who has not received any direct, guaranteed, or insured
11 loan under laws administered by the Veterans’ Admin-
12 istration for the purchase, construction, or repair of a
13 dwelling (including a farm dwelling) which was to be
14 owned and occupied by him as his home, and the mort-
15 gage to be insured under this section covers property
16 upon which there is located a dwelling designed prin-
17 cipally for a one-family residence, the principal obliga-
18 tion may be in an amount equal to the sum of (i) 100
19 per centum of \$20,000 of the appraised value of the
20 property as of the date the mortgage is accepted for
21 insurance, and (ii) 85 per centum of such value in
22 excess of \$20,000.”

1 MORTGAGE LIMIT FOR HOMES IN OUTLYING AREAS UNDER
2 FHA SECTION 203(i) PROGRAM

3 SEC. 212. Section 203 (i) of the National Housing Act
4 is amended by striking out "\$11,000" and inserting in lieu
5 thereof "\$12,500".

6 TITLE III—URBAN RENEWAL

7 STUDY OF HOUSING AND BUILDING CODES, ZONING, TAX
8 POLICIES, AND DEVELOPMENT STANDARDS

9 SEC. 301. (a) The Congress finds that the general wel-
10 fare of the Nation requires that local authorities be encour-
11 aged and aided to prevent slums, blight, and sprawl, pre-
12 serve natural beauty, and provide for decent, durable housing
13 so that the goal of a decent home and a suitable living en-
14 vironment for every American family may be realized as soon
15 as feasible. The Congress further finds that there is a need to
16 study housing and building codes, zoning, tax policies, and
17 development standards in order to determine how (1) local
18 property owners and private enterprise can be encouraged to
19 serve as large a part as they can of the total housing and
20 building need, and (2) Federal, State, and local govern-
21 mental assistance can be so directed as to place greater re-
22 liance on local property owners and private enterprise and

1 enable them to serve a greater share of the total housing and
2 building need. The Housing and Home Finance Adminis-
3 trator is therefore directed to study the structure of (1)
4 State and local urban and suburban housing and building
5 laws, standards, codes, and regulations and their impact on
6 housing and building costs, how they can be simplified, im-
7 proved, and enforced, at the local level, and what methods
8 might be adopted to promote more uniform building codes
9 and the acceptance of technical innovations including new
10 building practices and materials; (2) State and local zoning
11 and land use laws, codes, and regulations, to find ways by
12 which States and localities may improve and utilize them in
13 order to obtain further growth and development; and (3)
14 Federal, State, and local tax policies with respect to their
15 effect on land and property cost and on incentives to build
16 housing and make improvements in existing structures.

17 (b) The Administrator shall submit a report based on
18 such study to the President and to the Congress within 18
19 months after the enactment of the Housing and Urban De-
20 velopment Act of 1965 or the appropriation of funds for the
21 study, whichever is later.

22 (c) There are authorized to be appropriated such funds
23 as may be necessary to carry out the purposes of this section.

1 Any funds so appropriated shall remain available until
2 expended.

3 GENERAL NEIGHBORHOOD RENEWAL PLANS

4 SEC. 302. Section 102 (d) of the Housing Act of 1949
5 is amended—

6 (1) by striking out the fifth sentence and inserting
7 in lieu thereof the following:

8 “In order to facilitate proper preliminary planning for
9 the attainment of the urban renewal objectives of this title,
10 the Administrator may also make advances of funds (in addi-
11 tion to those authorized above) to local public agencies for
12 the preparation of General Neighborhood Renewal Plans (as
13 herein defined). A General Neighborhood Renewal Plan
14 may be prepared for an area which consists of an urban re-
15 newal area or areas together with any adjoining areas, and
16 which is of such size that the urban renewal activities in the
17 urban renewal area or areas may have to be carried out in
18 stages, consistent with the capacity and resources of the
19 respective local public agency or agencies, over an estimated
20 period of not more than ten years.”; and

21 (2) by striking out clause (1) of the sixth sentence
22 and inserting in lieu thereof the following:

23 “(1) in the interest of sound community planning,

1 it is desirable that the urban renewal activities proposed
2 for the area be planned in their entirety;”.

3 INCREASE IN AUTHORIZATION FOR CAPITAL GRANTS

4 SEC. 303. (a) The first sentence of section 103 (b) of
5 the Housing Act of 1949 is amended by striking out
6 “\$4,725,000,000” and inserting in lieu thereof “\$4,700,-
7 000,000, which amount shall be increased by \$675,000,000
8 on the date of the enactment of the Housing and Urban
9 Development Act of 1965, by \$725,000,000 on July 1,
10 1966, and by \$750,000,000 on July 1 in each of the years
11 1967 and 1968”.

12 (b) The proviso in the first sentence of section 103 (b)
13 of such Act, and the second sentence of section 6 (b) of
14 the Urban Mass Transportation Act of 1964, are repealed.

15 USE OF GRANT OR LOAN FUNDS IN CODE ENFORCEMENT
16 AND REHABILITATION PROJECTS

17 SEC. 304. The unnumbered paragraph immediately fol-
18 lowing clause (8) in section 110 (c) of the Housing Act
19 of 1949 is amended—

20 (1) by inserting “(A)” before “no contract”; and

21 (2) by inserting before the period at the end of the
22 paragraph the following: “, and (B) not less than 10
23 per centum of the aggregate amount of (i) grants
24 authorized to be contracted for under this title by the
25 Housing and Urban Development Act of 1965 and sub-

1 sequent Acts, and (ii) loans authorized to be made
2 under section 312 of the Housing Act of 1964, shall be
3 available for projects assisted with such grants or loans
4 which involve primarily code enforcement and reha-
5 bilitation”.

6 STRENGTHENED WORKABLE PROGRAM REQUIREMENT

7 SEC. 305. Section 101 of the Housing Act of 1949 is
8 amended by adding at the end thereof the following new
9 subsection:

10 “(e) No loan or grant contract may be entered into
11 by the Administrator for an urban renewal project unless
12 he determines that (A) the workable program for com-
13 munity improvement presented by the locality pursuant to
14 subsection (c) is of sufficient scope and content to furnish a
15 basis for evaluation of the need for the urban renewal project;
16 and (B) such project is in accord with the program.”

17 REHABILITATION LOANS

18 SEC. 306. (a) Section 312(d) of the Housing Act of
19 1964 is amended to read as follows:

20 “(d) In order to provide moneys for loans in accord-
21 ance with this section, the Administrator is authorized to
22 establish a revolving fund which shall comprise all moneys
23 heretofore or hereafter appropriated pursuant to this
24 section, together with all repayments and other receipts

1 heretofore or hereafter received in connection with loans
2 made under this section. There are authorized to be
3 appropriated to such revolving fund, in addition to amounts
4 authorized for the purposes of this section prior to the date
5 of the enactment of the Housing and Urban Development
6 Act of 1965, such funds as may be necessary to carry out
7 the purposes of this section. All funds so appropriated shall
8 remain available until expended.”

9 (b) Section 312 of such Act is further amended by
10 adding at the end thereof the following new subsection:

11 “(h) No loan shall be made under the authority of this
12 section after October 1, 1969, except pursuant to a contract,
13 commitment, or other obligation entered into pursuant to
14 this section before that date.”

15 LEASE GUARANTIES FOR SMALL-BUSINESS CONCERNS

16 DISPLACED BY URBAN RENEWAL PROJECTS

17 SEC. 307. (a) Section 7 of the Small Business Act is
18 amended by adding at the end thereof the following new
19 subsection:

20 “(e) (1) The Administration also is empowered, in
21 order to assist small-business concerns which have been dis-
22 placed by urban renewal projects in obtaining leases of
23 property for use in the conduct of their business operations,
24 to insure the owner or lessor of any such property, or the
25 lending institution financing the construction thereof, against

1 losses which such owner, lessor, or institution might sustain
2 as a result of the failure of the small-business concern to
3 perform the lease in accordance with its terms.

4 “(2) No insurance under this subsection shall be granted
5 by the Administration with respect to any lease unless—

6 “(A) the lease is for a period of not more than
7 ten years and contains or is subject to such other terms
8 and conditions as the Administration may require in
9 order to protect the interests of the small-business con-
10 cern and to insure that the lease will assist in carrying
11 out the purpose of this Act; and

12 “(B) the small-business concern is financially sound
13 and efficiently managed, and has provided satisfactory
14 assurances that it will comply with the terms of the lease
15 and any related documents and with such additional
16 terms and conditions as the Administration may specify.

17 “(3) There is hereby established an insurance fund for
18 use by the Administration in carrying out this subsection.
19 Each person granted insurance under this subsection shall be
20 required to pay premiums for such insurance, at such times
21 and in such manner as may be prescribed by the Administra-
22 tion, in amounts which shall be fixed by the Administration
23 but which shall not exceed, in the case of any lease, an
24 amount equivalent to 1 per centum of the annual rental (or
25 minimum rental) payable under such lease. Such premiums,

1 together with any other receipts under the insurance program
2 established by this subsection, shall be placed in the insurance
3 fund. Moneys in such fund not needed for the payment of
4 current operating expenses of the insurance program or for
5 the payment of claims arising thereunder may be invested in
6 bonds or other obligations of, or bonds or other obligations
7 guaranteed as to principal and interest by, the United States;
8 except that moneys made available to provide initial capital
9 for such fund under the sixth sentence of section 4 (c) shall
10 be returned to the revolving fund established by such section,
11 in such amounts and at such times as the Administration
12 determines to be appropriate, whenever the level of such
13 insurance fund (by reason of premiums and receipts from
14 other sources) is sufficiently high to permit the return of
15 such moneys without danger to the solvency of the insurance
16 program under this subsection.

17 “(4) The Administration is authorized and directed
18 to prescribe such rules and regulations as may be necessary
19 to carry out this subsection.”

20 (b) Section 4 (c) of such Act is amended—

21 (1) by inserting “7 (e),” after “7 (b),” in the first
22 sentence; and

23 (2) by inserting after the fifth sentence the fol-
24 lowing new sentence: “Not to exceed \$5,000,000 shall

1 be made available to provide initial capital for the in-
2 surance fund established by section 7 (e) (3).”

3 (c) Section 5 (b) of such Act is amended—

4 (1) by inserting after “loans granted” in para-
5 graphs (2) and (3) the following: “or the perform-
6 ance of leases insured”;

7 (2) by striking out “loans made” each place it
8 appears in paragraphs (4) and (7) and inserting in
9 lieu thereof “loans made or leases insured”; and

10 (3) by striking out “and 7 (b)” in paragraph (5)
11 and inserting in lieu thereof “, 7 (b), and 7 (e)”.

12 RELOCATION OF DISPLACEES FROM URBAN RENEWAL
13 AREAS

14 SEC. 308. (a) Section 105 (c) of the Housing Act of
15 1949 is amended to read as follows:

16 “(c) There shall be a feasible method for the tem-
17 porary relocation of individuals and families displaced from
18 the urban renewal area, and there are or are being provided,
19 in the urban renewal area or in other areas not generally
20 less desirable in regard to public utilities and public and com-
21 mercial facilities and at rents or prices within the financial
22 means of the individuals and families displaced from the
23 urban renewal area, decent, safe, and sanitary dwellings
24 equal in number to the number of and available to such dis-

1 placed individuals and families and reasonably accessible
2 to their places of employment. The Administrator shall
3 issue rules and regulations to aid in implementing the
4 requirements of this subsection and in otherwise achiev-
5 ing the objectives of this title. Such rules and regula-
6 tions shall require that there be established, at the earli-
7 est practicable time, for each urban renewal project in-
8 volving the displacement of individuals, families, and
9 business concerns occupying property in the urban
10 renewal area, a relocation assistance program which shall
11 include such measures, facilities, and services as may be
12 necessary or appropriate in order (A) to determine the
13 needs of such individuals, families, and business concerns
14 for relocation assistance; (B) to provide information and
15 assistance to aid in relocation and otherwise minimize the
16 hardships of displacement, including information as to real
17 estate agencies, brokers, and boards in or near the urban
18 renewal area which deal in residential or business property
19 that might be appropriate for the relocating of displaced
20 individuals, families, and business concerns; and (C) to
21 assure the necessary coordination of relocation activities
22 with other project activities and other planned or proposed
23 governmental actions in the community which may affect
24 the carrying out of the relocation program, particularly
25 planned or proposed low-rent housing projects to be con-

1 structed in or near the urban renewal area. As a condition
2 to further assistance after the enactment of this sentence with
3 respect to each urban renewal project involving the displace-
4 ment of individuals and families, the Administrator shall
5 require, within a reasonable time prior to actual displacement,
6 satisfactory assurance by the local public agency that decent,
7 safe, and sanitary dwellings as required by the first sentence
8 of this subsection are available for the relocation of each such
9 individual or family.”

(b) The requirements imposed by the amendment made by subsection (a) of this section shall not be applicable to any project receiving Federal recognition prior to the date of the enactment of this Act.

14 REDEVELOPMENT IN ACCORDANCE WITH URBAN RENEWAL
15 PLAN

16 SEC. 309. Section 106 of the Housing Act of 1949 is
17 amended by adding at the end thereof the following new
18 subsection:

19 “(h) Notwithstanding any other provision of this title,
20 no contract shall be entered into for any loan or capital grant
21 under this title with any local public agency unless the local
22 public agency establishes, by evidence satisfactory to the
23 Administrator, that any urban renewal project with respect
24 to which such local public agency has received a loan or
25 capital grant under this title has been, or will be, undertaken

1 and carried out in substantial accordance with the urban re-
2 newal plan, and any amendments thereto, approved with re-
3 spect to such project, and the terms of the contract for loan
4 or capital grant covering such project.”

5 LIMITATION ON NONCASH GRANT-IN-AID CREDIT ALLOWED
6 FOR PUBLICLY OWNED PARKING FACILITIES

7 SEC. 310. The parenthetical phrase in clause (3) of
8 the first sentence of section 110 (d) of the Housing Act of
9 1949 is amended by striking out “and” and inserting in lieu
10 thereof a comma, and by inserting at the end thereof (within
11 the parentheses) the following: “, and publicly owned park-
12 ing facilities to the extent that the cost thereof is anticipated
13 to be recovered from revenues”.

14 ELIGIBILITY OF COMMUNITIES IN DEPRESSED AREAS FOR
15 URBAN RENEWAL ASSISTANCE

16 SEC. 311. (a) Subparagraph (B) of section 103 (a)
17 (2) of the Housing Act of 1949 is amended to read as
18 follows:

19 “(B) three-fourths of the aggregate net project costs
20 of any such projects which are located in (i) a munici-
21 pality having a population of fifty thousand or less ac-
22 cording to the most recent decennial census, or (ii) a
23 municipality situated in a labor market area which, at
24 the time the contract or contracts involved are entered
25 into or at such earlier time as the Administrator may

1 specify in order to avoid hardship, is designated as a re-
2 development area under the second sentence of section
3 5 (a) of the Area Redevelopment Act or any other
4 legislation enacted after the date of the enactment of the
5 Housing and Urban Development Act of 1965 contain-
6 ing standards for designation as a redevelopment area
7 generally comparable to those set forth in the second
8 sentence of section 5 (a) of the Area Redevelopment
9 Act, and”.

10 (b) The amendment made by subsection (a) shall apply
11 only with respect to urban renewal projects placed under
12 contract for capital grant on or after the date of the enact-
13 ment of this Act; except that such amendment shall apply
14 with respect to all urban renewal projects in the city of
15 Providence, Rhode Island, placed under contract for capital
16 grant during the period Providence was designated as a
17 redevelopment area under section 5 (a) of the Area Rede-
18 velopment Act (or at such earlier time as the Administrator
19 may specify in order to avoid hardship) and not completed
20 prior to the date of the enactment of this Act.

21 LOCAL GRANTS-IN-AID FOR URBAN RENEWAL PROJECT IN

22 PHILADELPHIA

23 SEC. 312. Notwithstanding any other provision of law,
24 moneys heretofore expended by the University of Pennsyl-
25 vania for land included in the overall development plan pro-

1 posed by the university and utilized, or to be utilized, in
2 connection with new university facilities within one mile of
3 urban renewal project Pennsylvania 5-3 (University City)
4 shall (if otherwise eligible) be allowed as local grants-in-aid
5 for such project.

6 TITLE IV—COMPENSATION OF CONDEMNEDS

7 DECLARATION OF POLICY

8 SEC. 401. In order to encourage the acquisition of real
9 property in a manner which affords fair and equitable treat-
10 ment to owners and tenants of such property and on as
11 nearly uniform a basis as practicable, the Congress hereby
12 establishes a Federal policy of uniform land acquisition pro-
13 cedures for real property to be acquired in the course of
14 federally assisted development programs.

15 DEFINITIONS

16 SEC. 402. For the purposes of this title—

17 (1) the term “development program” means any
18 program established by or conducted under any of the
19 following provisions of law:

20 (A) the United States Housing Act of 1937;

21 (B) title I of the Housing Act of 1949;

22 (C) title IV of the Housing Act of 1950;

23 (D) title II of the Housing Amendments of
24 1955;

(E) section 202 of the Housing Act of 1959;

and

(F) title VII of the Housing Act of 1961;

(2) the term "Federal assistance" means a grant, loan, contract of guaranty, annual contribution, or other assistance provided by the United States;

(3) the term "applicant" means any public body or other agency or nonprofit institution authorized to receive Federal assistance under a development program;

(4) the term "interest" means any interest in real property and includes future, nonpossessory, and leasehold interests;

(5) the term "real property" means any land, or any interest in land, and (A) any building, structure, or other improvements embedded in or affixed to land, and any article so affixed or attached to such building, structure, or improvement as to be an essential or integral part thereof; (B) any article affixed or attached to such real property in such manner that it cannot be removed without material injury to itself or the real property; and

(C) any article so designed, constructed, or specially adapted to the purpose for which such real property is used that (i) it is an essential accessory or part of such real property, (ii) it is not capable of use elsewhere, and

1 (iii) it would lose substantially all its value if removed
2 from the real property; and

3 (6) the term "Administrator" means the Housing
4 and Home Finance Administrator.

5 LAND ACQUISITION POLICY

6 SEC. 403. (a) As a condition of eligibility for Federal
7 assistance pursuant to a development program, each applicant
8 for such assistance shall satisfy the Administrator that the
9 following policies will be followed in connection with the
10 acquisition of real property by eminent domain in the course
11 of such program—

12 (1) the applicant shall make every reasonable effort
13 to acquire the real property by negotiated purchase;

14 (2) the real property shall be appraised before the
15 initiation of negotiations, and the owner or his designated
16 representative shall be given an opportunity to accom-
17 pany the appraiser during his inspection of the property;

18 (3) before the initiation of negotiations for acquisi-
19 tion of the real property, the applicant shall establish a
20 price believed to be fair and reasonable and shall offer
21 to acquire the property for the price so established;

22 (4) if only a part of or an interest less than a fee
23 title to real property is to be acquired, the applicant shall
24 provide the owner with a statement of its estimate of—

1 (A) the fair value of the entire property imme-
2 diately before the acquisition,

3 (B) the fair value of the property remaining
4 immediately after the acquisition,

5 (C) the fair value of the part of or interest in
6 the property actually acquired,

7 (D) the damages, if any, resulting to the
8 remaining property (or interest therein), and

9 (E) the benefits, if any, accruing to the remain-
10 ing property (or interest therein) ;

11 (5) no owner shall be required to surrender pos-
12 session of real property before the applicant pays to the
13 owner (A) the agreed purchase price arrived at by
14 negotiation, or (B) in any case where only the amount
15 of the payment to the owner is in dispute, not less than
16 75 per centum of the most recent fair and reasonable
17 price established under paragraph (3) ;

18 (6) the construction or development of any public
19 improvements shall be so scheduled that no person law-
20 fully occupying the real property shall be required to
21 surrender possession on account of such construction or
22 development without at least 90 days' written notice
23 from the applicant of the date on which such construction
24 or development is scheduled to begin ;

1 (7) if the applicant does not require the use of a
2 building, structure, or other improvement on the real
3 property to be acquired, the applicant shall offer to
4 permit its owner to remove it upon agreement that the
5 fair value of the building, structure, or other improve-
6 ment to be removed from the real property, as deter-
7 mined by the applicant, will be deducted from the
8 compensation otherwise to be paid for the real property,
9 or will be paid to the applicant by the owner;

10 (8) if the applicant permits an owner or tenant to
11 rent acquired real property for a short term or for a
12 period subject to termination by the applicant on short
13 notice, the amount of rent required shall not exceed the
14 fair rental value of the property to the owner or tenant
15 for such term or period, as determined by the applicant;

16 (9) the applicant shall not advance the time of
17 eminent domain, nor defer eminent domain or the deposit
18 of funds in court for the benefit of the owner, in order to
19 compel an agreement on the price to be paid for the real
20 property;

21 (10) if the acquisition of only a part of any real
22 property would leave its owner with an uneconomic
23 remnant, the applicant shall acquire the entire property;
24 and

25 (11) in determining the boundaries of a proposed

1 public improvement, the applicant shall take into account
2 human considerations, including the economic and social
3 effects of the proposed public improvement on owners
4 and tenants of real property in the area, in addition to
5 engineering and other factors.

6 (b) Nothing in this section shall be construed as super-
7 seding or otherwise affecting the provisions of any State or
8 local law, or as affecting the validity of any property acqui-
9 sition by purchase or eminent domain.

10 RELOCATION PAYMENTS UNDER FEDERALLY ASSISTED
11 DEVELOPMENT PROGRAMS

12 SEC. 404. (a) To the extent not otherwise authorized
13 under any Federal law, financial assistance extended to an
14 applicant under any federally assisted development program
15 may include grants for relocation payments, as herein de-
16 fined. Such grants may be in addition to other financial as-
17 sistance under such federally assisted development programs,
18 and may cover the full amount of such relocation payments.
19 The term "relocation payments" means payments by the
20 applicant which are (1) made to an individual, family, busi-
21 ness concern, or nonprofit organization displaced by a project
22 on or after the date of the enactment of the Housing and
23 Urban Development Act of 1965, and (2) made on such
24 terms and conditions and subject to such limitations (to the
25 extent applicable, but not including the date of displacement)

1 as are provided for relocation payments, at the time such
2 payments are approved, by sections 114 (b), (c), and (d)
3 of the Housing Act of 1949 with respect to projects assisted
4 under title I thereof. Relocation payments authorized by
5 this subsection shall be made subject to such rules and regu-
6 lations as may be prescribed by the Administrator.

7 (b) Section 114 (b) (2) of the Housing Act of 1949
8 is amended by striking out "\$1,500" and inserting in lieu
9 thereof "\$2,500".

10 (c) (1) Section 114 of such Act is further amended by
11 redesignating subsection (d) as subsection (e) and by in-
12 serting after subsection (c) the following new subsection:

13 "(d) In addition to payments authorized to be made
14 under subsections (b) and (c), a local public agency may
15 pay to any displaced individual, family, business concern,
16 or nonprofit organization reasonable and necessary expenses
17 incurred for (1) recording fees, transfer taxes, and similar
18 expenses incidental to conveying real property to a project
19 assisted under this title, (2) penalty costs for prepayment
20 of any mortgage encumbering such real property, and (3)
21 the pro rata portion of real property taxes allocable to a
22 period subsequent to the date of vesting of title or the
23 effective date of the acquisition of such real property by
24 such agency, whichever is earlier."

25 (2) Section 15 (8) of the United States Housing Act

1 of 1937 is amended by striking out “section 114 (b) or
2 (c)” and inserting in lieu thereof “section 114 (b), (c),
3 and (d)”.

4 (d) Subsection (a) shall not be applicable to any proj-
5 ect receiving financial assistance under a development pro-
6 gram prior to the date of the enactment of this Act.

7 FUNDS FOR CERTAIN PAYMENTS IN EMINENT DOMAIN

8 SEC. 405. Notwithstanding any other provision of law,
9 financial assistance under any federally assisted development
10 program may include amounts necessary for financing, in
11 the same manner that other costs of a project assisted under
12 such program are financed, the payments described in para-
13 graph (5) (B) of section 403 (a) of this Act.

14 TITLE V—COLLEGE HOUSING

15 INCREASE IN AUTHORIZATION FOR COLLEGE HOUSING

16 LOANS

17 SEC. 501. Section 401 (d) of the Housing Act of 1950
18 is amended by striking out “through 1964” each place it
19 appears and inserting in lieu thereof “through 1968”.

20 INTEREST RATE ON COLLEGE HOUSING LOANS

21 SEC. 502. (a) Effective with respect to loan contracts
22 entered into after the date of the enactment of this Act, sec-
23 tion 401 (c) of the Housing Act of 1950 is amended by
24 striking out “the higher of (1) $2\frac{3}{4}$ per centum per annum,

1 or” and inserting in lieu thereof “the lower of (1) 3 per
2 centum per annum, or”.

3 (b) Effective with respect to notes or other obligations
4 financing loan contracts entered into after the date of the
5 enactment of this Act, section 401 (e) of such Act is amended
6 by striking out “the higher of (1) $2\frac{1}{2}$ per centum per annum,
7 or” and inserting in lieu thereof “the lower of (1) $2\frac{3}{4}$ per
8 centum per annum, or”.

9 PARKING FACILITIES FOR COLLEGES AND UNIVERSITIES

10 SEC. 503. Section 404 (h) of the Housing Act of 1950
11 is amended by adding at the end thereof the following new
12 sentence: “In addition, such term includes parking facilities
13 primarily to serve the needs of students and faculty.”

14 TITLE VI—COMMUNITY FACILITIES

15 PURPOSE

16 SEC. 601. The purpose of this title is to assist and en-
17 courage the communities of the Nation fully to meet the needs
18 of their citizens by making it possible, with Federal grant
19 assistance, for their governmental bodies (1) to construct
20 adequate basic water and sewer facilities needed to promote
21 the efficient and orderly growth and development of the com-
22 munities; and (2) to construct neighborhood facilities needed
23 to enable them to carry on programs of necessary social
24 services.

1 GRANTS FOR BASIC WATER AND SEWER FACILITIES

2 SEC. 602. (a) The Housing and Home Finance Ad-
3 ministrator (hereinafter in this title referred to as the "Ad-
4 ministrator") is authorized to make grants to local public
5 bodies and agencies to finance specific projects for basic pub-
6 lic water and sewer facilities (including works for the storage,
7 treatment, purification, and distribution of water).

8 (b) The amount of any grant made under the authority
9 of this section shall not exceed 50 per centum of the develop-
10 ment cost of the project.

11 (c) No grant shall be made under this section in con-
12 nection with any project unless the Administrator deter-
13 mines that the project is necessary to provide adequate
14 water or sewer facilities for, and will contribute to the im-
15 provement of the health or living standards of, the people
16 in the community to be served, and that the project is (1)
17 designed so that an adequate capacity will be available to
18 serve the reasonably foreseeable growth needs of the area,
19 (2) consistent with a program meeting criteria, established
20 by the Administrator, for a unified or officially coordinated
21 areawide water or sewer facilities system as part of the
22 comprehensively planned development of the area, except
23 that prior to July 1, 1968, grants may, in the discretion of
24 the Administrator, be made under this section when such

1 a program for an areawide water and sewer facilities system
2 is under active preparation, although not yet completed, if
3 the facility or facilities for which assistance is sought can
4 reasonably be expected to be required as a part of such
5 program, and there is urgent need for the facility or facilities,
6 and (3) necessary to orderly community development.

7 GRANTS FOR NEIGHBORHOOD FACILITIES

8 SEC. 603. (a) The Administrator is authorized to make
9 grants, in accordance with the provisions of this section, to
10 local public bodies and agencies to finance specific projects
11 for neighborhood facilities.

12 (b) The amount of any grant made under the authority
13 of this section shall not exceed $66\frac{2}{3}$ per centum of the devel-
14 opment cost of the project for which the grant is made (or
15 75 per centum of such cost in the case of a project located
16 in an area which at the time the grant is made is designated
17 as a redevelopment area under section 5 of the Area Redevel-
18 opment Act or under any other legislation enacted after the
19 date of the enactment of this Act containing standards for
20 designation as a redevelopment area generally comparable
21 to those set forth in section 5 of the Area Redevelopment
22 Act).

23 (c) No grant shall be made under this section for any
24 project unless the Administrator determines that the project
25 will provide a neighborhood facility which is (1) necessary

1 for carrying out a program of health, recreational, social, or
2 similar community service (including a community action
3 program approved under title II of the Economic Opportu-
4 nity Act of 1964) in the area, (2) consistent with compre-
5 hensive planning for the development of the community, and
6 (3) so located as to be available for use by a significant por-
7 tion (or number in the case of large urban places) of the
8 area's low- or moderate-income residents.

9 (d) For a period of twenty years after a grant has
10 been made under this section for a neighborhood facility,
11 such facility shall not, without the approval of the Adminis-
12 trator, be converted to uses other than those proposed by
13 the applicant in its application for the grant. The Adminis-
14 trator shall not approve any conversion in the use of such
15 a neighborhood facility during such twenty-year period un-
16 less he finds that such conversion is in accord with the then
17 applicable program of health, recreational, social, or similar
18 community services in the area and consistent with compre-
19 hensive planning for the development of the community in
20 which the facility is located. In approving any such con-
21 version, the Administrator may impose such additional con-
22 ditions and requirements as he deems necessary.

23 (e) The Administrator shall give priority to applica-
24 tions for projects designed primarily to benefit members of
25 low-income families or otherwise substantially further the

1 objectives of a community action program approved under
2 title II of the Economic Opportunity Act of 1964.

3 GENERAL PROVISIONS

4 SEC. 604. (a) In the performance of, and with respect
5 to, the functions, powers, and duties vested in him by this
6 title, the Administrator shall (in addition to any authority
7 otherwise vested in him) have the functions, powers, and
8 duties set forth in section 402, except subsections (a), (c)
9 (2), and (f) of the Housing Act of 1950.

10 (b) The Administrator is authorized, notwithstanding
11 the provisions of section 3648 of the Revised Statutes, to
12 make advance or progress payments on account of any
13 grant made pursuant to this title. No part of any grant
14 authorized to be made by the provisions of this title shall be
15 used for the payment of ordinary governmental operating
16 expenses.

17 DEFINITIONS

18 SEC. 605. As used in this title—

19 (a) The term "State" means the several States, the Dis-
20 trict of Columbia, the Commonwealth of Puerto Rico, and
21 the territories and possessions of the United States.

22 (b) The term "local public bodies and agencies" in-
23 cludes public corporate bodies and political subdivisions;
24 public agencies or instrumentalities of one or more States,
25 municipalities, or political subdivisions of one or more States

1 (including public agencies and instrumentalities of one or
2 more municipalities or other political subdivisions of one or
3 more States) ; Indian tribes; and boards or commissions
4 established under the laws of any State to finance specific
5 capital improvement projects.

6 (c) The term "development cost", with respect to
7 any facility, means costs of the construction of the facility
8 and the land on which it is located, including necessary
9 site improvements to permit its use as a site for the facility.

10 LABOR STANDARDS

11 SEC. 606. All laborers and mechanics employed by con-
12 tractors or subcontractors on projects assisted under sections
13 602 and 603 shall be paid wages at rates not less than those
14 prevailing on similar construction in the locality as deter-
15 mined by the Secretary of Labor in accordance with the
16 Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5).
17 No such project shall be approved without first obtaining
18 adequate assurance that these labor standards will be main-
19 tained upon the construction work. The Secretary of Labor
20 shall have, with respect to the labor standards specified in
21 this section, the authority and functions set forth in Re-
22 organization Plan Numbered 14 of 1950 (15 F.R. 3176;
23 64 Stat. 1267; 5 U.S.C. 133z-15), and section 2 of the
24 Act of June 13, 1934, as amended (48 Stat. 948; 40
25 U.S.C. 276c).

1 APPROPRIATIONS; TERMINATION OF PROGRAM

2 SEC. 607. (a) There are hereby authorized to be appro-
3 priated such sums as may be necessary to carry out the
4 provisions of this title. All funds so appropriated shall
5 remain available until expended.

(b) No grant shall be made under this title after October 1, 1969, except pursuant to a contract or commitment entered into on or before such date.

9 TITLE VII—FEDERAL NATIONAL MORTGAGE
10 ASSOCIATION

11 INCREASE IN FNMA SPECIAL ASSISTANCE AUTHORITY

12 SEC. 701. (a) Section 305 (c) of the National Housing
13 Act is amended by inserting before the period at the end
14 thereof the following: “, which limit shall be increased by
15 \$100,000,000 on the date of the enactment of the Housing
16 and Urban Development Act of 1965, by \$450,000,000 on
17 July 1, 1966, by \$550,000,000 on July 1, 1967, and by
18 \$525,000,000 on July 1, 1968”.

19 (b) Section 305 (f) of such Act is amended by inserting
20 before the period at the end thereof the following: “: *Pro-*
21 *vided further,* That any portion of the total amount of
22 authority set forth in the first proviso of this subsection

1 which, on the date of the enactment of the Housing and
 2 Urban Development Act of 1965 and on each July 1 there-
 3 after, would otherwise be available for making purchases and
 4 commitments pursuant to this subsection, shall be transferred
 5 to and merged with the authority granted by subsection (a)
 6 and added to the amount of such authority as set forth in sub-
 7 section (c) ; and the total amount of authority set forth in the
 8 first proviso of this subsection shall progressively be reduced
 9 by the amount of each such transfer”.

10 INCREASE IN LIMITATION ON MORTGAGES FOR DWELLING
 11 UNITS HAVING FOUR OR MORE BEDROOMS

12 SEC. 702. Section 302 (b) of the National Housing Act
 13 is amended by inserting before the period at the end of the
 14 first sentence the following: “(plus an additional \$2,500
 15 for each such family residence or dwelling unit which has
 16 four or more bedrooms)”.

17 TITLE VIII—OPEN-SPACE LAND AND URBAN
 18 BEAUTIFICATION AND IMPROVEMENT

19 CHANGE IN NAME OF PROGRAM; FINDINGS AND PURPOSE

20 SEC. 801. (a) The heading of title VII of the Housing
 21 Act of 1961 is amended to read as follows: “TITLE VII—
 22 OPEN-SPACE LAND AND URBAN BEAUTIFICA-
 23 TION AND IMPROVEMENT”.

1 (b) Section 701 of such Act is amended by redesignig-
 2 nating subsection (b) as subsection (c) and by inserting
 3 after subsection (a) the following new subsection:

4 “(b) The Congress further finds that there is an urgent
 5 need both for the additional provision of parks and other
 6 open-space areas in the developed portions of the Nation’s
 7 urban areas and for greater and better coordinated local
 8 efforts to beautify and improve open space and other public
 9 land throughout urban areas, to facilitate their increased use
 10 and enjoyment by the Nation’s urban population.”

11 (c) The subsection of section 701 of such Act redesignig-
 12 nated as subsection (c) by subsection (b) of this section is
 13 amended—

14 (1) by inserting “(1) provide and” before “pre-
 15 serve open-space land”, and

16 (2) by inserting before the period at the end
 17 thereof the following: “, and (2) beautify and improve
 18 open-space and other public urban land, in accordance
 19 with programs to encourage and coordinate local public
 20 and private efforts toward this end”.

21 INCREASED GRANT LEVEL FOR PRESERVATION OF OPEN-
 22 SPACE LAND

23 SEC. 802. Section 702 (a) of the Housing Act of 1961
 24 is amended by striking out “20 per centum” and “30 per
 25 centum” and inserting in lieu thereof “30 per centum” and
 26 “40 per centum”, respectively.

1 SUBSTITUTION OF APPROPRIATION AUTHORITY FOR GRANT

2 CONTRACT AUTHORITY

3 SEC. 803. (a) Section 702 (a) of the Housing Act of
4 1961 is amended—

5 (1) by striking out “enter into contracts to” in the
6 first sentence, and

7 (2) by striking out all of the third sentence.

8 (b) Section 702 (b) of such Act is amended by striking
9 out the first two sentences and inserting in lieu thereof the
10 following: “There are hereby authorized to be appropriated
11 such amounts as may be necessary to carry out the purposes
12 of this title.”

13 (c) Section 702 of such Act is further amended by
14 adding at the end thereof the following new subsection:

15 “(f) No grant shall be made under this title after
16 October 1, 1969, except pursuant to a contract or commit-
17 ment entered into on or before such date.”

18 (d) Section 703 (a) of such Act is amended by striking
19 out “enter into contracts to”.

20 GRANTS FOR PROVISION OF OPEN-SPACE LAND IN BUILT-UP

21 URBAN AREAS

22 SEC. 804. Title VII of the Housing Act of 1961 is
23 amended by redesignating sections 705 and 706 as sections
24 708 and 709, respectively, and by inserting after section
25 704 the following new section:

1 "GRANTS FOR PROVISION OF OPEN-SPACE LAND IN BUILT-
2 UP URBAN AREAS

3 "SEC. 705. (a) The Administrator is further author-
4 ized to make grants to States and local public bodies to help
5 finance the acquisition of title to, or other permanent in-
6 terests in, developed land in built-up portions of urban areas
7 to be cleared and used as permanent open-space land, as
8 defined herein. The Administrator shall make such grants
9 only where the local governing body determines that ade-
10 quate open-space land cannot effectively be provided through
11 the use of existing undeveloped or predominantly undevel-
12 oped land and the Administrator determines that the pro-
13 posed acquisition is important to the comprehensively
14 planned development of the locality. Grants under this
15 section shall not exceed the lesser of (1) \$500,000 or (2)
16 40 per centum of the cost of acquiring such title or other
17 interests and of necessary demolition and removal of im-
18 provements.

19 "(b) Financial assistance extended to any project under
20 this title may include grants for relocation payments, as
21 herein defined. Such grants may be in addition to other
22 financial assistance under this title, and no part of the
23 amount of such relocation payments shall be required to be
24 contributed as a local grant. The term 'relocation payments'
25 means payments by the applicant which are (1) made to an

1 individual, family, business concern, or nonprofit organization
2 displaced, after March 4, 1965, by a project assisted under
3 this title, (2) not otherwise authorized under any Federal
4 law, and (3) made only on such terms and conditions and
5 subject to such limitations (to the extent applicable, but not
6 including the date of displacement) as are provided for relo-
7 cation payments, at the time such payments are approved, by
8 sections 114 (b), (c), and (d) of the Housing Act of 1949.
9 Relocation payments authorized by this subsection shall be
10 made subject to such rules and regulations as may be pre-
11 scribed by the Administrator.”

12 GRANTS FOR URBAN BEAUTIFICATION AND IMPROVEMENT

13 SEC. 805. (a) Title VII of the Housing Act of 1961
14 is further amended by inserting after section 705 (as added
15 by section 804 of this Act) the following new section:

16 “GRANTS FOR URBAN BEAUTIFICATION AND IMPROVEMENT

17 “SEC. 706. The Administrator is authorized to make
18 grants, as herein provided, to States and local public bodies
19 to assist in carrying out local programs for the greater use
20 and enjoyment of open-space and other public land in urban
21 areas. The Administrator shall establish criteria for such
22 programs to assure that each (1) represents significant and
23 effective efforts, involving all available public and private
24 resources, for the beautification of such land and its improve-

1 ment for open-space uses, and (2) is important to the com-
2 prehensively planned development of the locality. Grants
3 made under this section shall not exceed 40 per centum of
4 the amount by which the cost of the activities carried on by
5 an applicant during a fiscal year under an approved program
6 exceeds its usual expenditures for comparable activities:
7 *Provided, That, notwithstanding any other provision of this*
8 *section, the Administrator may use not to exceed \$5,000,000*
9 *of the funds available for grants under this section to make*
10 *grants in amounts up to the full cost of activities which he*
11 *determines to have special value in developing and demon-*
12 *strating new and improved methods and materials for use in*
13 *carrying out the purposes of this section."*

14 (b) Section 702 (c) of such Act is amended by insert-
15 ing after "development costs" the following: "(except as
16 authorized under section 706), or the additional price which
17 is attributable to improvements to be retained on open-space
18 land which are not incidental to the proposed open-space
19 uses,".

20 LABOR STANDARDS

21 SEC. 806. Title VII of the Housing Act of 1961 is
22 further amended by inserting after section 706 (as added by
23 section 805 of this Act) the following new section:

“LABOR STANDARDS

1
2 “SEC. 707. (a) The Administrator shall take such ac-
3 tion as may be necessary to insure that all laborers and
4 mechanics employed by contractors or subcontractors in the
5 performance of construction work financed with the assist-
6 ance of grants under this title shall be paid wages at rates
7 not less than those prevailing on similar construction in the
8 locality as determined by the Secretary of Labor in accord-
9 ance with the Davis-Bacon Act, as amended. The Admin-
10 istrator shall not approve any such grant without first obtain-
11 ing adequate assurance that these labor standards will be
12 maintained upon the construction work.

13 “(b) The Secretary of Labor shall have, with respect to
14 the labor standards specified in subsection (a), the authority
15 and functions set forth in Reorganization Plan Numbered
16 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-
17 15), and section 2 of the Act of June 13, 1934, as amended
18 (48 Stat. 948; 40 U.S.C. 276c).”

USE OF FUNDS FOR STUDIES AND PUBLICATION

20 SEC. 807. The second sentence of the section of the
21 Housing Act of 1961 redesignated as section 708 by section
22 804 of this Act is amended to read as follows: “The Admin-
23 istrator is authorized to use during any fiscal year not to

1 exceed \$100,000 of the funds available for grants under
 2 this title to undertake such studies and publish such
 3 information.”

4 CONFORMING AMENDMENTS

5 SEC. 808. (a) The heading of section 702 of the Hous-
 6 ing Act of 1961 is amended to read as follows: “GRANTS
 7 FOR PRESERVATION OF OPEN-SPACE LAND”.

8 (b) Section 702 (a) of such Act is amended by striking
 9 out “provisions of this title” and “purposes of this title” and
 10 inserting in lieu thereof “provisions of this section” and
 11 “purposes of this section”, respectively.

12 (c) Section 702 (e) of such Act is amended by striking
 13 out “served by the open-space land acquired” in the second
 14 sentence and inserting in lieu thereof “assisted”.

15 (d) Section 703 (a) of such Act is amended by striking
 16 out “this title” and inserting in lieu thereof “section 702 (a)”.

17 (e) Section 704 of such Act is amended by striking
 18 out “for which” in the first sentence and inserting in lieu
 19 thereof “for the acquisition of which”.

20 TITLE IX—RURAL HOUSING

21 LOANS FOR PREVIOUSLY OCCUPIED BUILDINGS AND 22 MINIMUM SITE ACQUISITION

23 SEC. 901. (a) Section 501 (a) of the Housing Act of
 24 1949 is amended—

25 (1) by inserting after “their farms,” in clause (1)

1 the following: "and to purchase previously occupied
2 buildings and land constituting a minimum adequate site,
3 in order"; and

4 (2) by inserting after "rural areas" in clause (2)
5 the following: "for the construction, improvement, al-
6 teration, or repair of dwellings, related facilities, and
7 farm buildings and to rural residents for such purposes
8 and for the purchase of previously occupied buildings and
9 the purchase of land constituting a minimum adequate
10 site, in order".

11 (b) Section 501 (c) of such Act is amended by insert-
12 ing "or a rural resident" in clause (1) after "or that he is
13 the owner of other real estate in a rural area".

14 INTEREST RATE ON DIRECT RURAL HOUSING LOANS

15 SEC. 902. Section 502 (a) of the Housing Act of 1949
16 is amended by striking out "with interest at a rate not to
17 exceed 4 per centum per annum on the unpaid balance of
18 principal." and inserting in lieu thereof the following: "with
19 interest in the case of loans under this section pursuant to
20 clauses (1) and (2) of section 501 (a) at a rate not to ex-
21 ceed 5 per centum per annum on the unpaid balance of prin-
22 cipal and in the case of loans under this section pursuant to
23 clause (3) of section 501 (a) and under sections 503 and
24 504 at a rate not to exceed 4 per centum per annum on such

1 unpaid balance. Borrowers with loans made or insured
2 under this title shall pay such fees and other charges as the
3 Secretary may require.”

4 INSURED RURAL HOUSING LOANS

5 SEC. 903. (a) Title V of the Housing Act of 1949 is
6 amended by adding at the end thereof the following new
7 sections:

8 “INSURANCE OF LOANS

9 “SEC. 517. (a) The Secretary is authorized to insure
10 and to make loans to be sold and insured in accordance with
11 the provisions of sections 501, 502, 514, and 515, and this
12 section, other than the provisions of section 514(a) (3)
13 and (5) and (b) and section 515 (a) and (b) (4), except
14 that such loans in accordance with sections 501 and 502—

15 “(1) to persons of low or moderate income as de-
16 fined by the Secretary shall not exceed amounts neces-
17 sary to provide adequate housing modest in size, design,
18 and cost, as determined by the Secretary, and shall bear
19 interest at a rate not to exceed 5 per centum per an-
20 num; and the aggregate of such loans made and insured
21 in any one fiscal year shall not exceed \$300,000,000;
22 and

23 “(2) to persons other than those of low or moderate
24 income shall bear interest and provide for insurance or
25 service charges (at rates determined by the Secretary)

1 comparable to the combined rate of interest and premium
2 charges then in effect under section 203 of the National
3 Housing Act.

4 “(b) The Secretary may use the Rural Housing Insur-
5 ance Fund created by this section for the purpose of making
6 loans to be sold and insured under this section, provided that
7 the aggregate of such loans made and not disposed of at any
8 one time shall not exceed \$100,000,000.

9 “(c) The Secretary may insure loans advanced by
10 lenders other than the United States, and may sell and insure
11 loans made from or held in the Rural Housing Insurance
12 Fund by the Secretary, for the payment of principal and
13 interest thereon as it becomes due. The Secretary is author-
14 ized to make agreements with respect to servicing loans
15 held by or insured by the Secretary under this section and
16 purchasing such insured loans on such terms and conditions
17 as he may prescribe: *Provided*, That no purchase agreement
18 shall obligate the Secretary to purchase such an insured loan
19 before the expiration of an initial period of five years from
20 the date of the note. Any contract of insurance executed
21 by the Secretary shall be an obligation supported by the full
22 faith and credit of the United States and incontestable except
23 for fraud or material misrepresentation of which the holder
24 has actual knowledge. In connection with loans insured
25 under this section the Secretary may take liens running to

1 the United States notwithstanding the fact that the notes evi-
2 dencing such loans may be held by lenders other than the
3 United States. Notes evidencing such loans shall be freely
4 assignable but the Secretary shall not be bound by any
5 assignment until notice thereof is given to and acknowledged
6 by the Secretary.

7 “(d) After ninety days after the original capitalization
8 of the Rural Housing Insurance Fund, no loans, other than
9 loans then held or insured by the Secretary pursuant to
10 section 514 or 515 (b), shall be made or insured under
11 section 514 or 515 (b) except in accordance with this section.

12 “(e) There is hereby created the Rural Housing In-
13 surance Fund (hereinafter in this section referred to as the
14 ‘Fund’) which shall be used by the Secretary as a revolving
15 fund for carrying out the provisions of this section. There
16 are authorized to be appropriated to the Secretary such sums
17 as may be necessary for the purposes of the Fund.

18 “(f) Money in the Fund not needed for current opera-
19 tions shall be invested in direct obligations of the United
20 States or obligations guaranteed by the United States.

21 “(g) All funds, claims, notes, mortgages, contracts, and
22 property acquired by the Secretary under this section, and
23 all collections and proceeds therefrom, shall constitute assets
24 of the Fund; and all liabilities and obligations of such assets
25 shall be liabilities and obligations of the Fund. Loans may

1 be held in the Fund and collected in accordance with their
2 terms or may be sold by the Secretary with or without agree-
3 ments for insurance thereof. Loans may be sold by the
4 Secretary at prices within the range of market prices for the
5 particular class or classes of loans involved, as determined by
6 the Secretary from time to time. The aggregate of (1) any
7 amount by which the balance outstanding on loans at the
8 time of sale exceeds the price at which the loans are sold
9 and (2) the amount of any fees and charges paid in con-
10 nection with any sales of loans shall be reimbursed to the
11 Fund by annual appropriations.

12 “(h) The Secretary is authorized to issue notes to the
13 Secretary of the Treasury to obtain funds necessary for
14 discharging obligations under this section and for author-
15 ized expenditures out of the Fund, but, except as may be
16 authorized in appropriation Acts, not for the original capi-
17 tal or any additional capital of the Fund or to reimburse the
18 Fund for losses from any sales of loans at less than par
19 value. Such notes shall be in such form and denominations
20 and have such maturities and be subject to such terms and
21 conditions as may be prescribed by the Secretary with the
22 approval of the Secretary of the Treasury. Each note shall
23 bear interest at such rate as may be determined by the
24 Secretary of the Treasury, taking into consideration the
25 current average market yields on outstanding marketable

1 obligations of the United States with remaining periods to
2 maturity comparable to the average maturities of the loans
3 held by the Secretary in the Fund, adjusted to the nearest
4 one-eighth of 1 per centum, during the month of June
5 preceding the fiscal year in which the loans were made.
6 The Secretary of the Treasury is authorized and directed
7 to purchase any notes of the Secretary issued hereunder, and
8 for that purpose the Secretary of the Treasury is authorized
9 to use as a public debt transaction the proceeds from the
10 sale of any securities issued under the Second Liberty Bond
11 Act, and the purposes for which such securities may be is-
12 sued under such Act are extended to include purchases of
13 notes issued by the Secretary under this subsection. All re-
14 demptions, purchases, and sales by the Secretary of the
15 Treasury of such notes shall be treated as public debt trans-
16 actions of the United States. The notes issued by the Secre-
17 tary to the Secretary of the Treasury shall constitute obliga-
18 tions of the Fund.

19 “(i) The Secretary may retain out of interest payments
20 by the borrower an annual charge in an amount specified
21 in the insurance or sale agreement applicable to the loan.
22 Of the charges retained by the Secretary, if any, not to
23 exceed 1 per centum per annum of the unpaid balance of the
24 loan shall be deposited in the Fund. Any retained charges
25 not deposited in the Fund shall be available for administra-

1 tive expenses in carrying out the provisions of this title, to
2 be transferred annually and become merged with any appro-
3 priation for administrative expenses of the Farmers Home
4 Administration, when and in such amounts as may be author-
5 ized in appropriation Acts.

6 “(j) The Secretary may also utilize the Fund—

7 “(1) to pay amounts to which the holder of a
8 note is entitled in accordance with an insurance or sale
9 agreement under this section accruing between the date
10 of any prepayment by the borrower to the Secretary and
11 the date of transmittal of such prepayment to the
12 holder of the note; and, in the discretion of the Secre-
13 tary, prepayments other than final payments need not
14 be remitted to the holder until due;

15 “(2) to pay the holder of any note insured under
16 this section any defaulted installment or, upon assign-
17 ment of the note to the Secretary at the Secretary’s
18 request, the entire balance outstanding on the note;

19 “(3) to purchase notes in accordance with agree-
20 ments previously entered into;

21 “(4) to pay taxes, insurance, prior liens, expenses
22 necessary to make fiscal adjustments in connection with
23 the application and transmittal of collections, and other
24 expenses and advances to protect the security for loans

1 which are insured under this section or held in the Fund,
2 and to acquire such security at foreclosure sale or other-
3 wise; and

4 “(5) to pay fees and charges in connection with
5 sales by the Secretary of loans insured under this
6 section.

7 “RURAL HOUSING DIRECT LOAN ACCOUNT

8 “SEC. 518. (a) There is hereby created the Rural
9 Housing Direct Loan Account (hereinafter in this section
10 referred to as the ‘Account’) which shall be used by the Sec-
11 retary for carrying out the provisions of this section. There
12 are authorized to be appropriated to the Secretary such sums
13 as may be necessary for the purposes of the Account.

14 “(b) There are hereby transferred to the Account (1)
15 all funds, claims, notes, mortgages, contracts, and property,
16 and all collections and proceeds therefrom, held by the
17 Secretary under the direct loan provisions of this title, in-
18 cluding those securing notes issued by the Secretary to the
19 Secretary of the Treasury under section 511 and any un-
20 expended balance of amounts borrowed upon such notes,
21 and (2) all unexpended balances of appropriations for direct
22 loans under this title, including the fund authorized by sec-
23 tion 515 (a). All amounts hereafter borrowed by the
24 Secretary from the Secretary of the Treasury under section
25 511 shall be deposited in the Account. All collections and

1 proceeds from assets acquired by the Account shall be
2 deposited in the Account.

3 “(c) When and in such amounts as may be authorized
4 in appropriation Acts, the Secretary may issue notes to the
5 Secretary of the Treasury to obtain funds to be deposited in
6 the Account. The form, denominations, maturities, and other
7 terms and conditions of such notes shall be prescribed by
8 the Secretary with the approval of the Secretary of the
9 Treasury. Each note shall bear interest at such rate as may
10 be determined by the Secretary of the Treasury, taking into
11 consideration the current average market yields on outstand-
12 ing marketable obligations of the United States with remain-
13 ing periods to maturity comparable to the average maturi-
14 ties of the loans held by the Secretary in the Account, ad-
15 justed to the nearest one-eighth of 1 per centum, during the
16 month of June preceding the fiscal year in which the loans
17 were made. The Secretary of the Treasury is authorized and
18 directed to purchase any notes of the Secretary issued here-
19 under, and for that purpose the Secretary of the Treasury is
20 authorized to use as a public debt transaction the proceeds
21 from the sale of any securities issued under the Second
22 Liberty Bond Act, and the purposes for which such securities
23 may be issued under such Act are extended to include the
24 purchase of notes issued by the Secretary under this sub-
25 section. All redemptions, purchases, and sales by the Sec-

1 retary of the Treasury of such notes shall be treated as public
2 debt transactions of the United States.

3 “(d) The Account shall remain available to the Secre-
4 tary for the payment of interest and principal on notes issued
5 by the Secretary to the Secretary of the Treasury under sec-
6 tion 511 or this section, and for direct loans and related
7 advances under this title in such amounts as are now author-
8 ized by law and in such further amounts as shall be authorized
9 in appropriation Acts. Amounts so authorized for such loans
10 and advances shall remain available until expended.”

11 (b) Section 511 of such Act is amended—

12 (1) by inserting “direct” after “making”, and by
13 striking out “(other than loans under section 504 (b)
14 or 515 (a))”, in the first sentence;

15 (2) by striking out “, of which \$50,000,000 shall
16 be available exclusively for assistance to elderly persons
17 as provided in clause (3) of section 501 (a)”, and by
18 striking out “September 30, 1965” and inserting in
19 lieu thereof “October 1, 1969”, in the second sentence;
20 and

21 (3) by striking out “rate on outstanding marketable
22 obligations of the United States as of the last day of the
23 month preceding the issuance of the notes or obligations
24 by the Secretary” in the fifth sentence and inserting

1 in lieu thereof the following: "yields on outstanding
2 marketable obligations of the United States with remain-
3 ing periods to maturity comparable to the average ma-
4 turities of the loans held by the Secretary in the Rural
5 Housing Direct Loan Account, adjusted to the nearest
6 one-eighth of 1 per centum, during the month of June
7 preceding the fiscal year in which the loans were made".

8 FEDERAL NATIONAL MORTGAGE ASSOCIATION SECONDARY
9 MARKET OPERATIONS FOR INSURED RURAL HOUSING
10 LOANS

11 SEC. 904. (a) Section 302 (b) of the National Housing
12 Act is amended—

13 (1) by inserting immediately after "which are
14 insured under the National Housing Act" the following:
15 "or title V of the Housing Act of 1949";

16 (2) by inserting after "any mortgage" in clause
17 (2) of the proviso the following: ", except a mortgage
18 insured under title V of the Housing Act of 1949,"; and

19 (3) by inserting before the period in the last sen-
20 tence the following: "or title V of the Housing Act of
21 1949".

22 (b) Section 303 (b) of such Act is amended by insert-
23 ing "and other" after "private" in the first sentence.

1 EXTENSION OF RURAL HOUSING AUTHORIZATIONS

2 SEC. 905. (a) Section 512 of the Housing Act of 1949
3 is amended by striking out "September 30, 1965" and in-
4 serting in lieu thereof "October 1, 1969".

5 (b) Section 513 of such Act is amended—

6 (1) by striking out "September 30, 1965" in clause

7 (b) and inserting in lieu thereof "October 1, 1969";

8 (2) by striking out "\$10,000,000" in clause (c)
9 and inserting in lieu thereof "\$50,000,000", and by
10 striking out "September 30, 1965" in the same clause
11 and inserting in lieu thereof "October 1, 1969"; and

12 (3) by striking out "September 30, 1965" in clause
13 (d) and inserting in lieu thereof "October 1, 1969".

14 (c) Section 515 (b) (5) of such Act is amended by
15 striking out "September 30, 1965" and inserting in lieu
16 thereof "October 1, 1969".

17 (d) Section 506 (a) of such Act is amended by strik-
18 ing out "sections 501 to 504, inclusive, and sections 514-
19 516", each place it occurs and inserting in lieu thereof "this
20 title".

21 PAYMENT OF INTEREST TO THE TREASURY ON

22 APPROPRIATIONS FOR RURAL HOUSING LOANS

23 SEC. 906. Title V of the Housing Act of 1949 is
24 amended by adding at the end thereof (after the new sec-
25 tions added by section 903 of this Act) the following new
26 section:

1 "INTEREST ON APPROPRIATIONS FOR RURAL HOUSING

2 LOANS

3 "SEC. 519. (a) The Secretary shall pay to the Secretary
4 of the Treasury interest at a rate determined under the
5 formula contained in section 517 (h) or 518 (c) (as may be
6 applicable) on any portion of any future appropriations
7 deposited in the Rural Housing Insurance Fund or the
8 Rural Housing Direct Loan Account for the purpose of mak-
9 ing loans (as distinguished from appropriations for the
10 purpose of restoring losses or expenditures from such Fund
11 or Account). Such interest shall be payable annually upon
12 any sum so deposited until an amount equal to such sum
13 is paid from the Fund or Account to which it was deposited
14 and returned to miscellaneous receipts of the Treasury

15 "(b) Any sums in the Rural Housing Insurance Fund
16 or the Rural Housing Direct Loan Account which the Sec-
17 retary determines are in excess of amounts needed to meet
18 the obligations and carry out the purposes of such Fund or
19 Account shall be returned to miscellaneous receipts of the
20 Treasury."

21 TITLE X—MISCELLANEOUS

22 AUTHORIZATION FOR URBAN PLANNING GRANTS

23 SEC. 1001. (a) Section 701 (b) of the Housing Act of
24 1954 is amended by striking out "not exceeding \$105,000,-
25 000" in the fifth sentence and inserting in lieu thereof "such
26 amounts as may be necessary".

1 (b) Section 701 of such Act is further amended by
2 adding at the end thereof the following new subsection:

3 “(g) No grant shall be made under this section after
4 October 1, 1969, except pursuant to a contract or commit-
5 ment entered into on or before such date.”

6 AUTHORIZATION FOR FEDERAL-STATE TRAINING PROGRAMS

7 SEC. 1002. (a) Section 802 (d) of the Housing Act of
8 1964 is amended (1) by striking out “for grants under this
9 part”, and (2) by striking out “not to exceed \$10,000,000”
10 and inserting in lieu thereof “such amounts as may be
11 necessary to carry out the purposes of this part”.

12 (b) Section 802 of such Act is further amended by
13 adding at the end thereof the following new subsection:

14 “(e) No grant shall be made under this part after
15 October 1, 1969, except pursuant to a contract or commit-
16 ment entered into on or before such date.”

17 (c) Section 803 of such Act is amended (1) by striking
18 out “authorized to be”, and (2) by striking out “by section
19 802 (d)” and inserting in lieu thereof “for the purposes of
20 this part”.

21 AUTHORIZATION FOR PUBLIC WORKS PLANNING ADVANCES

22 SEC. 1003. (a) The second sentence of section 702 (e)
23 of the Housing Act of 1954 is amended (1) by striking out
24 “Housing Act of 1964” and inserting in lieu thereof

1 “Housing and Urban Development Act of 1965”, and (2)
2 by striking out “, not to exceed \$20,000,000,”.

3 (b) Section 702 of such Act is further amended by
4 adding at the end thereof the following new subsection:

5 “(i) No advance shall be made under this section after
6 October 1, 1969, except pursuant to a contract or commit-
7 ment entered into on or before such date.”

8 ADVISORY COMMITTEES—TECHNICAL PROVISION

9 SEC. 1004. Section 601 of the Housing Act of 1949
10 is amended by striking out the second sentence.

11 PUBLIC FACILITY LOANS TO NONPROFIT CORPORATIONS

12 SEC. 1005. Section 202 (c) of the Housing Amend-
13 ments of 1955 is amended by adding at the end thereof
14 the following new sentence: “Notwithstanding any other
15 provision of this title, the Administrator may extend finan-
16 cial assistance, as otherwise authorized by clause (1) of
17 subsection (a) of this section, to private nonprofit corpora-
18 tions to finance the construction of works for the storage,
19 treatment, purification, or distribution of water or the con-
20 struction of sewage, sewage treatment, and sewer facilities,
21 if needed to serve such smaller municipalities, upon a deter-
22 mination that no existing public body is able to construct
23 and operate such facilities.”

1 FHA CONFORMING AMENDMENTS

2 SEC. 1006. (a) Section 2 (f) of the National Housing
3 Act is amended by striking out all that follows the first
4 sentence.

5 (b) Section 8 of such Act is amended—

6 (1) by striking out “Title I Housing Insurance
7 Fund” in subsection (g) and inserting in lieu thereof
8 “General Insurance Fund”; and

9 (2) by striking out subsections (h) and (i).

10 (c) Section 203 (k) of such Act is amended—

11 (1) by striking out “a separate section 203 Home
12 Improvement Account to be maintained as hereinafter
13 provided under the Mutual Mortgage Insurance Fund”
14 in clause (3) of the first sentence and inserting in lieu
15 thereof “the General Insurance Fund”;

16 (2) by striking out “the section 203 Home Im-
17 provement Account or in debentures executed in the
18 name of such Account” in clause (4) of the first sen-
19 tence and inserting in lieu thereof “the General Insur-
20 ance Fund or in debentures executed in the name of
21 such Fund”;

22 (3) by striking out all of the third sentence which
23 follows “refer to this section 203 (k)” and inserting in
24 lieu thereof a period; and

1 (4) by striking out the fourth, fifth, and sixth
2 sentences.

3 (d) Section 204 of such Act is amended—

4 (1) by striking out “or section 210” in the first
5 sentence of subsection (a) ;

6 (2) by striking out all of the second sentence of
7 subsection (c) after “the mortgagee” and inserting in
8 lieu thereof “from the Mutual Mortgage Insurance
9 Fund.”;

10 (3) by striking out all of the first sentence of sub-
11 section (d) after “shall be negotiable” the first place it
12 appears and inserting in lieu thereof a period;

13 (4) by striking out “the Fund” each place it ap-
14 pears in subsection (d) and inserting in lieu thereof
15 “the Mutual Mortgage Insurance Fund”;

16 (5) by striking out “or the Housing Fund, as the
17 case may be,” in the fifth sentence of subsection (d) ;

18 (6) by striking out “or the Housing Fund” in the
19 sixth sentence of subsection (d) ; and

20 (7) by striking out the matter in subsection (f) (1)

21 (i) which follows “section 203” and precedes the
22 colon.

23 (e) Section 207 of such Act is amended—

1 (1) by striking out “and section 210” in the first
2 sentence of subsection (d) ;

3 (2) by striking out “of the Housing Insurance
4 Fund issued by the Commissioner under this title” in
5 the first sentence of subsection (d) and inserting in lieu
6 thereof the following: “issued by the Commissioner
7 under any title and section of this Act, except debentures
8 of the Mutual Mortgage Insurance Fund”;

9 (3) by striking out subsections (f), (m), and (p) ;
10 and

11 (4) by striking out “the Housing Insurance Fund”
12 and “the Housing Fund” each place they appear in
13 subsections (b), (h), (i), (j), (k), and (l) and in-
14 serting in lieu thereof “the General Insurance Fund”.

15 (f) Section 209 of such Act is amended by striking out
16 “or account or accounts,” in the second sentence.

17 (g) Section 213 of such Act is amended—

18 (1) by striking out “the Housing Fund” in subsec-
19 tion (a) (3) and inserting in lieu thereof “the General
20 Insurance Fund”; and

21 (2) by striking out “(l), (m), (n), and (p)” in
22 subsection (e) and inserting in lieu thereof “(l), and
23 (n)”.

24 (h) Section 220 of such Act is amended—

25 (1) by striking out “the section 220 Housing

Insurance Fund” each place it appears in subsections (d) (2) and (f) and inserting in lieu thereof “the General Insurance Fund”;

(2) by inserting “and” immediately before “(B)” in the second full sentence in subsection (f) (3), and by striking out “, and (C)” and all that follows in such sentence and inserting in lieu thereof a period;

(3) by striking out subsections (g) and (h) (4); and

(4) by striking out “the section 220 Home Improvement Account” each place it appears in subsections (h) (5) and (h) (7) and inserting in lieu thereof “the General Insurance Fund”.

(i) Section 221 of such Act is amended—

(1) by striking out “the section 221 Housing Insurance Fund” each place it appears in subsections (d) (4), (f), (g) (1), and (g) (3) and inserting in lieu thereof “the General Insurance Fund”;

(2) by striking out all of subsection (g) (2) after “mortgages insured under this section” and inserting in lieu thereof “; or”;

(3) by inserting “and” immediately before “(B)” in the first full sentence in subsection (g) (3), and by striking out “, and (C)” and all that follows in such sentence and inserting in lieu thereof a period; and

1 (4) by striking out subsection (h).

2 (j) Section 222 of such Act is amended—

3 (1) by striking out “Servicemen’s Mortgage In-
4 insurance Fund” in subsection (e) and inserting in lieu
5 thereof “General Insurance Fund”; and

6 (2) by striking out subsection (f).

7 (k) Section 229 of such Act is amended by striking out
8 “and Accounts” in the first sentence.

9 (l) Section 231 of such Act is amended—

10 (1) by striking out “the section 207 Housing In-
11 insurance Fund” in subsection (c) (4) and inserting in
12 lieu thereof “the General Insurance Fund”; and

13 (2) by striking out “(f), (g), (h), (i), (j), (k),
14 (l), (m), (n), and (p)” in subsection (e) and in-
15 serting in lieu thereof “(g), (h), (i), (j), (k), (l),
16 and (n)”.

17 (m) Section 232 of such Act is amended—

18 (1) by striking out “the section 207 Housing In-
19 insurance Fund” in subsection (d) (1) and inserting in
20 lieu thereof “the General Insurance Fund”; and

21 (2) by striking out “(f), (g), (h), (i), (j), (k),
22 (l), (m), (n), and (p)” in subsection (f) and insert-
23 ing in lieu thereof “(g), (h), (i), (j), (k), (l),
24 and (n)”.

25 (n) Section 233 of such Act is amended—

1 (1) by striking out “the Experimental Housing
2 Insurance Fund” in clause (1) of the third sentence
3 of subsection (f) and inserting in lieu thereof “the
4 General Insurance Fund”;

5 (2) by inserting “and” immediately before “(2)”
6 in the third sentence of subsection (f), and by striking
7 out “, and (3)” and all that follows and inserting in
8 lieu thereof a period; and

9 (3) by striking out subsection (g).

10 (o) Section 234 of such Act is amended—

11 (1) by striking out “the Apartment Unit Insurance
12 Fund” in subsections (d) (2) and (g) and inserting
13 in lieu thereof “the General Insurance Fund”;

14 (2) by striking out subsection (h) and inserting
15 in lieu thereof the following:

16 “(h) The provisions of subsections (d), (e), (g),
17 (h), (i), (j), (k), (l), and (n) of section 207 shall be
18 applicable to mortgages insured under subsection (d) of this
19 section.”; and

20 (3) by striking out subsection (i) and redesignat-
21 ing subsection (j) as subsection (i).

22 (p) Section 604 of such Act is amended by striking out
23 “the War Housing Insurance Fund” each place it appears in
24 subsections (c), (d), and (f) (1) (i) and inserting in lieu
25 thereof “the General Insurance Fund”.

1 (q) Section 608 of such Act is amended—

2 (1) by striking out “the War Housing Insurance
3 Fund” each place it appears in subsections (b) (1) and
4 (d) and inserting in lieu thereof “the General Insurance
5 Fund”; and

6 (2) by striking out subsection (f) and inserting
7 in lieu thereof the following:

8 “(f) The provisions of section 207 (k) of this Act shall
9 be applicable to mortgages insured under this section, except
10 that, as applied to such mortgages, the reference therein to
11 subsection (g) shall be construed to refer to subsection (c)
12 of this section.”

13 (r) The first sentence of section 609 (f) of such Act is
14 amended by striking out clause (1) and redesignating clauses
15 (2), (3), and (4) as clauses (1), (2), and (3),
16 respectively.

17 (s) Section 707 of such Act is amended by striking
18 out “the Housing Investment Insurance Fund” and insert-
19 ing in lieu thereof “the General Insurance Fund”.

20 (t) Section 708 of such Act is amended by striking out
21 “the Housing Investment Insurance Fund” each place it
22 appears in subsections (c), (e), (g), and (h) and inserting
23 in lieu thereof “the General Insurance Fund”.

24 (u) Section 803 of such Act is amended—

25 (1) by striking out “the Armed Services Housing

1 Mortgage Insurance Fund” each place it appears in
2 subsections (b) (1), (b) (2), (e), (f), and (g) and
3 inserting in lieu thereof “the General Insurance Fund”;
4 and

5 (2) by striking out subsection (h) and inserting in
6 lieu thereof the following:

7 “(h) The provisions of section 207 (k) and section 207
8 (l) of this Act shall be applicable to mortgages insured un-
9 der this title and to property acquired by the Commissioner
10 hereunder, except that, as applied to such mortgages and
11 property, the reference in section 207 (k) to subsection (g)
12 shall be construed to refer to subsection (d) of this section.”

13 (v) Section 809 of such Act is amended by striking out
14 “the Armed Services Housing Mortgage Insurance Fund”
15 each place it appears in subsections (b), (e), and (g)
16 and inserting in lieu thereof “the General Insurance Fund”.

17 (w) Section 810 of such Act is amended—

18 (1) by striking out “the Armed Services Housing
19 Mortgage Insurance Fund” in subsection (e) and in-
20 serting in lieu thereof “the General Insurance Fund”;

21 (2) by striking out “(l), (m), (n), and (p)” in
22 subsection (j) and inserting in lieu thereof “(l), and
23 (n)” ; and

24 (3) by striking out the proviso in subsection (j)
25 and inserting in lieu thereof the following: “: *Provided,*

1 That wherever the words ‘Fund’ or ‘Mutual Mortgage
2 Insurance Fund’ appear in section 204, such reference
3 shall refer to the General Insurance Fund with respect
4 to mortgages insured under this section”.

5 (x) Section 903 of such Act is amended by striking
6 out “the National Defense Housing Insurance Fund” each
7 place it appears in subsection (a) and inserting in lieu
8 thereof “the General Insurance Fund”.

9 (y) Section 904 of such Act is amended—

10 (1) by striking out “the National Defense Housing
11 Insurance Fund” each place it appears in subsections
12 (c) and (d) and inserting in lieu thereof “the General
13 Insurance Fund”; and

14 (2) by striking out all of subsection (e) which
15 follows “of this Act” and inserting in lieu thereof a
16 period.

17 (z) Section 908 of such Act is amended—

18 (1) by striking out “the National Defense Housing
19 Insurance Fund” in subsection (b) (1) and inserting in
20 lieu thereof “the General Insurance Fund”;

21 (2) by striking out all of subsection (d) which
22 follows “of this Act” and inserting in lieu thereof a
23 period; and

(3) by striking out subsection (f) and inserting in lieu thereof the following:

“(f) The provisions of section 207 (k) and section 207 (1) of this Act shall be applicable to mortgages insured under this section and to property acquired by the Commissioner hereunder, except that, as applied to such mortgages and property, the reference therein to subsection (g) shall be construed to refer to subsection (c) of this section.”

(aa) Sections 219, 602, 605, 710, 802, 804, 902, and 905 of such Act are repealed.

SAVINGS AND LOAN ASSOCIATIONS

SEC. 1007. Section 5 (c) of the Home Owners' Loan Act of 1933 is amended—

(1) by adding at the end of the first paragraph the following new sentence: “Loans on the security of buildings substantially all of which are used or are to be used after completion for college dormitories, fraternity houses, or sorority houses, or for residential purposes by the staffs of community hospitals, shall be considered as loans on ‘other dwelling units’ for the purposes of this subsection.”;

(2) by inserting before the period at the end of the next to last paragraph (as determined without re-

1 gard to the new paragraphs added by this Act) the
2 following: “: *Provided*, That in any State or area within
3 a State where the Board shall find that a substantial part
4 of the land occupied by or suitable for residential struc-
5 tures is available for purchase only on a leasehold basis,
6 any such association may make a loan on the security of
7 a first lien on the remainder of the term of any such
8 leasehold which extends or is renewable for at least ten
9 years beyond the maturity of such loan”; and

10 (3) by adding at the end thereof (after the new
11 paragraph added by section 201 (b) (3) of this Act)
12 the following new paragraph:

13 “Any building association, building and loan association,
14 or savings and loan association organized and operating
15 under the laws of the District of Columbia shall have the
16 same powers with respect to the investment of its assets
17 as are authorized for Federal savings and loan associations
18 under this subsection, and shall be governed by such regula-
19 tions as the Board may prescribe in relation to the exercise
20 of such powers by Federal savings and loan associations.”

21 URBAN RENEWAL PROJECT IN JOHNSON CITY, TENNESSEE

22 SEC. 1008. Notwithstanding the date of commencement
23 of the installation of certain underground electrical wiring in
24 Johnson City, Tennessee, expenditures made in connection
25 with such installation shall, to the extent otherwise eligible,

1 be counted as a local grant-in-aid to Johnson City's proposed
2 downtown urban renewal project (Tennessee R-80) in ac-
3 cordance with the provisions of title I of the Housing Act of
4 1949.

5 REPAYMENT OF CERTAIN PLANNING GRANTS

6 SEC. 1009. Notwithstanding any other provision of law,
7 no advance made under section 501 of Public Law 458,
8 Seventy-eighth Congress; Public Law 352, Eighty-first Con-
9 gress; or section 702, Housing Act of 1954, Public Law 560,
10 Eighty-third Congress, for the planning of any public works
11 project shall be required to be repaid if construction of such
12 project has been heretofore or is hereafter initiated as a result
13 of a grant-in-aid made from an allocation made by the Presi-
14 dent under the Public Works Acceleration Act.

A BILL

To assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities.

By Mr. PATMAN

MAY 6, 1965

Referred to the Committee on Banking and Currency

89TH CONGRESS
1ST SESSION

S. 1942

IN THE SENATE OF THE UNITED STATES

MAY 11 (legislative day, MAY 10), 1965

Mr. DOUGLAS introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

A BILL

To assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities.

- 1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Housing and Urban
4 Development Act of 1965".

I—O

1 TITLE I—HOUSING FOR DISADVANTAGED
2 PERSONS

3 FINANCIAL ASSISTANCE TO ENABLE CERTAIN PRIVATE
4 HOUSING TO BE AVAILABLE FOR LOWER INCOME FAM-
5 ILIES WHO ARE ELDERLY, HANDICAPPED, DISPLACED,
6 OR OCCUPANTS OF SUBSTANDARD HOUSING

7 SEC. 101. (a) The Housing and Home Finance Ad-
8 ministrator (hereinafter referred to as the "Administrator")
9 is authorized to make, and contract to make, annual pay-
10 ments to a "housing owner" on behalf of "qualified tenants",
11 as those terms are defined herein, in such amounts and under
12 such circumstances as are prescribed in or pursuant to this
13 section. In no case shall a contract provide for such pay-
14 ments with respect to any housing for a period exceeding
15 forty years. The aggregate amount of the contracts to make
16 such payments shall not exceed amounts approved in appro-
17 priation Acts and shall not exceed \$50,000,000 per annum
18 prior to July 1, 1966, which maximum dollar amount shall
19 be increased by \$50,000,000 on July 1 in each of the years
20 1966, 1967, and 1968.

(b) As used in this section, the term "housing owner" means a private nonprofit corporation or other entity, a limited dividend corporation or other entity, or a cooperative housing corporation, which is a mortgagor under section 221 (d) (3) of the National Housing Act and which, after

1 the enactment of this section, has been approved for mort-
 2 gage insurance thereunder and has been approved for re-
 3 ceiving the benefits of this section: *Provided*, That no
 4 payments under this section may be made with respect to
 5 any property financed with a mortgage receiving the benefits
 6 of the interest rate provided for in the proviso in section
 7 221 (d) (5) of that Act.

8 (c) As used in this section, the term “qualified tenant”
 9 means any individual or family who has, pursuant to criteria
 10 and procedures established by the Administrator, been de-
 11 termined—

12 (1) to be unable to obtain standard privately owned
 13 housing in the area at a rental which is equal to or less
 14 than one-fourth of the income of such individual or
 15 family; and

16 (2) to be one of the following—

17 (A) displaced by governmental action;

18 (B) sixty-two years of age or older (or, in the
 19 case of a family, to have a head who is, or whose
 20 spouse is, sixty-two years of age or over) ;

21 (C) physically handicapped (or, in the case
 22 of a family, to have a head who is, or whose spouse
 23 is, physically handicapped) ; or

24 (D) occupying substandard housing.

25 (d) The amount of the annual payment with respect to

1 any dwelling unit shall not exceed the amount by which
2 the fair market rental for such unit exceeds one-fourth of the
3 tenant's income as determined by the Administrator pur-
4 suant to procedures and regulations established by him.

5 (e) (1) For purposes of carrying out the provisions of
6 this section, the Administrator shall establish criteria and
7 procedures for determining the eligibility of occupants and
8 rental charges, including criteria and procedures with respect
9 to periodic review of tenant incomes and periodic adjustment
10 of rental charges. The Administrator shall issue, upon the
11 request of a housing owner, certificates as to the following
12 facts concerning the individuals and families applying for
13 admission to, or residing in, dwellings of such owner:

14 (A) the income of the individual or family; and

15 (B) whether the individual or family was displaced
16 by governmental action, is elderly, is physically handi-
17 capped, or is (or was) occupying substandard housing.

18 (2) Procedures adopted by the Administrator hereunder
19 shall provide for recertifications of the incomes of occupants,
20 except the elderly, at intervals of two years (or at shorter
21 intervals in cases where the Administrator may deem it
22 desirable) for the purpose of adjusting rental charges and
23 annual payments on the basis of occupants' incomes, but in
24 no event shall rental charges adjusted under this section for
25 any dwelling exceed the fair market rental of the dwelling.

1 (3) The Administrator may enter into agreements, or
2 authorize housing owners to enter into agreements, with
3 public or private agencies for services required in the selec-
4 tion of qualified tenants, including those who may be ap-
5 proved, on the basis of the probability of future increases
6 in their incomes, as lessees under an option to purchase
7 dwellings or cooperative ownership interests therein, and
8 in the establishment of rentals. The Administrator is
9 authorized (without limiting his authority under any other
10 provision of law) to delegate to any such public or private
11 agency his authority to issue certificates pursuant to this
12 subsection.

13 (f) Section 101(c) of the Housing Act of 1949 is
14 amended by inserting “(i)” after “a mortgage under” in the
15 first proviso and by inserting immediately before the colon at
16 the end of such proviso the following: “, or (ii) section
17 221(d)(3) of the National Housing Act if payments with
18 respect to the mortgaged property are made or are to be
19 made under section 101 of the Housing and Urban Develop-
20 ment Act of 1965, except that no such mortgage shall be in-
21 sured, and no commitment to insure such a mortgage shall
22 be issued, with respect to property in any community for
23 which a workable program for community improvement
24 was required and in effect at the time a contract for a loan
25 or capital grant was entered into under this title, or a con-

1 tract for annual contributions or capital grants was entered
2 into pursuant to the United States Housing Act of 1937,
3 unless there is a workable program for community improve-
4 ment which meets the requirements of this subsection in
5 effect in such community at the time of such insurance or
6 commitment”.

7 (g) The Administrator is authorized to make such rules
8 and regulations, to enter into such agreements, and to adopt
9 such procedures as he may deem necessary or desirable to
10 carry out the provisions of this section. Nothing contained
11 in this section shall affect the authority of the Federal Hous-
12 ing Commissioner with respect to any housing assisted under
13 this section and under section 221 (d) (3) of the National
14 Housing Act, including his authority to prescribe occupancy
15 requirements under other provisions of law or to determine
16 the portion of any such housing which may be occupied by
17 qualified tenants.

18 (h) There are authorized to be appropriated such sums
19 as may be necessary to carry out the provisions of this sec-
20 tion, including, but not limited to, such sums as may be neces-
21 sary to make annual payments, pay for services provided
22 under (or pursuant to agreements entered into under) sub-
23 section (e), and provide administrative expenses.

24 (i) Section 114 (c) (2) of the Housing Act of 1949 is
25 amended by inserting before the colon at the end of the first

1 proviso the following: “, or a dwelling unit assisted under
2 section 101 of the Housing and Urban Development Act of
3 1965”.

4 (j) On or before January 1, 1968, the Administrator
5 shall submit to the Congress a full report of operations under
6 this section, together with his recommendations with respect
7 thereto.

8 EXTENSION OF FHA SECTION 221 PROGRAMS; MODIFICA-
9 TION OF INTEREST RATE; POOLING OF MORTGAGES FOR
10 SALE

11 SEC. 102. (a) The fifth sentence of section 221 (f) of
12 the National Housing Act is amended by striking out “sub-
13 section (d) (2) or (d) (4) after September 30, 1965, or
14 under subsection (d) (3) after September 30, 1965,” and
15 inserting in lieu thereof “this section after October 1, 1969,”.

16 (b) The proviso in section 221 (d) (5) of such Act is
17 amended by striking out “not less than the annual rate of
18 interest determined” and inserting in lieu thereof “not less
19 than the lower of (A) 3 per centum per annum, or (B) the
20 annual rate of interest determined”.

21 (c) Section 302 (c) of such Act is amended by insert-
22 ing before the last sentence thereof the following: “If there
23 shall be included within one or more of the trusts or other
24 agencies created pursuant to the authority of this subsection
25 any mortgages bearing a below-market interest rate and in-

1 sured under section 221 (d) (3) after the date of the enact-
2 ment of the Housing and Urban Development Act of
3 1965, there are authorized to be appropriated from time to
4 time such amounts as may be necessary to reimburse the
5 Association for the amount of the differential (including
6 interest, other costs, and a fair proportion of administrative
7 expense) between (1) the total outlay with respect to out-
8 standing participations or other instruments in an amount not
9 to exceed the dollar amount of such below-market interest
10 rate mortgages, and (2) the total receipts from such
11 mortgages.”

12 LOW-RENT HOUSING IN PRIVATE ACCOMMODATIONS

13 SEC. 103. (a) The United States Housing Act of 1937
14 is amended by redesignating section 23 as section 24, and by
15 adding after section 22 the following new section:

16 “LOW-RENT HOUSING IN PRIVATE ACCOMMODATIONS

17 “SEC. 23. (a) For the purpose of providing a supple-
18 mentary form of low-rent housing which will aid in assuring
19 a decent place to live for every citizen and promote efficiency
20 and economy in the program under this Act by taking full
21 advantage of vacancies or potential vacancies in the private
22 housing market, each public housing agency shall, to the
23 maximum extent consistent with the achievement of the
24 objectives of this Act, provide low-rent housing under this
25 Act in the form of low-rent housing in private accommoda-

1 tions in accordance with this section where such housing in
2 private accommodations can be provided at a cost equal to or
3 less than housing in projects assisted under other provisions
4 of this Act. As used in this section the term 'low-rent hous-
5 ing in private accommodations' means dwelling units in an
6 existing structure, leased from a private owner, which provide
7 decent, safe, and sanitary dwelling accommodations and
8 related facilities effectively supplementing the accommoda-
9 tions and facilities in low-rent housing assisted under the
10 other provisions of this Act in a manner calculated to meet
11 the total housing needs of the community in which they are
12 located. As used in this section, the term 'owner' means
13 any person or entity having the legal right to lease or sub-
14 lease property containing one or more dwelling units as
15 described in this section.

16 “(b) Beginning as soon as practicable after the date of
17 the enactment of this section, each public housing agency
18 shall conduct a continuing survey and listing of the available
19 dwelling units within the community or communities under
20 its jurisdiction which provide decent, safe, and sanitary
21 dwelling accommodations and related facilities and are, or
22 may be made, suitable for use as low-rent housing in private
23 accommodations under this section.

24 “(c) Each public housing agency, by notification to
25 the owners of housing listed under subsection (b), or by

1 publication or advertisement, or otherwise, shall from time
2 to time make known to the public in the community or com-
3 munities under its jurisdiction the anticipated need for dwell-
4 ing units in such community or communities to be used as
5 low-rent housing in private accommodations under this sec-
6 tion, inviting the owners of such dwelling units to make
7 available for purposes of this section one or more of such
8 units (not exceeding 10 per centum of the units in any single
9 structure except to the extent that the agency, because of
10 the limited number of units in the structure or for any other
11 reason, determines that such limit should not be applied).
12 The public housing agency shall conduct appropriate inspec-
13 tions of the units offered to be made available in any
14 residential structure by the owner thereof in response to
15 such invitation, and if—

16 “(1) it finds that such units are, or may be made,
17 suitable for use as low-rent housing in private accom-
18 modations within the meaning of subsection (a), and

19 “(2) the rentals to be charged for such units, as
20 negotiated and agreed to by the agency and the owner
21 of the structure in a manner consistent with subsection
22 (d) (2), are within the financial range of families of
23 low income,

24 such agency may approve such units for use as low-rent
25 housing in private accommodations in accordance with (and

1 subject to the applicable limitations contained in) this sec-
2 tion. Each public housing agency shall maintain and keep
3 current a list of units approved by it under this subsection,
4 including such information with respect to each such unit
5 as it may consider necessary or appropriate.

6 “(d) To the extent of contracts for annual contributions
7 entered into by the Authority with a public housing agency
8 under section 10 (e), such agency may enter into contracts
9 with the owners of structures containing dwelling units ap-
10 proved under subsection (c) for the use of such units in
11 accordance with this section. Each such contract with an
12 owner shall provide (with respect to any unit) that—

13 “(1) the selection of tenants for such unit shall be
14 the function of the owner, subject to the provisions of
15 the contract between the Authority and the agency;

16 “(2) the rental and other charges to be received by
17 the owner shall be negotiated and agreed to by the
18 agency and the owner, and the rental and other charges
19 to be paid by the tenant shall be determined in accord-
20 ance with the standards applicable to units in low-rent
21 housing projects assisted under the other provisions of
22 this Act;

23 “(3) the agency shall have the sole right to give
24 notice to vacate, with the owner having the right to

1 make representations to the agency for termination of
2 a tenancy;

3 “(4) maintenance and replacements (including
4 redecoration) shall be in accordance with the standard
5 practice for the building concerned, as established by
6 the owner and agreed to by the agency; and

7 “(5) the agency and the owner shall carry out such
8 other appropriate terms and conditions as may be
9 mutually agreed to by them.

10 Each contract between a public housing agency and an
11 owner entered into under this subsection shall be for a term
12 of not less than twelve months nor more than thirty-six
13 months, and shall be renewable by such agency and owner
14 at the expiration of such term.

15 “(e) The annual contribution under this Act for a proj-
16 ect of a public housing agency for low-rent housing in private
17 accommodations under this section in lieu of any other guar-
18 anteed contribution authorized by section 10 shall not exceed
19 the amount of the fixed annual contribution which would be
20 established under this Act for a newly constructed project
21 by such public housing agency designed to accommodate the
22 comparable number, sizes, and kinds of families. The
23 period over which payments will be made to a public hous-
24 ing agency for a project of low-rent housing in private
25 accommodations under this section, and the aggregate

1 amount of such payments, under a contract for annual
2 contributions, shall be determined on the basis of the number
3 of units in the community or communities under the juris-
4 diction of such agency which are in use (or can reasonably
5 be expected to be placed in use) as low-rent housing in
6 private accommodations under this section, taking into ac-
7 count the terms of the leases under which such units are (or
8 will be) so used. In addition, contracts for financial assist-
9 ance entered into by the Authority with a public housing
10 agency pursuant to this section shall provide for reimburse-
11 ment of reasonable and necessary expenses incurred by such
12 agency in conducting surveys, listings, and inspections de-
13 scribed in subsections (b) and (c).

14 “(f) On or before January 1, 1968, the Authority shall
15 submit to the Congress a full report of operations under this
16 section, together with its recommendations with respect
17 thereto.”

18 (b) The last sentence of section 2(1) of such Act is
19 amended by striking out “Income limits for occupancy and
20 rents” and inserting in lieu thereof “Except as otherwise pro-
21 vided in section 23, income limits for occupancy and rents”.

22 (c) The provisions of sections 10(h) and 15(7) of the
23 United States Housing Act of 1937, and the workable pro-
24 gram requirement in section 10(e) of such Act and section

1 101 (c) of the Housing Act of 1949, shall not apply to low-
2 rent housing in private accommodations provided under sec-
3 tion 23 of the United States Housing Act of 1937.

4 LOW-RENT PUBLIC HOUSING

5 SEC. 104. (a) Section 10 (e) of the United States
6 Housing Act of 1937 is amended by inserting after "per
7 annum," the following: "which limit shall be increased by
8 \$47,000,000 on the date of the enactment of the Housing
9 and Urban Development Act of 1965, and by further
10 amounts of \$47,000,000 on July 1 in each of the years
11 1966, 1967, and 1968, respectively,".

12 (b) Section 10 (c) of such Act is amended by striking
13 out "*And provided further*" and inserting in lieu thereof
14 "*Provided further*", and by inserting before the period at
15 the end thereof the following: ": *And provided further*, That
16 the amount of the fixed annual contribution which would be
17 established under this Act for a newly constructed project by
18 a public housing agency designed to accommodate a number
19 of families of a given size and kind may be established, as a
20 maximum annual contribution in lieu of any other guaranteed
21 contribution authorized under this section, for a project by
22 such public housing agency which would provide housing
23 for the comparable number, sizes, and kinds of families
24 through the acquisition, acquisition and rehabilitation, or use

1 under lease of existing structures which are suitable for low-
2 rent housing use and obtainable in the local market”.

3 (c) Section 2 (2) of such Act is amended to read as
4 follows:

5 “(2) The term ‘families of low income’ means families
6 (including elderly and displaced families) who are in the
7 lowest income group and who cannot afford to pay enough
8 to cause private enterprise in their locality or metropolitan
9 area to build an adequate supply of decent, safe, and sanitary
10 dwellings for their use. The term ‘families’ includes families
11 consisting of a single person in the case of elderly families
12 and displaced families, and includes the remaining member
13 of a tenant family. The term ‘elderly families’ means families
14 whose heads (or their spouses), or whose sole members, have
15 attained the age at which an individual may elect to receive
16 an old-age benefit under title II of the Social Security Act,
17 or are under a disability as defined in section 223 of that
18 Act, or are handicapped within the meaning of section
19 202 of the Housing Act of 1959. The term ‘displaced fami-
20 lies’ means families displaced by urban renewal or other
21 governmental action.”

22 (d) Section 15 (7) (b) of such Act is amended by strik-
23 ing out “(ii)” and all that follows down through “and
24 (iii)”, and by inserting in lieu thereof “and (ii)”.

1 DIRECT LOANS TO PROVIDE HOUSING FOR THE ELDERLY
2 OR HANDICAPPED

3 SEC. 105. (a) Section 202 (a) (4) of the Housing Act
4 of 1959 is amended by striking out "not to exceed \$350,-
5 000,000" and inserting in lieu thereof "such sums as may
6 be necessary for purposes of this section,".

7 (b) Effective with respect to loans made on or after
8 the date of the enactment of this Act, section 202 (a) (3) of
9 such Act is amended by striking out "the higher of (A)
10 $2\frac{3}{4}$ per centum per annum, or" and inserting in lieu thereof
11 "the lower of (A) 3 per centum per annum, or".

12 (c) Section 202 (a) of such Act is further amended
13 by adding at the end thereof the following new paragraph:

14 "(5) No loan shall be made under this section after
15 October 1, 1969, except pursuant to a commitment entered
16 into on or before such date."

17 REHABILITATION GRANTS TO HOMEOWNERS IN URBAN
18 RENEWAL AREAS

19 SEC. 106. (a) Title I of the Housing Act of 1949 is
20 amended by adding at the end thereof the following new
21 section:

22 "REHABILITATION GRANTS

23 "SEC. 115. (a) Notwithstanding any other provision
24 of this title, the Administrator may authorize a local public
25 agency to make grants (and the urban renewal project may

1 include the making of such grants) as prescribed in this sec-
2 tion. Any such grant may be made only to an individual or
3 family, as described in subsection (b), who owns and oc-
4 cupies a structure in an urban renewal area, and only for the
5 purpose of covering the cost of repairs and improvements
6 necessary to make such structure conform to public standards
7 for decent, safe, and sanitary housing as required by appli-
8 cable codes or other requirements of the urban renewal plan
9 for the area. Any contract for financial assistance under this
10 title shall provide that the capital grant otherwise payable
11 for the project shall be increased by an amount equal to the
12 total amount of the grants under this section and that no part
13 of the total amount of such grants shall be required to be con-
14 tributed as part of the local grant-in-aid.

15 “(b) A grant authorized by this section may be made
16 to an individual or family whose income does not exceed
17 \$2,000 a year, and such grant may be in an amount which
18 does not exceed the lesser of (1) the actual (and approved)
19 cost of the repairs and improvements involved, or (2)
20 \$1,500. In case the income of the individual or family
21 exceeds \$2,000 a year, a grant may be made under this
22 section, subject to the limitations specified in clauses (1) and
23 (2) of the preceding sentence, but only in an amount not to
24 exceed that portion of the cost of the repairs and improve-

1 ments which cannot be paid for with any available loan that
 2 can be amortized as part of such individual's or family's
 3 monthly housing expense without requiring such monthly
 4 housing expense to exceed 25 per centum of such individual's
 5 or family's monthly income."

6 (b) Any contract with a local public agency which was
 7 executed under title I of the Housing Act of 1949 before the
 8 date of enactment of this Act may be amended to provide for
 9 grants authorized by section 115 of the Housing Act of
 10 1949.

11 TITLE II—FHA INSURANCE OPERATIONS

12 LAND DEVELOPMENT

13 SEC. 201. (a) The National Housing Act is amended
 14 by adding at the end thereof the following new title:

15 "TITLE X—MORTGAGE INSURANCE FOR LAND 16 DEVELOPMENT

17 "DEFINITIONS

18 "SEC. 1001. As used in this title—

19 "(a) the term 'mortgage' means a lien or liens on
 20 real estate in fee simple, or on a leasehold (1) under a
 21 lease for not less than ninety-nine years which is renew-
 22 able or (2) under a lease having a period of not less
 23 than fifty years to run from the date the mortgage was
 24 executed;

25 "(b) the term 'first mortgage' includes such classes

1 of first liens as are commonly given to secure advances
2 (including but not limited to advances during construc-
3 tion) on, or the unpaid purchase price of, real estate
4 under the laws of the State in which the real estate is
5 located, together with the credit instrument or instru-
6 ments, if any, secured thereby, and may be in the form
7 of trust mortgages or mortgage indentures or deeds of
8 trusts securing notes, bonds, or other credit instruments;

9 “(c) the terms ‘mortgagee’, ‘mortgagor’, and
10 ‘State’ have the same meaning as in section 207 of
11 this Act;

12 “(d) the term ‘improvements’ means waterlines and
13 water supply installations, sewerlines and sewage dis-
14 posal installations, roads, streets, curbs, gutters, side-
15 walks, storm drainage facilities, and other installations
16 or work, whether on or off the site, which the Com-
17 missioner deems necessary or desirable to prepare land
18 primarily for residential and related uses or to provide,
19 for public or common use, facilities which (1) shall
20 include only such buildings as are needed in connection
21 with water supply or sewage disposal installations and
22 such buildings, other than schools, as the Commissioner
23 considers appropriate, and (2) are to be owned and
24 maintained jointly by the property owners; and

1 “(e) the term ‘land development’ means the process
2 of making, installing, or constructing improvements.

3 “BASIC CONDITIONS FOR INSURANCE

4 “SEC. 1002. The Commissioner is authorized (1) to
5 insure, upon such terms and conditions as he may prescribe,
6 any first mortgage (including advances on such mortgage)
7 in accordance with the provisions of this title and (2) to
8 make a commitment for the insurance of such mortgage prior
9 to the date of execution of such mortgage or prior to the date
10 of disbursement of the mortgage proceeds. No mortgage
11 shall be insured under this title after October 1, 1969, except
12 pursuant to a commitment to insure issued before such date.

13 “SEC. 1003. The mortgage shall—

14 “(a) be executed by a mortgagor, other than a pub-
15 lic body, approved by the Commissioner;

16 “(b) be made to and held by a mortgagee approved
17 by the Commissioner; and

18 “(c) cover the land to be developed and the im-
19 provements to be made with the assistance of the mort-
20 gage insurance under this title, except facilities intended
21 for public use and in public ownership.

22 “SEC. 1004. The principal obligation of the mortgage
23 shall (1) not exceed 75 per centum of the Commissioner’s
24 estimate of the value of the property upon completion of the
25 land development, and (2) not exceed the sum of 50 per

1 centum of the Commissioner's estimate of the value of the
2 land before development and 90 per centum of his estimate
3 of the cost of such development. The outstanding principal
4 obligations of mortgages involving a single land development
5 undertaking, as defined by the Commissioner, shall at no
6 time exceed \$12,500,000.

7 "SEC. 1005. The mortgage shall—

8 " (a) have a maturity, not to exceed seven years,
9 and contain repayment provisions satisfactory to the
10 Commissioner;

11 " (b) bear interest at a rate satisfactory to the Com-
12 missioner, and such interest shall be exclusive of premium
13 charges for mortgage insurance and such service charges
14 and fees as may be approved by the Commissioner; and

15 " (c) contain such terms and provisions with respect
16 to protection of the security, payment of taxes, de-
17 linquency charges, prepayment, additional and secondary
18 liens, and other matters as the Commissioner may in his
19 discretion prescribe.

20 "SEC. 1006. A property or project to be financed by a
21 mortgage insured under this title shall—

22 " (a) represent a good mortgage insurance risk;
23 and

24 " (b) involve improvements that comply with all
25 applicable State and local governmental requirements

1 and with minimum standards approved by the Com-
2 missioner.

3 "LAND PLANNING

4 "SEC. 1007. (a) The land development covered by a
5 mortgage insured under this title shall be undertaken pur-
6 suant to a schedule, conforming to such requirements and
7 procedures as the Commissioner may prescribe, that will
8 assure the use of the land for the purposes for which it is to
9 be developed within the shortest reasonable period consistent
10 with the objectives of sound and economic community growth
11 or urban development.

12 "(b) The land development shall be undertaken in
13 accordance with an overall development plan, appropriate
14 to the scope and character of the undertaking, which—

15 "(1) has received all governmental approvals re-
16 quired by State or local law or by the Commissioner;

17 "(2) is acceptable to the Commissioner as provid-
18 ing reasonable assurance that the land development will
19 contribute to good living conditions in the area being
20 developed, which area (i) will have a sound economic
21 base and a long economic life, (ii) will be characterized
22 by sound land-use patterns, and (iii) will include or be
23 served by such shopping, school, recreational, transpor-
24 tation, and other facilities as the Commissioner deems
25 adequate or necessary; and

1 “(3) is consistent with a comprehensive plan which
2 covers, or with comprehensive planning being carried
3 on for, the area in which the land is situated, and which
4 meets criteria established by the Housing and Home
5 Finance Administrator for such plans or planning.

6 “ENCOURAGEMENT OF SMALL BUILDERS AND MODERATE
7 COST HOUSING

8 “SEC. 1008. The Commissioner shall adopt such require-
9 ments as he deems necessary in land development covered
10 by mortgages insured under this title to encourage the main-
11 tenance of a diversified local homebuilding industry, broad
12 participation by builders, and the inclusion of a proper bal-
13 ance of housing for families of moderate or low income.

14 “WATER AND SEWERAGE FACILITIES

15 “SEC. 1009. After development of the land it shall be
16 served by public systems for water and sewerage which are
17 consistent with other existing or prospective systems within
18 the area. If the Commissioner determines that public own-
19 ership of such a system is not feasible, he may approve an
20 adequate privately or cooperatively owned system which
21 will be regulated, during the period of such ownership, in
22 a manner acceptable to him with respect to user rates and
23 charges, capital structure, methods of operation, and rate
24 of return. Approval of such system shall be given only
25 where the Commissioner receives assurances, satisfactory

1 to him, with respect to eventual public ownership and op-
2 eration of the system and with respect to the conditions
3 and terms of any sale or transfer.

4 "RELEASES

5 "SEC. 1010. The Commissioner may, on such terms and
6 conditions as he may prescribe, consent to the release or
7 subordination of a part or parts of the mortgaged property
8 from the lien of the mortgage.

9 "PREMIUMS AND FEES

10 "SEC. 1011. The Commissioner shall collect reasonable
11 premiums for the insurance of any mortgage under this title
12 and make such charges as he determines are reasonable for
13 the analysis of the land development plan and the appraisal
14 and inspection of the property and improvements. On or
15 before January 1, 1967, the Commissioner shall make a
16 report to the Congress concerning the premium rates and
17 other charges under this title that he estimates will be ade-
18 quate to provide income sufficient for a self-supporting pro-
19 gram.

20 "INSURANCE BENEFITS

21 "SEC. 1012. The provisions of subsections (e), (g),
22 (h), (i), (j), (k), (l), and (n) of section 207 of this
23 Act shall be applicable to mortgages insured under this
24 title, except that as applied to such mortgages (1) any
25 reference therein to section 207 shall be deemed to refer to

1 this title, and (2) any reference to an annual premium shall
2 be deemed to refer to such premiums as the Commissioner
3 may designate under this title.

4 "INCONTESTABILITY PROVISIONS

5 "SEC. 1013. Any contract of insurance executed by the
6 Commissioner under this title shall be conclusive evidence of
7 the eligibility of the mortgage for insurance, and the validity
8 of any contract of insurance so executed shall be incontest-
9 able in the hands of an approved mortgagee from the date of
10 the execution of such contract, except for fraud or material
11 misrepresentation on the part of such approved mortgagee.

12 "RULES AND REGULATIONS

13 "SEC. 1014. The Commissioner is authorized to make
14 such rules and regulations and to require such agreements
15 as he may deem necessary or desirable to carry out the pro-
16 visions of this title.

17 "TAXATION PROVISIONS

18 "SEC. 1015. Nothing in this title shall be construed to
19 exempt any real property acquired and held by the Com-
20 missioner under this title from taxation by any State or
21 political subdivision thereof to the same extent, according
22 to its value, as other real property is taxed.

23 "COST CERTIFICATION

24 "SEC. 1016. (a) The Commissioner shall adopt such re-
25 quirements as he determines necessary to assure, at reason-

1 able intervals of time during land development and upon
2 completion of such development, that the amount of the
3 mortgage loan outstanding at each such interval does not
4 exceed with respect to that portion of the land remaining
5 under the lien of the mortgage (1) 50 per centum of the
6 Commissioner's estimate of the value of such remaining
7 land before development, plus (2) 90 per centum of the
8 actual costs of the development allocated by the Commis-
9 sioner to such remaining land.

10 “(b) From time to time during, and upon completion
11 of, the development, the Commissioner shall require the
12 mortgagor to certify as to the actual costs of development
13 of the land.

14 “(c) Certifications required pursuant to this section
15 shall be accompanied by such data and records as the Com-
16 missioner shall prescribe.

17 “(d) A mortgagor's certification approved by the Com-
18 missioner shall be final and incontestable except for fraud
19 or material misrepresentation on the part of the mortgagor.

20 “(e) As used in this section, the term ‘actual costs’
21 means the costs (exclusive of kickbacks, rebates, or trade
22 discounts) to the mortgagor of the improvements involved.
23 These costs may include amounts paid for labor, materials,
24 construction contracts, land planning, engineers' and archi-
25 tects' fees, surveys, taxes, and interest during development,

1 organizational and legal expenses, such allocation of general
2 overhead expenses as are acceptable to the Commissioner,
3 and other items of expense incidental to development which
4 may be approved by the Commissioner. If the Commis-
5 sioner determines there is an identity of interest between
6 the mortgagor and the contractor, there may be included
7 an allowance for contractor's profit in an amount deemed
8 reasonable by the Commissioner."

9 (b) (1) Section 302 (b) of the National Housing Act is
10 amended by striking out "the term 'mortgages' " in the last
11 sentence and inserting in lieu thereof "the terms 'mortgages'
12 and 'home mortgages' ".

13 (2) The first paragraph of section 24 of the Federal
14 Reserve Act is amended by inserting before the next to last
15 sentence the following new sentence: "Notwithstanding the
16 foregoing limitations and restrictions in this section, any na-
17 tional banking association may make loans for land develop-
18 ment which are secured by mortgages insured under title X
19 of the National Housing Act."

20 (3) Section 5 (c) of the Home Owners Loan Act of
21 1933 is amended by adding at the end thereof the following
22 new paragraph:

23 "Without regard to any other provision of this sub-
24 section, any such association may, to such extent as the
25 Federal Home Loan Bank Board may by regulation permit,

1 invest in loans, and interests in loans, secured by mortgages
 2 as to which the association has the benefit of insurance under
 3 title X of the National Housing Act or of a commitment or
 4 agreement for such insurance, and investments under this
 5 sentence shall not be included in any percentage of assets
 6 or other percentage referred to in this subsection."

7 EXTENSION OF INSURANCE AUTHORIZATIONS

8 SEC. 202. (a) Section 2 (a) of the National Housing
 9 Act is amended by striking out "October 1, 1965" and insert-
 10 ing in lieu thereof "October 1, 1969".

11 (b) Section 217 of such Act is amended—

12 (1) by striking out "title VIII" and inserting in
 13 lieu thereof "title VIII, or title X", and

14 (2) by striking out "October 1, 1965" and insert-
 15 ing in lieu thereof "October 1, 1969".

16 (c) The second sentences of sections 809 (f) and 810 (k)
 17 of such Act are each amended by striking out "October 1,
 18 1965" and inserting in lieu thereof "October 1, 1969".

19 MULTIFAMILY MORTGAGE LIMITS FOR FOUR OR MORE

20 BEDROOM UNITS

21 SEC. 203. (a) Section 207 (c) (3) of the National
 22 Housing Act is amended—

23 (1) by striking out "and \$18,500 per family unit
 24 with three or more bedrooms" and inserting in lieu
 25 thereof "\$18,500 per family unit with three bedrooms,

1 and \$21,000 per family unit with four or more bed-
2 rooms,"; and

3 (2) by striking out "and \$22,500 per family unit
4 with three or more bedrooms" and inserting in lieu
5 thereof "\$22,500 per family unit with three bedrooms,
6 and \$25,500 per family unit with four or more bed-
7 rooms".

8 (b) (1) Section 213 (b) (2) of such Act is amended—

9 (A) by striking out "and \$18,500 per family unit
10 with three or more bedrooms" and inserting in lieu
11 thereof "\$18,500 per family unit with three bedrooms,
12 and \$21,000 per family unit with four or more bed-
13 rooms"; and

14 (B) by striking out "and \$22,500 per family unit
15 with three or more bedrooms" and inserting in lieu
16 thereof "\$22,500 per family unit with three bedrooms,
17 and \$25,500 per family unit with four or more bed-
18 rooms".

19 (2) Section 213 (c) of such Act is amended by strik-
20 ing out "and not to exceed" and all that follows and insert-
21 ing in lieu thereof the following: "and not to exceed a sum
22 computed on the basis of a separate mortgage for each
23 single-family dwelling (irrespective of whether such dwell-
24 ing has a party wall or is otherwise physically connected
25 with another dwelling or dwellings) comprising the prop-

erty or project, equal to the total of each of the maximum principal obligations of such mortgages which would meet the requirements of section 203 (b) (2) if the mortgagor were the owner and occupant who had made any required payment on account of the property prescribed in such paragraph.”

(c) Section 220 (d) (3) (B) (iii) of such Act is amended—

(1) by striking out “and \$18,500 per family unit with three or more bedrooms” and inserting in lieu thereof “\$18,500 per family unit with three bedrooms, and \$21,000 per family unit with four or more bedrooms”; and

(2) by striking out “and \$22,500 per family unit with three or more bedrooms” and inserting in lieu thereof “\$22,500 per family unit with three bedrooms, and \$25,500 per family unit with four or more bedrooms”.

(d) Section 221 (d) of such Act is amended—

(1) by striking out “and \$17,000 per family unit with three or more bedrooms” in paragraphs (3) (ii) and (4) (ii) and inserting in lieu thereof “\$17,000 per family unit with three bedrooms, and \$19,250 per family unit with four or more bedrooms”; and

1 (2) by striking out “and \$20,000 per family unit
2 with three or more bedrooms” in paragraphs (3) (ii)
3 and (4) (ii) and inserting in lieu thereof “\$20,000 per
4 family unit with three bedrooms, and \$22,750 per
5 family unit with four or more bedrooms”.

6 (e) Section 231 (c) (2) of such Act is amended—

7 (1) by striking out “and \$17,000 per family unit
8 with three or more bedrooms” and inserting in lieu
9 thereof “\$17,000 per family unit with three bedrooms,
10 and \$19,250 per family unit with four or more bed-
11 rooms”; and

12 (2) by striking out “and \$20,000 per family unit
13 with three or more bedrooms” and inserting in lieu
14 thereof “\$20,000 per family unit with three bedrooms,
15 and \$22,750 per family unit with four or more bed-
16 rooms”.

17 (f) Section 234 (e) (3) of such Act is amended—

18 (1) by striking out “and \$18,500 per family unit
19 with three or more bedrooms” and inserting in lieu
20 thereof “\$18,500 per family unit with three bedrooms,
21 and \$21,000 per family unit with four or more bed-
22 rooms”; and

23 (2) by striking out “and \$22,500 per family unit

1 with three or more bedrooms” and inserting in lieu
2 thereof “\$22,500 per family unit with three bedrooms,
3 and \$25,500 per family unit with four or more bed-
4 rooms”.

5 REHABILITATION IN URBAN RENEWAL AREAS

6 SEC. 204. Section 220 (d) (3) (A) of the National
7 Housing Act is amended—

8 (1) by striking out the second proviso in clause
9 (i) ; and

10 (2) by striking out clause (ii) and inserting in
11 lieu thereof the following:

12 “(ii) in a case where the mortgagor is not the
13 occupant of the property and intends to hold the prop-
14 erty for rental purposes, have a principal obligation in
15 an amount not to exceed 93 per centum of the amount
16 computed under the provisions of clause (i) ;

17 “(iii) in a case where the mortgagor is not the
18 occupant of the property and intends to hold the prop-
19 erty for the purpose of sale, have a principal obligation
20 in an amount not to exceed 85 per centum of the amount
21 computed under the provisions of clause (i) , or in the
22 alternative, in an amount equal to the amount computed
23 under the provisions of clause (i) if the mortgagor and
24 mortgagee assume responsibility in a manner satisfactory

1 to the Commissioner for the reduction of the mortgage
2 by an amount not less than 15 per centum of the out-
3 standing principal amount thereof, or by such greater
4 amount as may be required to meet the limitations of
5 clause (iv), in the event the mortgaged property is not,
6 prior to the due date of the eighteenth amortization pay-
7 ment of the mortgage, sold to a purchaser acceptable to
8 the Commissioner who is the occupant of the property
9 and who assumes and agrees to pay the mortgage in-
10 debtedness; and

11 “(iv) in no case involving refinancing (except as
12 provided in clause (iii)) have a principal obligation
13 in an amount exceeding the sum of the estimated cost
14 of repair and rehabilitation and the amount (as deter-
15 mined by the Commissioner) required to refinance ex-
16 isting indebtedness secured by the property or project,
17 plus any existing indebtedness incurred in connection
18 with improving, repairing, or rehabilitating the prop-
19 erty; or”.

20 NONDWELLING FACILITIES FOR URBAN RENEWAL HOUSING

21 SEC. 205. Section 220(d)(3)(B) of the National
22 Housing Act is amended by striking out clause (iv) and
23 inserting in lieu thereof the following:

1 “(iv) include such nondwelling facilities as the
 2 Commissioner deems desirable and consistent with the
 3 urban renewal plan: *Provided*, That the project shall
 4 be predominantly residential and any nondwelling fa-
 5 cility included in the mortgage shall be found by the
 6 Commissioner to contribute to the economic feasibility
 7 of the project.”

8 LARGER INSURED MORTGAGES FOR SERVICEMEN

9 SEC. 206. Section 222 (b) of the National Housing Act
 10 is amended—

11 (1) by striking out “\$20,000” in paragraph (2)
 12 and inserting in lieu thereof “\$30,000”; and
 13 (2) by striking out paragraph (3) and inserting
 14 in lieu thereof the following:

15 “(3) have a principal obligation not in excess of
 16 the amount derived by applying the maximum ratio of
 17 loan to value prescribed in the first sentence of section
 18 203 (b) (2) ; and”.

19 REFINANCING OF INSURED MORTGAGES

20 SEC. 207. Section 223 (a) (7) of the National Housing
 21 Act is amended by striking out “section 608 of title VI prior
 22 to the effective date of the Housing Act of 1954 or under
 23 section 220, 221, 903, or section 908” and inserting in lieu
 24 thereof “this Act”.

1 CONSOLIDATION OF FHA INSURANCE FUNDS

2 SEC. 208. Title V of the National Housing Act is
3 amended by adding at the end thereof the following new
4 section:

5 “ESTABLISHMENT OF GENERAL INSURANCE FUND

6 “SEC. 519. (a) There is hereby created a General In-
7 surance Fund which shall be used by the Commissioner, on
8 and after the date of the enactment of the Housing and Urban
9 Development Act of 1965, as a revolving fund for carrying
10 out all the insurance provisions of this Act with the excep-
11 tion of those specified in subsection (e). All mortgages or
12 loans insured under this Act pursuant to commitments issued
13 on or after the date of the enactment of the Housing and
14 Urban Development Act of 1965, except those specified in
15 subsection (e), and all loans reported for insurance under
16 section 2 on or after the date of the enactment of the
17 Housing and Urban Development Act of 1965, shall be
18 insured under the General Insurance Fund. The Commis-
19 sioner shall transfer to the General Insurance Fund—

20 “(1) the assets and liabilities of all insurance ac-
21 counts and funds, except the Mutual Mortgage Insurance
22 Fund, existing under this Act immediately prior to
23 the enactment of the Housing and Urban Development
24 Act of 1965;

1 “(2) all outstanding commitments for insurance
2 issued prior to the date of the enactment of the Housing
3 and Urban Development Act of 1965, except those
4 specified in subsection (e) ;

5 “(3) the insurance on all mortgages and loans in-
6 sured prior to the date of the enactment of the Housing
7 and Urban Development Act of 1965, except insur-
8 ance specified in subsection (e) ; and

9 “(4) the insurance of all loans made by approved
10 financial institutions pursuant to section 2 prior to the
11 date of the enactment of the Housing and Urban De-
12 velopment Act of 1965.

13 “(b) The general expenses of the operations of the Fed-
14 eral Housing Administration relating to mortgages and loans
15 which are the obligation of the General Insurance Fund
16 may be charged to the General Insurance Fund.

17 “(c) Moneys in the General Insurance Fund not needed
18 for the current operations of the Federal Housing Admin-
19 istration with respect to mortgages and loans which are the
20 obligation of the General Insurance Fund shall be deposited
21 with the Treasurer of the United States to the credit of such
22 Fund, or invested in bonds or other obligations of, or in
23 bonds or other obligations guaranteed as to principal and
24 interest by, the United States. The Commissioner may, with
25 the approval of the Secretary of the Treasury, purchase in

1 the open market debentures issued as obligations of the Gen-
2 eral Insurance Fund or issued prior to the enactment of the
3 Housing and Urban Development Act of 1965 under other
4 provisions of this Act, except debentures issued under the
5 Mutual Mortgage Insurance Fund. Such purchases shall be
6 made at a price which will provide an investment yield of not
7 less than the yield obtainable from other investments author-
8 ized by this section. Debentures so purchased shall be can-
9 celed and not reissued.

10 “(d) Premium charges, adjusted premium charges, and
11 appraisal and other fees received on account of the insurance
12 of any mortgage or loan which is the obligation of the Gen-
13 eral Insurance Fund, the receipts derived from the property
14 covered by such mortgages and loans and from the claims,
15 debts, contracts, property, and security assigned to the Com-
16 missioner in connection therewith, and all earnings on the
17 assets of the Fund shall be credited to the General Insurance
18 Fund. The principal of, and interest paid and to be paid on,
19 debentures which are the obligation of such Fund, and cash
20 insurance payments and adjustments, and expenses incurred
21 in the handling, management, renovation, and disposal of
22 properties acquired, in connection with mortgages and loans
23 which are the obligation of such Fund, shall be charged to
24 such Fund.

25 “(e) The General Insurance Fund shall not be used

1 for carrying out the provisions of sections 203 (b) , 203 (h) ,
2 and 203 (i) , or the provisions of section 213 to the extent
3 that they involve mortgages the insurance for which is the
4 obligation of the Cooperative Management Housing Insur-
5 ance Fund created by section 213 (k) ; and nothing in this
6 section shall apply to or affect any mortgages, loans, com-
7 mitments, or insurance under such provisions.”

8 MUTUALITY FOR MANAGEMENT-TYPE COOPERATIVES

9 SEC. 209. (a) Section 213 of the National Housing Act
10 is amended by adding at the end thereof the following new
11 subsections:

12 “(k) There is hereby created a Cooperative Manage-
13 ment Housing Insurance Fund (hereinafter referred to as
14 the ‘Management Fund’). The Management Fund shall
15 be used by the Commissioner as a revolving fund for carry-
16 ing out the provisions of this section with respect to
17 mortgages or loans insured, on or after the date of the enact-
18 ment of this subsection, under subsections (a) (1) , (a) (3)
19 (if the project is acquired by a cooperative corporation) ,
20 (i) , and (j) . The Management Fund shall also be used as
21 a revolving fund for mortgages, loans, and commitments
22 transferred to it pursuant to subsection (m) . The Commis-
23 sioner is directed to transfer to the Management Fund from
24 the General Insurance Fund established pursuant to section
25 519 such amount as the Commissioner determines to be

1 necessary and appropriate. General expenses of operation
2 of the Federal Housing Administration relating to mort-
3 gages or loans which are the obligation of the Management
4 Fund may be charged to the Management Fund.

5 “(1) The Commissioner shall establish in the Manage-
6 ment Fund, as of the date of the enactment of this subsec-
7 tion, a General Surplus Account and a Participating Reserve
8 Account. The aggregate net income thereafter received or
9 any net loss thereafter sustained by the Management Fund,
10 in any semiannual period, shall be credited or charged to
11 the General Surplus Account or the Participating Reserve
12 Account or both in such manner and amounts as the Com-
13 missioner may determine to be in accord with sound actu-
14 arial and accounting practice. Upon termination of the
15 insurance obligation of the Management Fund by payment
16 of any mortgage or loan insured under this section, and at
17 such time or times prior to such termination as the Commis-
18 sioner may determine, the Commissioner is authorized to
19 distribute to the mortgagor or borrower a share of the Par-
20 ticipating Reserve Account in such manner and amount as
21 the Commissioner shall determine to be equitable and in ac-
22 cordance with sound actuarial and accounting practice: *Pro-*
23 *vided*, That in no event shall the amount of the distributable
24 share exceed the aggregate scheduled annual premiums of the
25 mortgagor or borrower to the year of payment of the share

1 less the total amount of any share or shares previously dis-
2 tributed by the Commissioner to the mortgagor or borrower:
3 *And provided further*, That in no event may a distributable
4 share be distributed until any funds transferred from the Gen-
5 eral Insurance Fund to the Management Fund pursuant to
6 subsection (k) or (o) have been repaid in full to the General
7 Insurance Fund. No mortgagor, mortgagee, borrower, or
8 lender shall have any vested right in a credit balance in any
9 such account or be subject to any liability arising out of the
10 mutuality of the Management Fund. The determination of
11 the Commissioner as to the amount to be paid by him to any
12 mortgagor or borrower shall be final and conclusive.

13 “(m) The Commissioner is authorized to transfer to the
14 Management Fund commitments for insurance issued under
15 subsections (a) (1), (i), and (j) prior to the date of the
16 enactment of this subsection, and to transfer to the Manage-
17 ment Fund the insurance of any mortgage or loan insured
18 prior to the date of the enactment of this subsection under
19 subsection (a) (1), (a) (3) (if the project is acquired by a
20 cooperative corporation), (i), or (j), but only in cases
21 where the consent of the mortgagee or lender to the transfer
22 is obtained or a request by the mortgagee or lender for the
23 transfer is received by the Commissioner within such period
24 of time after the date of the enactment of this subsection as
25 the Commissioner shall prescribe: *Provided*, That the insur-

1 ance of any mortgage or loan shall not be transferred under
2 the provisions of this subsection if on the date of the enact-
3 ment of this subsection the mortgage or loan is in default and
4 the mortgagee or lender has notified the Commissioner in
5 writing of its intention to file an insurance claim. Any
6 insurance or commitment not so transferred shall continue to
7 be an obligation of the General Insurance Fund.

8 “(n) Notwithstanding the limitations contained in
9 other provisions of this Act, premium charges for mortgages
10 or loans insured under this section and sections 207, 231, and
11 232 may be payable in debentures issued in connection with
12 mortgages or loans transferred to the Management Fund or
13 in connection with mortgages or loans insured pursuant to
14 commitments transferred to the Management Fund, as pro-
15 vided in subsection (m) of this section.

16 “(o) Notwithstanding any other provision of this Act,
17 the Commissioner is authorized to transfer funds between
18 the Cooperative Management Housing Insurance Fund and
19 the General Insurance Fund in such amounts and at such
20 times as he may determine, taking into consideration the
21 requirements of each such Fund, to assist in carrying out
22 effectively the insurance programs for which such Funds
23 were respectively established.”

24 (b) Section 213 of such Act is further amended—

25 (1) by inserting before the period at the end of

1 subsection (a) the following: “: *Provided*, That as ap-
2 plied to mortgages the mortgage insurance for which is
3 the obligation of the Management Fund, the reference
4 to the General Insurance Fund in section 207 (b) (2)
5 shall be construed to refer to the Management Fund”;
6 and

7 (2) by inserting before the period at the end of
8 subsection (e) the following: “: *Provided*, That as ap-
9 plied to mortgages or loans the insurance for which is
10 the obligation of the Management Fund (1) all refer-
11 ences to the General Insurance Fund shall be construed
12 to refer to the Management Fund, and (2) all refer-
13 ences to section 207 shall be construed to refer to sub-
14 sections (a) (1), (a) (3) (if the project involved is
15 acquired by a cooperative corporation), (i), and (j)
16 of this section”.

17 **OPTIONAL CASH PAYMENT OF INSURANCE BENEFITS**

18 **SEC. 210.** Title V of the National Housing Act is
19 amended by adding at the end thereof (after the new sec-
20 tion added by section 208 of this Act) the following new
21 section:

22 **“OPTIONAL CASH PAYMENT OF INSURANCE BENEFITS**

23 **“SEC. 520. (a)** Notwithstanding any other provisions
24 of this Act with respect to the payment of insurance benefits,
25 the Commissioner is authorized, in his discretion, to pay in

1 cash or in debentures any insurance claim or part thereof
2 which is paid on or after the date of the enactment of the
3 Housing and Urban Development Act of 1965 on a mort-
4 gage or a loan which was insured under any section of this
5 Act either before or after such date. If payment is made in
6 cash, it shall be in an amount equivalent to the face amount
7 of the debentures that would otherwise be issued plus an
8 amount equivalent to the interest which the debentures would
9 have earned, computed to a date to be established pursuant
10 to regulations issued by the Commissioner.

11 “(b) The Commissioner is authorized to borrow from
12 the Treasury from time to time such amounts as the Com-
13 missioner shall determine are necessary to make payments
14 in cash (in lieu of issuing debentures guaranteed by the
15 United States, as provided in this Act) pursuant to the pro-
16 visions of this section. Notes or other obligations issued
17 by the Commissioner in borrowing under this subsection
18 shall be subject to such terms and conditions as the Secretary
19 of the Treasury may prescribe. Each sum borrowed pur-
20 suant to this subsection shall bear interest at a rate deter-
21 mined by the Secretary of the Treasury, taking into consid-
22 eration the average market yield on outstanding marketable
23 obligations of the United States of comparable maturities
24 during the month preceding the issuance of such notes or
25 other obligations.”

1 FHA MORTGAGE FINANCING FOR VETERANS

2 SEC. 211. Section 203 (b) (2) of the National Housing
3 Act is amended—

4 (1) by striking out “and not to exceed” and in-
5 serting in lieu thereof “and (except as provided in the
6 last sentence of this paragraph) not to exceed”; and

7 (2) by adding at the end thereof the following
8 new sentence: “If the mortgagor is a veteran (as de-
9 fined in section 101 (2) of title 38, United States Code)
10 who has not received any direct, guaranteed, or insured
11 loan under laws administered by the Veterans’ Admin-
12 istration for the purchase, construction, or repair of a
13 dwelling (including a farm dwelling) which was to be
14 owned and occupied by him as his home, and the mort-
15 gage to be insured under this section covers property
16 upon which there is located a dwelling designed prin-
17 cipally for a one-family residence, the principal obliga-
18 tion may be in an amount equal to the sum of (i) 100
19 per centum of \$20,000 of the appraised value of the
20 property as of the date the mortgage is accepted for
21 insurance, and (ii) 85 per centum of such value in
22 excess of \$20,000.”

1 MORTGAGE LIMIT FOR HOMES IN OUTLYING AREAS UNDER

2 FHA SECTION 203(i) PROGRAM

3 SEC. 212. Section 203 (i) of the National Housing Act
4 is amended by striking out "\$11,000" and inserting in lieu
5 thereof "\$12,500".

6 TITLE III—URBAN RENEWAL

7 STUDY OF HOUSING AND BUILDING CODES, ZONING, TAX

8 POLICIES, AND DEVELOPMENT STANDARDS

9 SEC. 301. (a) The Congress finds that the general wel-
10 fare of the Nation requires that local authorities be encour-
11 aged and aided to prevent slums, blight, and sprawl, pre-
12 serve natural beauty, and provide for decent, durable housing
13 so that the goal of a decent home and a suitable living en-
14 vironment for every American family may be realized as soon
15 as feasible. The Congress further finds that there is a need to
16 study housing and building codes, zoning, tax policies, and
17 development standards in order to determine how (1) local
18 property owners and private enterprise can be encouraged to
19 serve as large a part as they can of the total housing and
20 building need, and (2) Federal, State, and local govern-
21 mental assistance can be so directed as to place greater re-
22 liance on local property owners and private enterprise and

1 enable them to serve a greater share of the total housing and
2 building need. The Housing and Home Finance Adminis-
3 trator is therefore directed to study the structure of (1)
4 State and local urban and suburban housing and building
5 laws, standards, codes, and regulations and their impact on
6 housing and building costs, how they can be simplified, im-
7 proved, and enforced, at the local level, and what methods
8 might be adopted to promote more uniform building codes
9 and the acceptance of technical innovations including new
10 building practices and materials; (2) State and local zoning
11 and land use laws, codes, and regulations, to find ways by
12 which States and localities may improve and utilize them in
13 order to obtain further growth and development; and (3)
14 Federal, State, and local tax policies with respect to their
15 effect on land and property cost and on incentives to build
16 housing and make improvements in existing structures.

17 (b) The Administrator shall submit a report based on
18 such study to the President and to the Congress within 18
19 months after the enactment of the Housing and Urban De-
20 velopment Act of 1965 or the appropriation of funds for the
21 study, whichever is later.

22 (c) There are authorized to be appropriated such funds
23 as may be necessary to carry out the purposes of this section.

1 Any funds so appropriated shall remain available until
2 expended.

3 GENERAL NEIGHBORHOOD RENEWAL PLANS

4 SEC. 302. Section 102 (d) of the Housing Act of 1949
5 is amended—

6 (1) by striking out the fifth sentence and inserting
7 in lieu thereof the following:

8 “In order to facilitate proper preliminary planning for
9 the attainment of the urban renewal objectives of this title,
10 the Administrator may also make advances of funds (in addi-
11 tion to those authorized above) to local public agencies for
12 the preparation of General Neighborhood Renewal Plans (as
13 herein defined). A General Neighborhood Renewal Plan
14 may be prepared for an area which consists of an urban re-
15 newal area or areas together with any adjoining areas, and
16 which is of such size that the urban renewal activities in the
17 urban renewal area or areas may have to be carried out in
18 stages, consistent with the capacity and resources of the
19 respective local public agency or agencies, over an estimated
20 period of not more than ten years.”; and

21 (2) by striking out clause (1) of the sixth sentence
22 and inserting in lieu thereof the following:

23 “(1) in the interest of sound community planning,

1 it is desirable that the urban renewal activities proposed
2 for the area be planned in their entirety;”.

3 INCREASE IN AUTHORIZATION FOR CAPITAL GRANTS

4 SEC. 303. (a) The first sentence of section 103 (b) of
5 the Housing Act of 1949 is amended by striking out
6 “\$4,725,000,000” and inserting in lieu thereof “\$4,700,-
7 000,000, which amount shall be increased by \$675,000,000
8 on the date of the enactment of the Housing and Urban
9 Development Act of 1965, by \$725,000,000 on July 1,
10 1966, and by \$750,000,000 on July 1 in each of the years
11 1967 and 1968”.

12 (b) The proviso in the first sentence of section 103 (b)
13 of such Act, and the second sentence of section 6 (b) of
14 the Urban Mass Transportation Act of 1964, are repealed.

15 USE OF GRANT OR LOAN FUNDS IN CODE ENFORCEMENT
16 AND REHABILITATION PROJECTS

17 SEC. 304. The unnumbered paragraph immediately fol-
18 lowing clause (8) in section 110 (c) of the Housing Act
19 of 1949 is amended—

20 (1) by inserting “(A)” before “no contract”; and

21 (2) by inserting before the period at the end of the
22 paragraph the following: “, and (B) not less than 10
23 per centum of the aggregate amount of (i) grants
24 authorized to be contracted for under this title by the
25 Housing and Urban Development Act of 1965 and sub-

1 sequent Acts, and (ii) loans authorized to be made
2 under section 312 of the Housing Act of 1964, shall be
3 available for projects assisted with such grants or loans
4 which involve primarily code enforcement and reha-
5 bilitation”.

6 **STRENGTHENED WORKABLE PROGRAM REQUIREMENT**

7 **SEC. 305.** Section 101 of the Housing Act of 1949 is
8 amended by adding at the end thereof the following new
9 subsection:

10 “(e) No loan or grant contract may be entered into
11 by the Administrator for an urban renewal project unless
12 he determines that (A) the workable program for com-
13 munity improvement presented by the locality pursuant to
14 subsection (c) is of sufficient scope and content to furnish a
15 basis for evaluation of the need for the urban renewal project;
16 and (B) such project is in accord with the program.”

17 **REHABILITATION LOANS**

18 **SEC. 306.** (a) Section 312 (d) of the Housing Act of
19 1964 is amended to read as follows:

20 “(d) In order to provide moneys for loans in accord-
21 ance with this section, the Administrator is authorized to
22 establish a revolving fund which shall comprise all moneys
23 heretofore or hereafter appropriated pursuant to this
24 section, together with all repayments and other receipts

1 heretofore or hereafter received in connection with loans
2 made under this section. There are authorized to be
3 appropriated to such revolving fund, in addition to amounts
4 authorized for the purposes of this section prior to the date
5 of the enactment of the Housing and Urban Development
6 Act of 1965, such funds as may be necessary to carry out
7 the purposes of this section. All funds so appropriated shall
8 remain available until expended.”

9 (b) Section 312 of such Act is further amended by
10 adding at the end thereof the following new subsection:

11 “(h) No loan shall be made under the authority of this
12 section after October 1, 1969, except pursuant to a contract,
13 commitment, or other obligation entered into pursuant to
14 this section before that date.”

15 LEASE GUARANTIES FOR SMALL-BUSINESS CONCERNS

16 DISPLACED BY URBAN RENEWAL PROJECTS

17 SEC. 307. (a) Section 7 of the Small Business Act is
18 amended by adding at the end thereof the following new
19 subsection:

20 “(e) (1) The Administration also is empowered, in
21 order to assist small-business concerns which have been dis-
22 placed by urban renewal projects in obtaining leases of
23 property for use in the conduct of their business operations,
24 to insure the owner or lessor of any such property, or the
25 lending institution financing the construction thereof, against

1 losses which such owner, lessor, or institution might sustain
2 as a result of the failure of the small-business concern to
3 perform the lease in accordance with its terms.

4 “(2) No insurance under this subsection shall be granted
5 by the Administration with respect to any lease unless—

6 “(A) the lease is for a period of not more than
7 ten years and contains or is subject to such other terms
8 and conditions as the Administration may require in
9 order to protect the interests of the small-business con-
10 cern and to insure that the lease will assist in carrying
11 out the purpose of this Act; and

12 “(B) the small-business concern is financially sound
13 and efficiently managed, and has provided satisfactory
14 assurances that it will comply with the terms of the lease
15 and any related documents and with such additional
16 terms and conditions as the Administration may specify.

17 “(3) There is hereby established an insurance fund for
18 use by the Administration in carrying out this subsection.
19 Each person granted insurance under this subsection shall be
20 required to pay premiums for such insurance, at such times
21 and in such manner as may be prescribed by the Administra-
22 tion, in amounts which shall be fixed by the Administration
23 but which shall not exceed, in the case of any lease, an
24 amount equivalent to 1 per centum of the annual rental (or
25 minimum rental) payable under such lease. Such premiums,

1 together with any other receipts under the insurance program
2 established by this subsection, shall be placed in the insurance
3 fund. Moneys in such fund not needed for the payment of
4 current operating expenses of the insurance program or for
5 the payment of claims arising thereunder may be invested in
6 bonds or other obligations of, or bonds or other obligations
7 guaranteed as to principal and interest by, the United States;
8 except that moneys made available to provide initial capital
9 for such fund under the sixth sentence of section 4 (c) shall
10 be returned to the revolving fund established by such section,
11 in such amounts and at such times as the Administration
12 determines to be appropriate, whenever the level of such
13 insurance fund (by reason of premiums and receipts from
14 other sources) is sufficiently high to permit the return of
15 such moneys without danger to the solvency of the insurance
16 program under this subsection.

17 “(4) The Administration is authorized and directed
18 to prescribe such rules and regulations as may be necessary
19 to carry out this subsection.”

20 (b) Section 4 (c) of such Act is amended—

21 (1) by inserting “7 (e),” after “7 (b),” in the first
22 sentence; and

23 (2) by inserting after the fifth sentence the fol-
24 lowing new sentence: “Not to exceed \$5,000,000 shall

1 be made available to provide initial capital for the in-
2 surance fund established by section 7 (e) (3).”

3 (c) Section 5 (b) of such Act is amended—

4 (1) by inserting after “loans granted” in para-
5 graphs (2) and (3) the following: “or the perform-
6 ance of leases insured”;

7 (2) by striking out “loans made” each place it
8 appears in paragraphs (4) and (7) and inserting in
9 lieu thereof “loans made or leases insured”; and

10 (3) by striking out “and 7 (b)” in paragraph (5)
11 and inserting in lieu thereof “, 7 (b), and 7 (e)”.

12 RELOCATION OF DISPLACEES FROM URBAN RENEWAL

13 AREAS

14 SEC. 308. (a) Section 105 (c) of the Housing Act of
15 1949 is amended to read as follows:

16 “(c) There shall be a feasible method for the tem-
17 porary relocation of individuals and families displaced from
18 the urban renewal area, and there are or are being provided,
19 in the urban renewal area or in other areas not generally
20 less desirable in regard to public utilities and public and com-
21 mercial facilities and at rents or prices within the financial
22 means of the individuals and families displaced from the
23 urban renewal area, decent, safe, and sanitary dwellings
24 equal in number to the number of and available to such dis-

1 placed individuals and families and reasonably accessible
2 to their places of employment. The Administrator shall
3 issue rules and regulations to aid in implementing the
4 requirements of this subsection and in otherwise achiev-
5 ing the objectives of this title. Such rules and regula-
6 tions shall require that there be established, at the earli-
7 est practicable time, for each urban renewal project in-
8 volving the displacement of individuals, families, and
9 business concerns occupying property in the urban
10 renewal area, a relocation assistance program which shall
11 include such measures, facilities, and services as may be
12 necessary or appropriate in order (A) to determine the
13 needs of such individuals, families, and business concerns
14 for relocation assistance; (B) to provide information and
15 assistance to aid in relocation and otherwise minimize the
16 hardships of displacement, including information as to real
17 estate agencies, brokers, and boards in or near the urban
18 renewal area which deal in residential or business property
19 that might be appropriate for the relocating of displaced
20 individuals, families, and business concerns; and (C) to
21 assure the necessary coordination of relocation activities
22 with other project activities and other planned or proposed
23 governmental actions in the community which may affect
24 the carrying out of the relocation program, particularly
25 planned or proposed low-rent housing projects to be con-

1 structed in or near the urban renewal area. As a condition
2 to further assistance after the enactment of this sentence with
3 respect to each urban renewal project involving the displace-
4 ment of individuals and families, the Administrator shall
5 require, within a reasonable time prior to actual displacement,
6 satisfactory assurance by the local public agency that decent,
7 safe, and sanitary dwellings as required by the first sentence
8 of this subsection are available for the relocation of each such
9 individual or family.”

(b) The requirements imposed by the amendment made by subsection (a) of this section shall not be applicable to any project receiving Federal recognition prior to the date of the enactment of this Act.

14 REDEVELOPMENT IN ACCORDANCE WITH URBAN RENEWAL
15 PLAN

16 SEC. 309. Section 106 of the Housing Act of 1949 is
17 amended by adding at the end thereof the following new
18 subsection:

19 “(h) Notwithstanding any other provision of this title,
20 no contract shall be entered into for any loan or capital grant
21 under this title with any local public agency unless the local
22 public agency establishes, by evidence satisfactory to the
23 Administrator, that any urban renewal project with respect
24 to which such local public agency has received a loan or
25 capital grant under this title has been, or will be, undertaken

1 and carried out in substantial accordance with the urban re-
2 newal plan, and any amendments thereto, approved with re-
3 spect to such project, and the terms of the contract for loan
4 or capital grant covering such project.”

5 LIMITATION ON NONCASH GRANT-IN-AID CREDIT ALLOWED
6 FOR PUBLICLY OWNED PARKING FACILITIES

7 SEC. 310. The parenthetical phrase in clause (3) of
8 the first sentence of section 110 (d) of the Housing Act of
9 1949 is amended by striking out “and” and inserting in lieu
10 thereof a comma, and by inserting at the end thereof (within
11 the parentheses) the following: “, and publicly owned park-
12 ing facilities to the extent that the cost thereof is anticipated
13 to be recovered from revenues”.

14 ELIGIBILITY OF COMMUNITIES IN DEPRESSED AREAS FOR
15 URBAN RENEWAL ASSISTANCE

16 SEC. 311. (a) Subparagraph (B) of section 103 (a)
17 (2) of the Housing Act of 1949 is amended to read as
18 follows:

19 “(B) three-fourths of the aggregate net project costs
20 of any such projects which are located in (i) a munici-
21 pality having a population of fifty thousand or less ac-
22 cording to the most recent decennial census, or (ii) a
23 municipality situated in a labor market area which, at
24 the time the contract or contracts involved are entered
25 into or at such earlier time as the Administrator may

1 specify in order to avoid hardship, is designated as a re-
2 development area under the second sentence of section
3 5 (a) of the Area Redevelopment Act or any other
4 legislation enacted after the date of the enactment of the
5 Housing and Urban Development Act of 1965 contain-
6 ing standards for designation as a redevelopment area
7 generally comparable to those set forth in the second
8 sentence of section 5 (a) of the Area Redevelopment
9 Act, and”.

10 (b) The amendment made by subsection (a) shall apply
11 only with respect to urban renewal projects placed under
12 contract for capital grant on or after the date of the enact-
13 ment of this Act; except that such amendment shall apply
14 with respect to all urban renewal projects in the city of
15 Providence, Rhode Island, placed under contract for capital
16 grant during the period Providence was designated as a
17 redevelopment area under section 5 (a) of the Area Rede-
18 velopment Act (or at such earlier time as the Administrator
19 may specify in order to avoid hardship) and not completed
20 prior to the date of the enactment of this Act.

21 LOCAL GRANTS-IN-AID FOR URBAN RENEWAL PROJECT IN

22 PHILADELPHIA

23 SEC. 312. Notwithstanding any other provision of law,
24 moneys heretofore expended by the University of Pennsyl-
25 vania for land included in the overall development plan pro-

1 posed by the university and utilized, or to be utilized, in
2 connection with new university facilities within one mile of
3 urban renewal project Pennsylvania 5-3 (University City)
4 shall (if otherwise eligible) be allowed as local grants-in-aid
5 for such project.

6 TITLE IV—COMPENSATION OF CONDEMNEDS

7 DECLARATION OF POLICY

8 SEC. 401. In order to encourage the acquisition of real
9 property in a manner which affords fair and equitable treat-
10 ment to owners and tenants of such property and on as
11 nearly uniform a basis as practicable, the Congress hereby
12 establishes a Federal policy of uniform land acquisition pro-
13 cedures for real property to be acquired in the course of
14 federally assisted development programs.

15 DEFINITIONS

16 SEC. 402. For the purposes of this title—

17 (1) the term “development program” means any
18 program established by or conducted under any of the
19 following provisions of law:

20 (A) the United States Housing Act of 1937;

21 (B) title I of the Housing Act of 1949;

22 (C) title IV of the Housing Act of 1950;

23 (D) title II of the Housing Amendments of
24 1955;

1 (E) section 202 of the Housing Act of 1959;

2 and

3 (F) title VII of the Housing Act of 1961;

4 (2) the term "Federal assistance" means a grant,
5 loan, contract of guaranty, annual contribution, or other
6 assistance provided by the United States;

7 (3) the term "applicant" means any public body
8 or other agency or nonprofit institution authorized to
9 receive Federal assistance under a development program;

10 (4) the term "interest" means any interest in real
11 property and includes future, nonpossessory, and lease-
12 hold interests;

13 (5) the term "real property" means any land, or
14 any interest in land, and (A) any building, structure,
15 or other improvements embedded in or affixed to land,
16 and any article so affixed or attached to such building,
17 structure, or improvement as to be an essential or integral
18 part thereof; (B) any article affixed or attached to such
19 real property in such manner that it cannot be removed
20 without material injury to itself or the real property; and

21 (C) any article so designed, constructed, or specially
22 adapted to the purpose for which such real property is
23 used that (i) it is an essential accessory or part of such
24 real property, (ii) it is not capable of use elsewhere, and

1 (iii) it would lose substantially all its value if removed
2 from the real property; and

3 (6) the term "Administrator" means the Housing
4 and Home Finance Administrator.

5 LAND ACQUISITION POLICY

6 SEC. 403. (a) As a condition of eligibility for Federal
7 assistance pursuant to a development program, each applicant
8 for such assistance shall satisfy the Administrator that the
9 following policies will be followed in connection with the
10 acquisition of real property by eminent domain in the course
11 of such program—

12 (1) the applicant shall make every reasonable effort
13 to acquire the real property by negotiated purchase;

14 (2) the real property shall be appraised before the
15 initiation of negotiations, and the owner or his designated
16 representative shall be given an opportunity to accom-
17 pany the appraiser during his inspection of the property;

18 (3) before the initiation of negotiations for acqui-
19 sition of the real property, the applicant shall establish a
20 price believed to be fair and reasonable and shall offer
21 to acquire the property for the price so established;

22 (4) if only a part of or an interest less than a fee
23 title to real property is to be acquired, the applicant shall
24 provide the owner with a statement of its estimate of—

1 (A) the fair value of the entire property imme-
2 diately before the acquisition,

3 (B) the fair value of the property remaining
4 immediately after the acquisition,

5 (C) the fair value of the part of or interest in
6 the property actually acquired,

7 (D) the damages, if any, resulting to the
8 remaining property (or interest therein), and

9 (E) the benefits, if any, accruing to the remain-
10 ing property (or interest therein) ;

11 (5) no owner shall be required to surrender pos-
12 session of real property before the applicant pays to the
13 owner (A) the agreed purchase price arrived at by
14 negotiation, or (B) in any case where only the amount
15 of the payment to the owner is in dispute, not less than
16 75 per centum of the most recent fair and reasonable
17 price established under paragraph (3) ;

18 (6) the construction or development of any public
19 improvements shall be so scheduled that no person law-
20 fully occupying the real property shall be required to
21 surrender possession on account of such construction or
22 development without at least 90 days' written notice
23 from the applicant of the date on which such construction
24 or development is scheduled to begin;

1 (7) if the applicant does not require the use of a
2 building, structure, or other improvement on the real
3 property to be acquired, the applicant shall offer to
4 permit its owner to remove it upon agreement that the
5 fair value of the building, structure, or other improve-
6 ment to be removed from the real property, as deter-
7 mined by the applicant, will be deducted from the
8 compensation otherwise to be paid for the real property,
9 or will be paid to the applicant by the owner;

10 (8) if the applicant permits an owner or tenant to
11 rent acquired real property for a short term or for a
12 period subject to termination by the applicant on short
13 notice, the amount of rent required shall not exceed the
14 fair rental value of the property to the owner or tenant
15 for such term or period, as determined by the applicant;

16 (9) the applicant shall not advance the time of
17 eminent domain, nor defer eminent domain or the deposit
18 of funds in court for the benefit of the owner, in order to
19 compel an agreement on the price to be paid for the real
20 property;

21 (10) if the acquisition of only a part of any real
22 property would leave its owner with an uneconomic
23 remnant, the applicant shall acquire the entire property;
24 and

25 (11) in determining the boundaries of a proposed

1 public improvement, the applicant shall take into account
2 human considerations, including the economic and social
3 effects of the proposed public improvement on owners
4 and tenants of real property in the area, in addition to
5 engineering and other factors.

6 (b) Nothing in this section shall be construed as super-
7 seding or otherwise affecting the provisions of any State or
8 local law, or as affecting the validity of any property acqui-
9 sition by purchase or eminent domain.

10 RELOCATION PAYMENTS UNDER FEDERALLY ASSISTED
11 DEVELOPMENT PROGRAMS

12 SEC. 404. (a) To the extent not otherwise authorized
13 under any Federal law, financial assistance extended to an
14 applicant under any federally assisted development program
15 may include grants for relocation payments, as herein de-
16 fined. Such grants may be in addition to other financial as-
17 sistance under such federally assisted development programs,
18 and may cover the full amount of such relocation payments.
19 The term "relocation payments" means payments by the
20 applicant which are (1) made to an individual, family, busi-
21 ness concern, or nonprofit organization displaced by a project
22 on or after the date of the enactment of the Housing and
23 Urban Development Act of 1965, and (2) made on such
24 terms and conditions and subject to such limitations (to the
25 extent applicable, but not including the date of displacement)

1 as are provided for relocation payments, at the time such
2 payments are approved, by sections 114 (b), (c), and (d)
3 of the Housing Act of 1949 with respect to projects assisted
4 under title I thereof. Relocation payments authorized by
5 this subsection shall be made subject to such rules and regu-
6 lations as may be prescribed by the Administrator.

7 (b) Section 114 (b) (2) of the Housing Act of 1949
8 is amended by striking out "\$1,500" and inserting in lieu
9 thereof "\$2,500".

10 (c) (1) Section 114 of such Act is further amended by
11 redesignating subsection (d) as subsection (e) and by in-
12 serting after subsection (c) the following new subsection:

13 "(d) In addition to payments authorized to be made
14 under subsections (b) and (c), a local public agency may
15 pay to any displaced individual, family, business concern,
16 or nonprofit organization reasonable and necessary expenses
17 incurred for (1) recording fees, transfer taxes, and similar
18 expenses incidental to conveying real property to a project
19 assisted under this title, (2) penalty costs for prepayment
20 of any mortgage encumbering such real property, and (3)
21 the pro rata portion of real property taxes allocable to a
22 period subsequent to the date of vesting of title or the
23 effective date of the acquisition of such real property by
24 such agency, whichever is earlier."

25 (2) Section 15 (8) of the United States Housing Act

1 of 1937 is amended by striking out “section 114 (b) or
2 (c)” and inserting in lieu thereof “section 114 (b), (c),
3 and (d)”.

4 (d) Subsection (a) shall not be applicable to any proj-
5 ect receiving financial assistance under a development pro-
6 gram prior to the date of the enactment of this Act.

7 FUNDS FOR CERTAIN PAYMENTS IN EMINENT DOMAIN

8 SEC. 405. Notwithstanding any other provision of law,
9 financial assistance under any federally assisted development
10 program may include amounts necessary for financing, in
11 the same manner that other costs of a project assisted under
12 such program are financed, the payments described in para-
13 graph (5) (B) of section 403 (a) of this Act.

14 TITLE V—COLLEGE HOUSING

15 INCREASE IN AUTHORIZATION FOR COLLEGE HOUSING

16 LOANS

17 SEC. 501. Section 401 (d) of the Housing Act of 1950
18 is amended by striking out “through 1964” each place it
19 appears and inserting in lieu thereof “through 1968”.

20 INTEREST RATE ON COLLEGE HOUSING LOANS

21 SEC. 502. (a) Effective with respect to loan contracts
22 entered into after the date of the enactment of this Act, sec-
23 tion 401 (c) of the Housing Act of 1950 is amended by
24 striking out “the higher of (1) $2\frac{3}{4}$ per centum per annum,

1 or” and inserting in lieu thereof “the lower of (1) 3 per
2 centum per annum, or”.

3 (b) Effective with respect to notes or other obligations
4 financing loan contracts entered into after the date of the
5 enactment of this Act, section 401 (e) of such Act is amended
6 by striking out “the higher of (1) $2\frac{1}{2}$ per centum per annum,
7 or” and inserting in lieu thereof “the lower of (1) $2\frac{3}{4}$ per
8 centum per annum, or”.

9 PARKING FACILITIES FOR COLLEGES AND UNIVERSITIES

10 SEC. 503. Section 404 (h) of the Housing Act of 1950
11 is amended by adding at the end thereof the following new
12 sentence: “In addition, such term includes parking facilities
13 primarily to serve the needs of students and faculty.”

14 TITLE VI—COMMUNITY FACILITIES

15 PURPOSE

16 SEC. 601. The purpose of this title is to assist and en-
17 courage the communities of the Nation fully to meet the needs
18 of their citizens by making it possible, with Federal grant
19 assistance, for their governmental bodies (1) to construct
20 adequate basic water and sewer facilities needed to promote
21 the efficient and orderly growth and development of the com-
22 munities; and (2) to construct neighborhood facilities needed
23 to enable them to carry on programs of necessary social
24 services.

1 GRANTS FOR BASIC WATER AND SEWER FACILITIES

2 SEC. 602. (a) The Housing and Home Finance Ad-
3 ministrator (hereinafter in this title referred to as the "Ad-
4 ministrator") is authorized to make grants to local public
5 bodies and agencies to finance specific projects for basic pub-
6 lic water and sewer facilities (including works for the storage,
7 treatment, purification, and distribution of water).

8 (b) The amount of any grant made under the authority
9 of this section shall not exceed 50 per centum of the develop-
10 ment cost of the project.

11 (c) No grant shall be made under this section in con-
12 nection with any project unless the Administrator deter-
13 mines that the project is necessary to provide adequate
14 water or sewer facilities for, and will contribute to the im-
15 provement of the health or living standards of, the people
16 in the community to be served, and that the project is (1)
17 designed so that an adequate capacity will be available to
18 serve the reasonably foreseeable growth needs of the area,
19 (2) consistent with a program meeting criteria, established
20 by the Administrator, for a unified or officially coordinated
21 areawide water or sewer facilities system as part of the
22 comprehensively planned development of the area, except
23 that prior to July 1, 1968, grants may, in the discretion of
24 the Administrator, be made under this section when such

1 a program for an areawide water and sewer facilities system
2 is under active preparation, although not yet completed, if
3 the facility or facilities for which assistance is sought can
4 reasonably be expected to be required as a part of such
5 program, and there is urgent need for the facility or facilities,
6 and (3) necessary to orderly community development.

7 GRANTS FOR NEIGHBORHOOD FACILITIES

8 SEC. 603. (a) The Administrator is authorized to make
9 grants, in accordance with the provisions of this section, to
10 local public bodies and agencies to finance specific projects
11 for neighborhood facilities.

12 (b) The amount of any grant made under the authority
13 of this section shall not exceed $66\frac{2}{3}$ per centum of the devel-
14 opment cost of the project for which the grant is made (or
15 75 per centum of such cost in the case of a project located
16 in an area which at the time the grant is made is designated
17 as a redevelopment area under section 5 of the Area Redevel-
18 opment Act or under any other legislation enacted after the
19 date of the enactment of this Act containing standards for
20 designation as a redevelopment area generally comparable
21 to those set forth in section 5 of the Area Redevelopment
22 Act).

23 (c) No grant shall be made under this section for any
24 project unless the Administrator determines that the project
25 will provide a neighborhood facility which is (1) necessary

1 for carrying out a program of health, recreational, social, or
2 similar community service (including a community action
3 program approved under title II of the Economic Opportu-
4 nity Act of 1964) in the area, (2) consistent with compre-
5 hensive planning for the development of the community, and
6 (3) so located as to be available for use by a significant por-
7 tion (or number in the case of large urban places) of the
8 area's low- or moderate-income residents.

9 (d) For a period of twenty years after a grant has
10 been made under this section for a neighborhood facility,
11 such facility shall not, without the approval of the Adminis-
12 trator, be converted to uses other than those proposed by
13 the applicant in its application for the grant. The Adminis-
14 trator shall not approve any conversion in the use of such
15 a neighborhood facility during such twenty-year period un-
16 less he finds that such conversion is in accord with the then
17 applicable program of health, recreational, social, or similar
18 community services in the area and consistent with compre-
19 hensive planning for the development of the community in
20 which the facility is located. In approving any such con-
21 version, the Administrator may impose such additional con-
22 ditions and requirements as he deems necessary.

23 (e) The Administrator shall give priority to applica-
24 tions for projects designed primarily to benefit members of
25 low-income families or otherwise substantially further the

1 objectives of a community action program approved under
2 title II of the Economic Opportunity Act of 1964.

3 GENERAL PROVISIONS

4 SEC. 604. (a) In the performance of, and with respect
5 to, the functions, powers, and duties vested in him by this
6 title, the Administrator shall (in addition to any authority
7 otherwise vested in him) have the functions, powers, and
8 duties set forth in section 402, except subsections (a), (c)
9 (2), and (f) of the Housing Act of 1950.

10 (b) The Administrator is authorized, notwithstanding
11 the provisions of section 3648 of the Revised Statutes, to
12 make advance or progress payments on account of any
13 grant made pursuant to this title. No part of any grant
14 authorized to be made by the provisions of this title shall be
15 used for the payment of ordinary governmental operating
16 expenses.

17 DEFINITIONS

18 SEC. 605. As used in this title—

19 (a) The term "State" means the several States, the Dis-
20 trict of Columbia, the Commonwealth of Puerto Rico, and
21 the territories and possessions of the United States.

22 (b) The term "local public bodies and agencies" in-
23 cludes public corporate bodies and political subdivisions;
24 public agencies or instrumentalities of one or more States,
25 municipalities, or political subdivisions of one or more States

1 (including public agencies and instrumentalities of one or
2 more municipalities or other political subdivisions of one or
3 more States); Indian tribes; and boards or commissions
4 established under the laws of any State to finance specific
5 capital improvement projects.

6 (c) The term "development cost", with respect to
7 any facility, means costs of the construction of the facility
8 and the land on which it is located, including necessary
9 site improvements to permit its use as a site for the facility.

10 LABOR STANDARDS

11 SEC. 606. All laborers and mechanics employed by con-
12 tractors or subcontractors on projects assisted under sections
13 602 and 603 shall be paid wages at rates not less than those
14 prevailing on similar construction in the locality as deter-
15 mined by the Secretary of Labor in accordance with the
16 Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5).
17 No such project shall be approved without first obtaining
18 adequate assurance that these labor standards will be main-
19 tained upon the construction work. The Secretary of Labor
20 shall have, with respect to the labor standards specified in
21 this section, the authority and functions set forth in Re-
22 organization Plan Numbered 14 of 1950 (15 F.R. 3176;
23 64 Stat. 1267; 5 U.S.C. 133z-15), and section 2 of the
24 Act of June 13, 1934, as amended (48 Stat. 948; 40
25 U.S.C. 276c).

1 APPROPRIATIONS; TERMINATION OF PROGRAM

2 SEC. 607. (a) There are hereby authorized to be appro-
3 priated such sums as may be necessary to carry out the
4 provisions of this title. All funds so appropriated shall
5 remain available until expended.

6 (b) No grant shall be made under this title after
7 October 1, 1969, except pursuant to a contract or commit-
8 ment entered into on or before such date.

9 TITLE VII—FEDERAL NATIONAL MORTGAGE
10 ASSOCIATION

11 INCREASE IN FNMA SPECIAL ASSISTANCE AUTHORITY

12 SEC. 701. (a) Section 305 (c) of the National Housing
13 Act is amended by inserting before the period at the end
14 thereof the following: “, which limit shall be increased by
15 \$100,000,000 on the date of the enactment of the Housing
16 and Urban Development Act of 1965, by \$450,000,000 on
17 July 1, 1966, by \$550,000,000 on July 1, 1967, and by
18 \$525,000,000 on July 1, 1968”.

19 (b) Section 305 (f) of such Act is amended by inserting
20 before the period at the end thereof the following: “: *Pro-*
21 *vided further*, That any portion of the total amount of
22 authority set forth in the first proviso of this subsection

1 which, on the date of the enactment of the Housing and
 2 Urban Development Act of 1965 and on each July 1 there-
 3 after, would otherwise be available for making purchases and
 4 commitments pursuant to this subsection, shall be transferred
 5 to and merged with the authority granted by subsection (a)
 6 and added to the amount of such authority as set forth in sub-
 7 section (c) ; and the total amount of authority set forth in the
 8 first proviso of this subsection shall progressively be reduced
 9 by the amount of each such transfer”.

10 INCREASE IN LIMITATION ON MORTGAGES FOR DWELLING

11 UNITS HAVING FOUR OR MORE BEDROOMS

12 SEC. 702. Section 302 (b) of the National Housing Act
 13 is amended by inserting before the period at the end of the
 14 first sentence the following: “(plus an additional \$2,500
 15 for each such family residence or dwelling unit which has
 16 four or more bedrooms)”.

17 TITLE VIII—OPEN-SPACE LAND AND URBAN

18 BEAUTIFICATION AND IMPROVEMENT

19 CHANGE IN NAME OF PROGRAM; FINDINGS AND PURPOSE

20 SEC. 801. (a) The heading of title VII of the Housing
 21 Act of 1961 is amended to read as follows: “TITLE VII—
 22 OPEN-SPACE LAND AND URBAN BEAUTIFICA-
 23 TION AND IMPROVEMENT”.

1 (b) Section 701 of such Act is amended by redesignig-
 2 nating subsection (b) as subsection (c) and by inserting
 3 after subsection (a) the following new subsection:

4 “(b) The Congress further finds that there is an urgent
 5 need both for the additional provision of parks and other
 6 open-space areas in the developed portions of the Nation’s
 7 urban areas and for greater and better coordinated local
 8 efforts to beautify and improve open space and other public
 9 land throughout urban areas, to facilitate their increased use
 10 and enjoyment by the Nation’s urban population.”

11 (c) The subsection of section 701 of such Act redesignig-
 12 nated as subsection (c) by subsection (b) of this section is
 13 amended—

14 (1) by inserting “(1) provide and” before “pre-
 15 serve open-space land”, and

16 (2) by inserting before the period at the end
 17 thereof the following: “, and (2) beautify and improve
 18 open-space and other public urban land, in accordance
 19 with programs to encourage and coordinate local public
 20 and private efforts toward this end”.

21 INCREASED GRANT LEVEL FOR PRESERVATION OF OPEN-
 22 SPACE LAND

23 SEC. 802. Section 702 (a) of the Housing Act of 1961
 24 is amended by striking out “20 per centum” and “30 per
 25 centum” and inserting in lieu thereof “30 per centum” and
 26 “40 per centum”, respectively.

1 SUBSTITUTION OF APPROPRIATION AUTHORITY FOR GRANT

2 CONTRACT AUTHORITY

3 SEC. 803. (a) Section 702 (a) of the Housing Act of
4 1961 is amended—

5 (1) by striking out “enter into contracts to” in the
6 first sentence, and

7 (2) by striking out all of the third sentence.

8 (b) Section 702 (b) of such Act is amended by striking
9 out the first two sentences and inserting in lieu thereof the
10 following: “There are hereby authorized to be appropriated
11 such amounts as may be necessary to carry out the purposes
12 of this title.”

13 (c) Section 702 of such Act is further amended by
14 adding at the end thereof the following new subsection:

15 “(f) No grant shall be made under this title after
16 October 1, 1969, except pursuant to a contract or commit-
17 ment entered into on or before such date.”

18 (d) Section 703 (a) of such Act is amended by striking
19 out “enter into contracts to”.

20 GRANTS FOR PROVISION OF OPEN-SPACE LAND IN BUILT-UP

21 URBAN AREAS

22 SEC. 804. Title VII of the Housing Act of 1961 is
23 amended by redesignating sections 705 and 706 as sections
24 708 and 709, respectively, and by inserting after section
25 704 the following new section:

1 "GRANTS FOR PROVISION OF OPEN-SPACE LAND IN BUILT-
2 UP URBAN AREAS

3 "SEC. 705. (a) The Administrator is further author-
4 ized to make grants to States and local public bodies to help
5 finance the acquisition of title to, or other permanent in-
6 terests in, developed land in built-up portions of urban areas
7 to be cleared and used as permanent open-space land, as
8 defined herein. The Administrator shall make such grants
9 only where the local governing body determines that ade-
10 quate open-space land cannot effectively be provided through
11 the use of existing undeveloped or predominantly undevel-
12 oped land and the Administrator determines that the pro-
13 posed acquisition is important to the comprehensively
14 planned development of the locality. Grants under this
15 section shall not exceed the lesser of (1) \$500,000 or (2)
16 40 per centum of the cost of acquiring such title or other
17 interests and of necessary demolition and removal of im-
18 provements.

19 "(b) Financial assistance extended to any project under
20 this title may include grants for relocation payments, as
21 herein defined. Such grants may be in addition to other
22 financial assistance under this title, and no part of the
23 amount of such relocation payments shall be required to be
24 contributed as a local grant. The term 'relocation payments'
25 means payments by the applicant which are (1) made to an

1 individual, family, business concern, or nonprofit organization
2 displaced, after March 4, 1965, by a project assisted under
3 this title, (2) not otherwise authorized under any Federal
4 law, and (3) made only on such terms and conditions and
5 subject to such limitations (to the extent applicable, but not
6 including the date of displacement) as are provided for relo-
7 cation payments, at the time such payments are approved, by
8 sections 114 (b), (c), and (d) of the Housing Act of 1949.
9 Relocation payments authorized by this subsection shall be
10 made subject to such rules and regulations as may be pre-
11 scribed by the Administrator.”

12 GRANTS FOR URBAN BEAUTIFICATION AND IMPROVEMENT

13 SEC. 805. (a) Title VII of the Housing Act of 1961
14 is further amended by inserting after section 705 (as added
15 by section 804 of this Act) the following new section:

16 “GRANTS FOR URBAN BEAUTIFICATION AND IMPROVEMENT

17 “SEC. 706. The Administrator is authorized to make
18 grants, as herein provided, to States and local public bodies
19 to assist in carrying out local programs for the greater use
20 and enjoyment of open-space and other public land in urban
21 areas. The Administrator shall establish criteria for such
22 programs to assure that each (1) represents significant and
23 effective efforts, involving all available public and private
24 resources, for the beautification of such land and its improve-

1 ment for open-space uses, and (2) is important to the com-
2 prehensively planned development of the locality. Grants
3 made under this section shall not exceed 40 per centum of
4 the amount by which the cost of the activities carried on by
5 an applicant during a fiscal year under an approved program
6 exceeds its usual expenditures for comparable activities:
7 *Provided, That, notwithstanding any other provision of this*
8 *section, the Administrator may use not to exceed \$5,000,000*
9 *of the funds available for grants under this section to make*
10 *grants in amounts up to the full cost of activities which he*
11 *determines to have special value in developing and demon-*
12 *strating new and improved methods and materials for use in*
13 *carrying out the purposes of this section."*

14 (b) Section 702 (c) of such Act is amended by insert-
15 ing after "development costs" the following: "(except as
16 authorized under section 706), or the additional price which
17 is attributable to improvements to be retained on open-space
18 land which are not incidental to the proposed open-space
19 uses,".

20 LABOR STANDARDS

21 SEC. 806. Title VII of the Housing Act of 1961 is
22 further amended by inserting after section 706 (as added by
23 section 805 of this Act) the following new section:

“LABOR STANDARDS

1
2 “SEC. 707. (a) The Administrator shall take such ac-
3 tion as may be necessary to insure that all laborers and
4 mechanics employed by contractors or subcontractors in the
5 performance of construction work financed with the assist-
6 ance of grants under this title shall be paid wages at rates
7 not less than those prevailing on similar construction in the
8 locality as determined by the Secretary of Labor in accord-
9 ance with the Davis-Bacon Act, as amended. The Admin-
10 istrator shall not approve any such grant without first obtain-
11 ing adequate assurance that these labor standards will be
12 maintained upon the construction work.

13 “(b) The Secretary of Labor shall have, with respect to
14 the labor standards specified in subsection (a), the authority
15 and functions set forth in Reorganization Plan Numbered
16 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-
17 15), and section 2 of the Act of June 13, 1934, as amended
18 (48 Stat. 948; 40 U.S.C. 276c).”

USE OF FUNDS FOR STUDIES AND PUBLICATION

20 SEC. 807. The second sentence of the section of the
21 Housing Act of 1961 redesignated as section 708 by section
22 804 of this Act is amended to read as follows: “The Admin-
23 istrator is authorized to use during any fiscal year not to

1 exceed \$100,000 of the funds available for grants under
 2 this title to undertake such studies and publish such
 3 information."

4 CONFORMING AMENDMENTS

5 SEC. 808. (a) The heading of section 702 of the Hous-
 6 ing Act of 1961 is amended to read as follows: "GRANTS
 7 FOR PRESERVATION OF OPEN-SPACE LAND".

8 (b) Section 702 (a) of such Act is amended by striking
 9 out "provisions of this title" and "purposes of this title" and
 10 inserting in lieu thereof "provisions of this section" and
 11 "purposes of this section", respectively.

12 (c) Section 702 (e) of such Act is amended by striking
 13 out "served by the open-space land acquired" in the second
 14 sentence and inserting in lieu thereof "assisted".

15 (d) Section 703 (a) of such Act is amended by striking
 16 out "this title" and inserting in lieu thereof "section 702 (a)".

17 (e) Section 704 of such Act is amended by striking
 18 out "for which" in the first sentence and inserting in lieu
 19 thereof "for the acquisition of which".

20 TITLE IX—RURAL HOUSING

21 LOANS FOR PREVIOUSLY OCCUPIED BUILDINGS AND

22 MINIMUM SITE ACQUISITION

23 SEC. 901. (a) Section 501 (a) of the Housing Act of
 24 1949 is amended—

25 (1) by inserting after "their farms," in clause (1)

1 the following: "and to purchase previously occupied
2 buildings and land constituting a minimum adequate site,
3 in order"; and

4 (2) by inserting after "rural areas" in clause (2)
5 the following: "for the construction, improvement, al-
6 teration, or repair of dwellings, related facilities, and
7 farm buildings and to rural residents for such purposes
8 and for the purchase of previously occupied buildings and
9 the purchase of land constituting a minimum adequate
10 site, in order".

11 (b) Section 501 (c) of such Act is amended by insert-
12 ing "or a rural resident" in clause (1) after "or that he is
13 the owner of other real estate in a rural area".

14 INTEREST RATE ON DIRECT RURAL HOUSING LOANS

15 SEC. 902. Section 502 (a) of the Housing Act of 1949
16 is amended by striking out "with interest at a rate not to
17 exceed 4 per centum per annum on the unpaid balance of
18 principal." and inserting in lieu thereof the following: "with
19 interest in the case of loans under this section pursuant to
20 clauses (1) and (2) of section 501 (a) at a rate not to ex-
21 ceed 5 per centum per annum on the unpaid balance of prin-
22 cipal and in the case of loans under this section pursuant to
23 clause (3) of section 501 (a) and under sections 503 and
24 504 at a rate not to exceed 4 per centum per annum on such

1 unpaid balance. Borrowers with loans made or insured
2 under this title shall pay such fees and other charges as the
3 Secretary may require.”

4 INSURED RURAL HOUSING LOANS

5 SEC. 903. (a) Title V of the Housing Act of 1949 is
6 amended by adding at the end thereof the following new
7 sections:

8 “INSURANCE OF LOANS

9 “SEC. 517. (a) The Secretary is authorized to insure
10 and to make loans to be sold and insured in accordance with
11 the provisions of sections 501, 502, 514, and 515, and this
12 section, other than the provisions of section 514(a) (3)
13 and (5) and (b) and section 515 (a) and (b) (4), except
14 that such loans in accordance with sections 501 and 502—

15 “(1) to persons of low or moderate income as de-
16 fined by the Secretary shall not exceed amounts neces-
17 sary to provide adequate housing modest in size, design,
18 and cost, as determined by the Secretary, and shall bear
19 interest at a rate not to exceed 5 per centum per an-
20 num; and the aggregate of such loans made and insured
21 in any one fiscal year shall not exceed \$300,000,000;
22 and

23 “(2) to persons other than those of low or moderate
24 income shall bear interest and provide for insurance or
25 service charges (at rates determined by the Secretary)

1 comparable to the combined rate of interest and premium
2 charges then in effect under section 203 of the National
3 Housing Act.

4 “(b) The Secretary may use the Rural Housing Insur-
5 ance Fund created by this section for the purpose of making
6 loans to be sold and insured under this section, provided that
7 the aggregate of such loans made and not disposed of at any
8 one time shall not exceed \$100,000,000.

9 “(c) The Secretary may insure loans advanced by
10 lenders other than the United States, and may sell and insure
11 loans made from or held in the Rural Housing Insurance
12 Fund by the Secretary, for the payment of principal and
13 interest thereon as it becomes due. The Secretary is author-
14 ized to make agreements with respect to servicing loans
15 held by or insured by the Secretary under this section and
16 purchasing such insured loans on such terms and conditions
17 as he may prescribe: *Provided*, That no purchase agreement
18 shall obligate the Secretary to purchase such an insured loan
19 before the expiration of an initial period of five years from
20 the date of the note. Any contract of insurance executed
21 by the Secretary shall be an obligation supported by the full
22 faith and credit of the United States and incontestable except
23 for fraud or material misrepresentation of which the holder
24 has actual knowledge. In connection with loans insured
25 under this section the Secretary may take liens running to

1 the United States notwithstanding the fact that the notes evi-
2 dencing such loans may be held by lenders other than the
3 United States. Notes evidencing such loans shall be freely
4 assignable but the Secretary shall not be bound by any
5 assignment until notice thereof is given to and acknowledged
6 by the Secretary.

7 “(d) After ninety days after the original capitalization
8 of the Rural Housing Insurance Fund, no loans, other than
9 loans then held or insured by the Secretary pursuant to
10 section 514 or 515 (b), shall be made or insured under
11 section 514 or 515 (b) except in accordance with this section.

12 “(e) There is hereby created the Rural Housing In-
13 surance Fund (hereinafter in this section referred to as the
14 ‘Fund’) which shall be used by the Secretary as a revolving
15 fund for carrying out the provisions of this section. There
16 are authorized to be appropriated to the Secretary such sums
17 as may be necessary for the purposes of the Fund.

18 “(f) Money in the Fund not needed for current opera-
19 tions shall be invested in direct obligations of the United
20 States or obligations guaranteed by the United States.

21 “(g) All funds, claims, notes, mortgages, contracts, and
22 property acquired by the Secretary under this section, and
23 all collections and proceeds therefrom, shall constitute assets
24 of the Fund; and all liabilities and obligations of such assets
25 shall be liabilities and obligations of the Fund. Loans may

1 be held in the Fund and collected in accordance with their
2 terms or may be sold by the Secretary with or without agree-
3 ments for insurance thereof. Loans may be sold by the
4 Secretary at prices within the range of market prices for the
5 particular class or classes of loans involved, as determined by
6 the Secretary from time to time. The aggregate of (1) any
7 amount by which the balance outstanding on loans at the
8 time of sale exceeds the price at which the loans are sold
9 and (2) the amount of any fees and charges paid in con-
10 nection with any sales of loans shall be reimbursed to the
11 Fund by annual appropriations.

12 “(h) The Secretary is authorized to issue notes to the
13 Secretary of the Treasury to obtain funds necessary for
14 discharging obligations under this section and for author-
15 ized expenditures out of the Fund, but, except as may be
16 authorized in appropriation Acts, not for the original capi-
17 tal or any additional capital of the Fund or to reimburse the
18 Fund for losses from any sales of loans at less than par
19 value. Such notes shall be in such form and denominations
20 and have such maturities and be subject to such terms and
21 conditions as may be prescribed by the Secretary with the
22 approval of the Secretary of the Treasury. Each note shall
23 bear interest at such rate as may be determined by the
24 Secretary of the Treasury, taking into consideration the
25 current average market yields on outstanding marketable

1 obligations of the United States with remaining periods to
2 maturity comparable to the average maturities of the loans
3 held by the Secretary in the Fund, adjusted to the nearest
4 one-eighth of 1 per centum, during the month of June
5 preceding the fiscal year in which the loans were made.
6 The Secretary of the Treasury is authorized and directed
7 to purchase any notes of the Secretary issued hereunder, and
8 for that purpose the Secretary of the Treasury is authorized
9 to use as a public debt transaction the proceeds from the
10 sale of any securities issued under the Second Liberty Bond
11 Act, and the purposes for which such securities may be is-
12 sued under such Act are extended to include purchases of
13 notes issued by the Secretary under this subsection. All re-
14 demptions, purchases, and sales by the Secretary of the
15 Treasury of such notes shall be treated as public debt trans-
16 actions of the United States. The notes issued by the Secre-
17 tary to the Secretary of the Treasury shall constitute obliga-
18 tions of the Fund.

19 “(i) The Secretary may retain out of interest payments
20 by the borrower an annual charge in an amount specified
21 in the insurance or sale agreement applicable to the loan.
22 Of the charges retained by the Secretary, if any, not to
23 exceed 1 per centum per annum of the unpaid balance of the
24 loan shall be deposited in the Fund. Any retained charges
25 not deposited in the Fund shall be available for administra-

1 tive expenses in carrying out the provisions of this title, to
2 be transferred annually and become merged with any appro-
3 priation for administrative expenses of the Farmers Home
4 Administration, when and in such amounts as may be author-
5 ized in appropriation Acts.

6 “(j) The Secretary may also utilize the Fund—

7 “(1) to pay amounts to which the holder of a
8 note is entitled in accordance with an insurance or sale
9 agreement under this section accruing between the date
10 of any prepayment by the borrower to the Secretary and
11 the date of transmittal of such prepayment to the
12 holder of the note; and, in the discretion of the Secre-
13 tary, prepayments other than final payments need not
14 be remitted to the holder until due;

15 “(2) to pay the holder of any note insured under
16 this section any defaulted installment or, upon assign-
17 ment of the note to the Secretary at the Secretary’s
18 request, the entire balance outstanding on the note;

19 “(3) to purchase notes in accordance with agree-
20 ments previously entered into;

21 “(4) to pay taxes, insurance, prior liens, expenses
22 necessary to make fiscal adjustments in connection with
23 the application and transmittal of collections, and other
24 expenses and advances to protect the security for loans

1 which are insured under this section or held in the Fund,
2 and to acquire such security at foreclosure sale or other-
3 wise; and

4 “(5) to pay fees and charges in connection with
5 sales by the Secretary of loans insured under this
6 section.

7 “RURAL HOUSING DIRECT LOAN ACCOUNT

8 “SEC. 518. (a) There is hereby created the Rural
9 Housing Direct Loan Account (hereinafter in this section
10 referred to as the ‘Account’) which shall be used by the Sec-
11 retary for carrying out the provisions of this section. There
12 are authorized to be appropriated to the Secretary such sums
13 as may be necessary for the purposes of the Account.

14 “(b) There are hereby transferred to the Account (1)
15 all funds, claims, notes, mortgages, contracts, and property,
16 and all collections and proceeds therefrom, held by the
17 Secretary under the direct loan provisions of this title, in-
18 cluding those securing notes issued by the Secretary to the
19 Secretary of the Treasury under section 511 and any un-
20 expended balance of amounts borrowed upon such notes,
21 and (2) all unexpended balances of appropriations for direct
22 loans under this title, including the fund authorized by sec-
23 tion 515 (a). All amounts hereafter borrowed by the
24 Secretary from the Secretary of the Treasury under section
25 511 shall be deposited in the Account. All collections and

1 proceeds from assets acquired by the Account shall be
2 deposited in the Account.

3 “(c) When and in such amounts as may be authorized
4 in appropriation Acts, the Secretary may issue notes to the
5 Secretary of the Treasury to obtain funds to be deposited in
6 the Account. The form, denominations, maturities, and other
7 terms and conditions of such notes shall be prescribed by
8 the Secretary with the approval of the Secretary of the
9 Treasury. Each note shall bear interest at such rate as may
10 be determined by the Secretary of the Treasury, taking into
11 consideration the current average market yields on outstand-
12 ing marketable obligations of the United States with remain-
13 ing periods to maturity comparable to the average maturi-
14 ties of the loans held by the Secretary in the Account, ad-
15 justed to the nearest one-eighth of 1 per centum, during the
16 month of June preceding the fiscal year in which the loans
17 were made. The Secretary of the Treasury is authorized and
18 directed to purchase any notes of the Secretary issued here-
19 under, and for that purpose the Secretary of the Treasury is
20 authorized to use as a public debt transaction the proceeds
21 from the sale of any securities issued under the Second
22 Liberty Bond Act, and the purposes for which such securities
23 may be issued under such Act are extended to include the
24 purchase of notes issued by the Secretary under this sub-
25 section. All redemptions, purchases, and sales by the Sec-

1 retary of the Treasury of such notes shall be treated as public
2 debt transactions of the United States.

3 “(d) The Account shall remain available to the Secre-
4 tary for the payment of interest and principal on notes issued
5 by the Secretary to the Secretary of the Treasury under sec-
6 tion 511 or this section, and for direct loans and related
7 advances under this title in such amounts as are now author-
8 ized by law and in such further amounts as shall be authorized
9 in appropriation Acts. Amounts so authorized for such loans
10 and advances shall remain available until expended.”

11 (b) Section 511 of such Act is amended—

12 (1) by inserting “direct” after “making”, and by
13 striking out “(other than loans under section 504 (b)
14 or 515 (a))”, in the first sentence;

15 (2) by striking out “, of which \$50,000,000 shall
16 be available exclusively for assistance to elderly persons
17 as provided in clause (3) of section 501 (a)”, and by
18 striking out “September 30, 1965” and inserting in
19 lieu thereof “October 1, 1969”, in the second sentence;
20 and

21 (3) by striking out “rate on outstanding marketable
22 obligations of the United States as of the last day of the
23 month preceding the issuance of the notes or obligations
24 by the Secretary” in the fifth sentence and inserting

1 in lieu thereof the following: "yields on outstanding
2 marketable obligations of the United States with remain-
3 ing periods to maturity comparable to the average ma-
4 turities of the loans held by the Secretary in the Rural
5 Housing Direct Loan Account, adjusted to the nearest
6 one-eighth of 1 per centum, during the month of June
7 preceding the fiscal year in which the loans were made".

8 FEDERAL NATIONAL MORTGAGE ASSOCIATION SECONDARY
9 MARKET OPERATIONS FOR INSURED RURAL HOUSING
10 LOANS

11 SEC. 904. (a) Section 302 (b) of the National Housing
12 Act is amended—

13 (1) by inserting immediately after "which are
14 insured under the National Housing Act" the following:
15 "or title V of the Housing Act of 1949";

16 (2) by inserting after "any mortgage" in clause
17 (2) of the proviso the following: ", except a mortgage
18 insured under title V of the Housing Act of 1949,"; and

19 (3) by inserting before the period in the last sen-
20 tence the following: "or title V of the Housing Act of
21 1949".

22 (b) Section 303 (b) of such Act is amended by insert-
23 ing "and other" after "private" in the first sentence.

1 EXTENSION OF RURAL HOUSING AUTHORIZATIONS

2 SEC. 905. (a) Section 512 of the Housing Act of 1949
3 is amended by striking out "September 30, 1965" and in-
4 serting in lieu thereof "October 1, 1969".

5 (b) Section 513 of such Act is amended—

6 (1) by striking out "September 30, 1965" in clause
7 (b) and inserting in lieu thereof "October 1, 1969";

8 (2) by striking out "\$10,000,000" in clause (c)
9 and inserting in lieu thereof "\$50,000,000", and by
10 striking out "September 30, 1965" in the same clause
11 and inserting in lieu thereof "October 1, 1969"; and

12 (3) by striking out "September 30, 1965" in clause
13 (d) and inserting in lieu thereof "October 1, 1969".

14 (c) Section 515 (b) (5) of such Act is amended by
15 striking out "September 30, 1965" and inserting in lieu
16 thereof "October 1, 1969".

17 (d) Section 506 (a) of such Act is amended by strik-
18 ing out "sections 501 to 504, inclusive, and sections 514-
19 516", each place it occurs and inserting in lieu thereof "this
20 title".

21 PAYMENT OF INTEREST TO THE TREASURY ON

22 APPROPRIATIONS FOR RURAL HOUSING LOANS

23 SEC. 906. Title V of the Housing Act of 1949 is
24 amended by adding at the end thereof (after the new sec-
25 tions added by section 903 of this Act) the following new
26 section:

1 “INTEREST ON APPROPRIATIONS FOR RURAL HOUSING

2 LOANS

3 “SEC. 519. (a) The Secretary shall pay to the Secretary
4 of the Treasury interest at a rate determined under the
5 formula contained in section 517 (h) or 518 (c) (as may be
6 applicable) on any portion of any future appropriations
7 deposited in the Rural Housing Insurance Fund or the
8 Rural Housing Direct Loan Account for the purpose of mak-
9 ing loans (as distinguished from appropriations for the
10 purpose of restoring losses or expenditures from such Fund
11 or Account). Such interest shall be payable annually upon
12 any sum so deposited until an amount equal to such sum
13 is paid from the Fund or Account to which it was deposited
14 and returned to miscellaneous receipts of the Treasury

15 “(b) Any sums in the Rural Housing Insurance Fund
16 or the Rural Housing Direct Loan Account which the Sec-
17 retary determines are in excess of amounts needed to meet
18 the obligations and carry out the purposes of such Fund or
19 Account shall be returned to miscellaneous receipts of the
20 Treasury.”

21 TITLE X—MISCELLANEOUS

22 AUTHORIZATION FOR URBAN PLANNING GRANTS

23 SEC. 1001. (a) Section 701 (b) of the Housing Act of
24 1954 is amended by striking out “not exceeding \$105,000,-
25 000” in the fifth sentence and inserting in lieu thereof “such
26 amounts as may be necessary”.

1 (b) Section 701 of such Act is further amended by
2 adding at the end thereof the following new subsection:

3 “(g) No grant shall be made under this section after
4 October 1, 1969, except pursuant to a contract or commit-
5 ment entered into on or before such date.”

6 AUTHORIZATION FOR FEDERAL-STATE TRAINING PROGRAMS

7 SEC. 1002. (a) Section 802 (d) of the Housing Act of
8 1964 is amended (1) by striking out “for grants under this
9 part”, and (2) by striking out “not to exceed \$10,000,000”
10 and inserting in lieu thereof “such amounts as may be
11 necessary to carry out the purposes of this part”.

12 (b) Section 802 of such Act is further amended by
13 adding at the end thereof the following new subsection:

14 “(e) No grant shall be made under this part after
15 October 1, 1969, except pursuant to a contract or commit-
16 ment entered into on or before such date.”

17 (c) Section 803 of such Act is amended (1) by striking
18 out “authorized to be”, and (2) by striking out “by section
19 802 (d)” and inserting in lieu thereof “for the purposes of
20 this part”.

21 AUTHORIZATION FOR PUBLIC WORKS PLANNING ADVANCES

22 SEC. 1003. (a) The second sentence of section 702 (e)
23 of the Housing Act of 1954 is amended (1) by striking out
24 “Housing Act of 1964” and inserting in lieu thereof

1 “Housing and Urban Development Act of 1965”, and (2)
 2 by striking out “, not to exceed \$20,000,000,”.

3 (b) Section 702 of such Act is further amended by
 4 adding at the end thereof the following new subsection:

5 “(i) No advance shall be made under this section after
 6 October 1, 1969, except pursuant to a contract or commit-
 7 ment entered into on or before such date.”

8 ADVISORY COMMITTEES—TECHNICAL PROVISION

9 SEC. 1004. Section 601 of the Housing Act of 1949
 10 is amended by striking out the second sentence.

11 PUBLIC FACILITY LOANS TO NONPROFIT CORPORATIONS

12 SEC. 1005. Section 202(c) of the Housing Amend-
 13 ments of 1955 is amended by adding at the end thereof
 14 the following new sentence: “Notwithstanding any other
 15 provision of this title, the Administrator may extend finan-
 16 cial assistance, as otherwise authorized by clause (1) of
 17 subsection (a) of this section, to private nonprofit corpora-
 18 tions to finance the construction of works for the storage,
 19 treatment, purification, or distribution of water or the con-
 20 struction of sewage, sewage treatment, and sewer facilities,
 21 if needed to serve such smaller municipalities, upon a deter-
 22 mination that no existing public body is able to construct
 23 and operate such facilities.”

1 FHA CONFORMING AMENDMENTS

2 SEC. 1006. (a) Section 2 (f) of the National Housing
3 Act is amended by striking out all that follows the first
4 sentence.

5 (b) Section 8 of such Act is amended—

6 (1) by striking out “Title I Housing Insurance
7 Fund” in subsection (g) and inserting in lieu thereof
8 “General Insurance Fund”; and

9 (2) by striking out subsections (h) and (i).

10 (c) Section 203 (k) of such Act is amended—

11 (1) by striking out “a separate section 203 Home
12 Improvement Account to be maintained as hereinafter
13 provided under the Mutual Mortgage Insurance Fund”
14 in clause (3) of the first sentence and inserting in lieu
15 thereof “the General Insurance Fund”;

16 (2) by striking out “the section 203 Home Im-
17 provement Account or in debentures executed in the
18 name of such Account” in clause (4) of the first sen-
19 tence and inserting in lieu thereof “the General Insur-
20 ance Fund or in debentures executed in the name of
21 such Fund”;

22 (3) by striking out all of the third sentence which
23 follows “refer to this section 203 (k)” and inserting in
24 lieu thereof a period; and

1 (4) by striking out the fourth, fifth, and sixth
2 sentences.

3 (d) Section 204 of such Act is amended—

4 (1) by striking out “or section 210” in the first
5 sentence of subsection (a) ;

6 (2) by striking out all of the second sentence of
7 subsection (c) after “the mortgagee” and inserting in
8 lieu thereof “from the Mutual Mortgage Insurance
9 Fund.”;

10 (3) by striking out all of the first sentence of sub-
11 section (d) after “shall be negotiable” the first place it
12 appears and inserting in lieu thereof a period;

13 (4) by striking out “the Fund” each place it ap-
14 pears in subsection (d) and inserting in lieu thereof
15 “the Mutual Mortgage Insurance Fund”;

16 (5) by striking out “or the Housing Fund, as the
17 case may be,” in the fifth sentence of subsection (d) ;

18 (6) by striking out “or the Housing Fund” in the
19 sixth sentence of subsection (d) ; and

20 (7) by striking out the matter in subsection (f) (1)
21 (i) which follows “section 203” and precedes the
22 colon.

23 (e) Section 207 of such Act is amended—

1 (1) by striking out “and section 210” in the first
2 sentence of subsection (d) ;

3 (2) by striking out “of the Housing Insurance
4 Fund issued by the Commissioner under this title” in
5 the first sentence of subsection (d) and inserting in lieu
6 thereof the following: “issued by the Commissioner
7 under any title and section of this Act, except debentures
8 of the Mutual Mortgage Insurance Fund”;

9 (3) by striking out subsections (f), (m), and (p) ;
10 and

11 (4) by striking out “the Housing Insurance Fund”
12 and “the Housing Fund” each place they appear in
13 subsections (b), (h), (i), (j), (k), and (l) and in-
14 serting in lieu thereof “the General Insurance Fund”.

15 (f) Section 209 of such Act is amended by striking out
16 “or account or accounts,” in the second sentence.

17 (g) Section 213 of such Act is amended—

18 (1) by striking out “the Housing Fund” in subsec-
19 tion (a) (3) and inserting in lieu thereof “the General
20 Insurance Fund”; and

21 (2) by striking out “(l), (m), (n), and (p)” in
22 subsection (e) and inserting in lieu thereof “(l), and
23 (n)”.

24 (h) Section 220 of such Act is amended—

25 (1) by striking out “the section 220 Housing

Insurance Fund” each place it appears in subsections (d) (2) and (f) and inserting in lieu thereof “the General Insurance Fund”;

(2) by inserting “and” immediately before “(B)” in the second full sentence in subsection (f) (3), and by striking out “, and (C)” and all that follows in such sentence and inserting in lieu thereof a period;

(3) by striking out subsections (g) and (h) (4); and

(4) by striking out “the section 220 Home Improvement Account” each place it appears in subsections (h) (5) and (h) (7) and inserting in lieu thereof “the General Insurance Fund”.

(i) Section 221 of such Act is amended—

(1) by striking out “the section 221 Housing Insurance Fund” each place it appears in subsections (d) (4), (f), (g) (1), and (g) (3) and inserting in lieu thereof “the General Insurance Fund”;

(2) by striking out all of subsection (g) (2) after “mortgages insured under this section” and inserting in lieu thereof “; or”;

(3) by inserting “and” immediately before “(B)” in the first full sentence in subsection (g) (3), and by striking out “, and (C)” and all that follows in such sentence and inserting in lieu thereof a period; and

1 (4) by striking out subsection (h).

2 (j) Section 222 of such Act is amended—

3 (1) by striking out “Servicemen’s Mortgage In-
4 surance Fund” in subsection (e) and inserting in lieu
5 thereof “General Insurance Fund”; and

6 (2) by striking out subsection (f).

7 (k) Section 229 of such Act is amended by striking out
8 “and Accounts” in the first sentence.

9 (l) Section 231 of such Act is amended—

10 (1) by striking out “the section 207 Housing In-
11 surance Fund” in subsection (c) (4) and inserting in
12 lieu thereof “the General Insurance Fund”; and

13 (2) by striking out “(f), (g), (h), (i), (j), (k),
14 (l), (m), (n), and (p)” in subsection (e) and in-
15 serting in lieu thereof “(g), (h), (i), (j), (k), (l),
16 and (n)”.

17 (m) Section 232 of such Act is amended—

18 (1) by striking out “the section 207 Housing In-
19 surance Fund” in subsection (d) (1) and inserting in
20 lieu thereof “the General Insurance Fund”; and

21 (2) by striking out “(f), (g), (h), (i), (j), (k),
22 (l), (m), (n), and (p)” in subsection (f) and insert-
23 ing in lieu thereof “(g), (h), (i), (j), (k), (l),
24 and (n)”.

25 (n) Section 233 of such Act is amended—

(1) by striking out “the Experimental Housing Insurance Fund” in clause (1) of the third sentence of subsection (f) and inserting in lieu thereof “the General Insurance Fund”;

(2) by inserting “and” immediately before “(2)” in the third sentence of subsection (f), and by striking out “, and (3)” and all that follows and inserting in lieu thereof a period; and

(3) by striking out subsection (g).

(o) Section 234 of such Act is amended—

(1) by striking out “the Apartment Unit Insurance Fund” in subsections (d) (2) and (g) and inserting in lieu thereof “the General Insurance Fund”;

(2) by striking out subsection (h) and inserting in lieu thereof the following:

“(h) The provisions of subsections (d), (e), (g), (h), (i), (j), (k), (l), and (n) of section 207 shall be applicable to mortgages insured under subsection (d) of this section.”; and

(3) by striking out subsection (i) and redesignating subsection (j) as subsection (i).

(p) Section 604 of such Act is amended by striking out “the War Housing Insurance Fund” each place it appears in subsections (c), (d), and (f) (1) (i) and inserting in lieu thereof “the General Insurance Fund”.

1 (q) Section 608 of such Act is amended—

2 (1) by striking out “the War Housing Insurance
3 Fund” each place it appears in subsections (b) (1) and
4 (d) and inserting in lieu thereof “the General Insur-
5 ance Fund”; and

6 (2) by striking out subsection (f) and inserting
7 in lieu thereof the following:

8 “(f) The provisions of section 207 (k) of this Act shall
9 be applicable to mortgages insured under this section, except
10 that, as applied to such mortgages, the reference therein to
11 subsection (g) shall be construed to refer to subsection (c)
12 of this section.”

13 (r) The first sentence of section 609 (f) of such Act is
14 amended by striking out clause (1) and redesignating clauses
15 (2), (3), and (4) as clauses (1), (2), and (3),
16 respectively.

17 (s) Section 707 of such Act is amended by striking
18 out “the Housing Investment Insurance Fund” and insert-
19 ing in lieu thereof “the General Insurance Fund”.

20 (t) Section 708 of such Act is amended by striking out
21 “the Housing Investment Insurance Fund” each place it
22 appears in subsections (c), (e), (g), and (h) and inserting
23 in lieu thereof “the General Insurance Fund”.

24 (u) Section 803 of such Act is amended—

25 (1) by striking out “the Armed Services Housing

Mortgage Insurance Fund” each place it appears in subsections (b) (1), (b) (2), (e), (f), and (g) and inserting in lieu thereof “the General Insurance Fund”; and

(2) by striking out subsection (h) and inserting in lieu thereof the following:

“(h) The provisions of section 207 (k) and section 207 (l) of this Act shall be applicable to mortgages insured under this title and to property acquired by the Commissioner hereunder, except that, as applied to such mortgages and property, the reference in section 207 (k) to subsection (g) shall be construed to refer to subsection (d) of this section.”

(v) Section 809 of such Act is amended by striking out “the Armed Services Housing Mortgage Insurance Fund” each place it appears in subsections (b), (e), and (g) and inserting in lieu thereof “the General Insurance Fund”.

(w) Section 810 of such Act is amended—

(1) by striking out “the Armed Services Housing Mortgage Insurance Fund” in subsection (e) and inserting in lieu thereof “the General Insurance Fund”;

(2) by striking out “(l), (m), (n), and (p)” in subsection (j) and inserting in lieu thereof “(l), and (n)”; and

(3) by striking out the proviso in subsection (j) and inserting in lieu thereof the following: “: *Provided,*

1 That wherever the words ‘Fund’ or ‘Mutual Mortgage
2 Insurance Fund’ appear in section 204, such reference
3 shall refer to the General Insurance Fund with respect
4 to mortgages insured under this section”.

5 (x) Section 903 of such Act is amended by striking
6 out “the National Defense Housing Insurance Fund” each
7 place it appears in subsection (a) and inserting in lieu
8 thereof “the General Insurance Fund”.

9 (y) Section 904 of such Act is amended—

10 (1) by striking out “the National Defense Housing
11 Insurance Fund” each place it appears in subsections
12 (c) and (d) and inserting in lieu thereof “the General
13 Insurance Fund”; and

14 (2) by striking out all of subsection (e) which
15 follows “of this Act” and inserting in lieu thereof a
16 period.

17 (z) Section 908 of such Act is amended—

18 (1) by striking out “the National Defense Housing
19 Insurance Fund” in subsection (b) (1) and inserting in
20 lieu thereof “the General Insurance Fund”;

21 (2) by striking out all of subsection (d) which
22 follows “of this Act” and inserting in lieu thereof a
23 period; and

(3) by striking out subsection (f) and inserting in lieu thereof the following:

“(f) The provisions of section 207(k) and section 207(1) of this Act shall be applicable to mortgages insured under this section and to property acquired by the Commissioner hereunder, except that, as applied to such mortgages and property, the reference therein to subsection (g) shall be construed to refer to subsection (c) of this section.”

(aa) Sections 219, 602, 605, 710, 802, 804, 902, and 905 of such Act are repealed.

SAVINGS AND LOAN ASSOCIATIONS

SEC. 1007. Section 5(c) of the Home Owners' Loan Act of 1933 is amended—

(1) by adding at the end of the first paragraph the following new sentence: “Loans on the security of buildings substantially all of which are used or are to be used after completion for college dormitories, fraternity houses, or sorority houses, or for residential purposes by the staffs of community hospitals, shall be considered as loans on ‘other dwelling units’ for the purposes of this subsection.”;

(2) by inserting before the period at the end of the next to last paragraph (as determined without re-

1 gard to the new paragraphs added by this Act) the
2 following: “: *Provided*, That in any State or area within
3 a State where the Board shall find that a substantial part
4 of the land occupied by or suitable for residential struc-
5 tures is available for purchase only on a leasehold basis,
6 any such association may make a loan on the security of
7 a first lien on the remainder of the term of any such
8 leasehold which extends or is renewable for at least ten
9 years beyond the maturity of such loan”; and

10 (3) by adding at the end thereof (after the new
11 paragraph added by section 201 (b) (3) of this Act)
12 the following new paragraph:

13 “Any building association, building and loan association,
14 or savings and loan association organized and operating
15 under the laws of the District of Columbia shall have the
16 same powers with respect to the investment of its assets
17 as are authorized for Federal savings and loan associations
18 under this subsection, and shall be governed by such regula-
19 tions as the Board may prescribe in relation to the exercise
20 of such powers by Federal savings and loan associations.”

21 URBAN RENEWAL PROJECT IN JOHNSON CITY, TENNESSEE

22 SEC. 1008. Notwithstanding the date of commencement
23 of the installation of certain underground electrical wiring in
24 Johnson City, Tennessee, expenditures made in connection
25 with such installation shall, to the extent otherwise eligible,

1 be counted as a local grant-in-aid to Johnson City's proposed
2 downtown urban renewal project (Tennessee R-80) in ac-
3 cordance with the provisions of title I of the Housing Act of
4 1949.

5 REPAYMENT OF CERTAIN PLANNING GRANTS

6 SEC. 1009. Notwithstanding any other provision of law,
7 no advance made under section 501 of Public Law 458,
8 Seventy-eighth Congress; Public Law 352, Eighty-first Con-
9 gress; or section 702, Housing Act of 1954, Public Law 560,
10 Eighty-third Congress, for the planning of any public works
11 project shall be required to be repaid if construction of such
12 project has been heretofore or is hereafter initiated as a result
13 of a grant-in-aid made from an allocation made by the Presi-
14 dent under the Public Works Acceleration Act.

A BILL

To assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities.

By Mr. DOUGLAS

MAY 11 (legislative day, MAY 10), 1965

Read twice and referred to the Committee on
Banking and Currency

ing persons. It is this decision which motivates the amendment to the act of 1940 herein.

As the law now stands, if an employee of this Agency should serve 2 years in Alaska or Hawaii, this Agency would be obligated by statute and contract to return the employee, his dependents, and his effects to his place of residence in one of the other 49 States. However, should the same employee die after completion of 2 years service in Alaska or Hawaii but before commencing travel to his place of residence, the Agency could not return his remains, although we could return his dependents and his household effects. Finally, and to complete the inconsistency, if a dependent of an employee dies at any time during the employee's service in Alaska or Hawaii, the Agency may return the dependent's remains. For these reasons, we earnestly recommend Congress early and favorable consideration of this corrective legislation.

The Bureau of the Budget has advised that there is no objection from the standpoint of the administration's program to the submission of the proposed legislation to the Congress.

Sincerely,

HAROLD W. GRANT,
Lieutenant General, USAF,
Deputy Administrator.

ALTERATION, MAINTENANCE, AND REPAIR OF CERTAIN GOVERNMENT BUILDINGS AND PROPERTY

Mr. MAGNUSON. Mr. President, by request of the Administrator, Federal Aviation Agency, I introduce, for appropriate reference, a bill to provide for the alteration, maintenance, and repair of Government buildings and property under lease or concession contracts entered into pursuant to the operation and maintenance of Government-owned airports under the jurisdiction of the Administrator of the Federal Aviation Agency, and for other purposes. I ask unanimous consent that the letter from the Administrator be printed in the RECORD.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the letter will be printed in the RECORD.

The bill (S. 1941) to provide for the alteration, maintenance, and repair of Government buildings and property under lease or concession contracts entered into pursuant to the operation and maintenance of Government-owned airports under the jurisdiction of the Administrator of the Federal Aviation Agency, and for other purposes, introduced by Mr. MAGNUSON, by request, was received, read twice by its title, and referred to the Committee on Commerce.

The letter presented by Mr. MAGNUSON is as follows:

FEDERAL AVIATION AGENCY,
Washington, D.C., April 5, 1965.

HON. HUBERT H. HUMPHREY,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: It is requested that the enclosed proposed bill to provide for the alteration, maintenance, and repair of Government buildings and property under lease or concession contracts entered into pursuant to the operation and maintenance of Government-owned airports under the jurisdiction of the Administrator of the Federal Aviation Agency, and for other purposes,

be introduced in the Senate at your earliest convenience.

This proposal would grant specific authority to the Administrator of the Federal Aviation Agency to include in lease or concession contracts, provisions for the maintenance, repair, and alteration of Government buildings and properties by the grantee, lessee, or permittee notwithstanding the provisions of section 321 of the act of June 30, 1932 (47 Stat. 412; 40 U.S.C. 303(b)). That section reads as follows:

"Except as otherwise specifically provided by law, the leasing of buildings and properties of the United States shall be for money consideration only, and there shall not be included in the lease any provision for the alteration, repair, or improvement of such buildings or properties as a part of the consideration for the rental to be paid for the use and occupation of the same. The moneys derived from such rentals shall be deposited and covered into the Treasury as miscellaneous receipts."

The need for specific legislative authority for this purpose stems from a decision of the Comptroller General No. B-125035, dated February 1, 1962, to the Secretary of the Interior. That decision, which was based on an interpretation of the above quoted section, held that Department of the Interior concession agreements were leases within the meaning of section 303(b) and that, therefore, inclusion of provisions in such agreements for the alteration, repair, or improvement of Federal property by the concessioners was unlawful. (Congress removed the impact of this decision as it relates to the Department of the Interior by enactment of Public Law 87-608.)

The Comptroller General's decision has cast doubt upon the validity of some of our lease and concession agreements entered into in connection with the operation of the two Washington airports. Throughout the 23 years of operations at the Washington National Airport this Agency has entered into a number of leases and concession agreements which call for substantial investment by the tenants and concessionaires in improvements, alterations, and repairs to the airport property which they occupy. The same arrangements are used at the new airport. Rates, fees, and charges at the airports are established on the basis of contribution, in varying degrees, of alteration, repair, and improvement by tenants and concessionaires. If such provisions are held invalid and the Agency required to perform these functions, substantial increase in appropriations would be required. It is also possible that the tenants and concessionaires would gain a substantial windfall by being relieved of the obligation to repair, alter, maintain, and improve the property occupied.

Section 303(b), like other sections of the Economy Act, reflects Congress' concern, among other things, that appropriations to the various agencies not be augmented by administrative devices. This policy consideration loses much of its force, however, when applied to revenue producing activities under the control of Government agencies. In its operation of the two Washington airports, it is the responsibility of this Agency to manage the properties in the most efficient and economical manner to the end that the airports are financially self-sufficient. These airports, being essentially business enterprises, require the application of business practices in their management. In business, it is quite common for the lessee to assume responsibility for the alteration, repair, and improvement of the premises. Leased premises are constantly remodeled, altered, or improved to increase the lessee's revenue or meet competition. The lessee, who must make these decisions, is best equipped to carry them out. Furthermore, the administrative overhead costs to the

Government are substantially reduced when responsibility for such work is undertaken by the lessee. Therefore, while the revenue from concessions may be less if repairs and alterations are assumed by the lessee, any loss in revenue will be offset by reduction in the Government's expenditures and other savings in operating costs.

Finally, we believe that placing responsibility upon lessees for the maintenance, repair, and alteration of leased space provides an added incentive for the exercise of greater care by the lessee in the use and treatment of the premises. In the long run, this becomes a significant factor in reducing operating costs and protecting the value of the capital investment.

The Bureau of the Budget has advised that there is no objection from the standpoint of the administration's program to the submission of this proposed legislation to the Congress.

Sincerely,

N. E. HALABY,
Administrator.

HOUSING AND URBAN DEVELOPMENT ACT OF 1965

Mr. DOUGLAS. Mr. President, I have been requested to introduce, for the consideration of the Senate Banking and Currency Committee, the 1965 omnibus housing bill as reported out by the Housing Subcommittee of the House Committee on Banking and Currency. While I do not necessarily agree with every detail in the House subcommittee bill, I believe it does offer several notable improvements over the administration's original proposal which I joined in co-sponsoring. I am therefore introducing the House subcommittee bill so that the Senate may consider it as a possible alternative.

Perhaps the most notable feature of the House subcommittee bill is the removal of the income floor on the proposed rent supplement plan. As originally proposed, rent subsidies would be paid to moderate-income families whenever their rent exceeded a specified percentage of their income. However, the plan would be limited to those whose incomes were too high for public housing. As the hearings before the Senate Banking and Currency Committee brought out, this would exclude most people with incomes under \$3,000 even though this is the very group with the most desperate need for such assistance. I support the removal of the income floor in the House subcommittee bill and I will do all I can to see that this feature is incorporated in the Senate bill.

Another desirable feature of the House subcommittee bill is the continuation of the below-market-rate loan insurance program for middle-income housing. While the administration had indicated a possible intention to phase out this program, the hearings before both committees demonstrated wide support for expanding it. I believe the 3-percent ceiling on the rate of interest as specified in the House subcommittee bill will make this program even more effective, although there may be other ways of achieving a lower rate than the bill indicates.

I was also glad to see the broad bipartisan support for the housing bill

shown by members of the House Subcommittee on Housing. Only one Republican voted against the revised bill.

Mr. President, I ask unanimous consent that a section-by-section summary of this revised housing bill may be inserted in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the section-by-section analysis will be printed in the RECORD.

The bill (S. 1942) to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities, introduced by Mr. DOUGLAS, was received, read twice by its title, and referred to the Committee on Banking and Currency.

The section-by-section analysis presented by Mr. DOUGLAS is as follows:

SECTION-BY-SECTION SUMMARY OF THE HOUSING AND URBAN DEVELOPMENT ACT OF 1965

The first section provides that the bill may be cited by its short title—the "Housing and Urban Development Act of 1965".

TITLE I—HOUSING FOR DISADVANTAGED PERSONS

Section 101. Financial assistance to enable certain private housing to be available for lower income families who are elderly, handicapped, displaced, or occupants of substandard housing: This section authorizes the Housing Administrator to undertake and carry out a program of rent supplement payments to help make housing available to individuals and families who are unable to obtain standard private housing. The Administrator would establish income ceilings for each community, taking into account family size, and the income ceiling could not exceed four times the minimum rent required to occupy decent private housing. In addition, eligibility for the program would be limited to the elderly, the handicapped, those displaced by governmental action, and those living in substandard housing.

The Administrator could contract with private nonprofit organizations, limited dividend organizations, or cooperatives to pay them rent supplements where they provide housing financed with FHA section 221 market interest rate insured mortgages. The maximum term of a rent supplement contract would be 40 years, and the payments would be limited to the amount by which the fair market rental of the dwelling unit involved exceeds one-fourth of the tenant's income.

The aggregate amount of rent supplement payments that could be contracted for could not exceed amounts approved in appropriation acts nor \$50 million per annum, but this limitation would be increased by \$50 million on July 1 of each of the years 1966, 1967, and 1968.

The Administrator would certify to the project sponsor the basic facts needed to establish eligibility of tenants, and would recertify tenant incomes at least every 2 years thereafter (except in the case of elderly tenants) so as to permit the adjustment of rental charges and supplement payments under the program on the basis of tenants' income. The Administrator could enter into agreements, or authorize sponsors under the program to enter into agreements, with public or private agencies to provide for the services required in the selection of qualified tenants. The Administrator would be directed to report to the Congress on or before January 1, 1968, with respect to operations under the new program. (H.R. 5840, as amended.)

Section 102. Extension of FHA section 221 programs; modification of interest rate; pooling of mortgages for sale: Subsection (a) extends for 4 years (to Oct. 1, 1969) FHA's authority to insure mortgages under its section 221 programs of housing for moderate income families. These include the sales housing program under subsection (d) (2), the market rate and below market rate rental housing programs for nonprofit mortgagors under subsection (d) (3), and the rental housing program for profitmaking mortgagors under subsection (d) (4). (H.R. 5840.)

Subsection (b) places an interest rate ceiling of 3 percent (or the rate derived under the existing formula, if lower) on mortgages which may be insured by FHA under the section 221(d) (3) below market interest rate program. (The rate is now 3½ percent and will rise to 4 percent or higher on June 30, 1965.) (H.R. 6501.)

Subsection (c) would authorize FNMA to set up a pooling arrangement for section 221 (d) (3) below market interest rate mortgages to substitute private financing for a substantial portion of the amount of such mortgages, thereby reducing the budget impact. This subsection would authorize appropriations to reimburse FNMA where section 221 (d) (3) below market interest rate mortgages are included in any trust under FNMA's program of pooling mortgages and selling participations therein, for the differential between its total outlay for interest and its total receipts from such mortgages.

Section 103. Low-rent housing in private accommodations: This section amends the U.S. Housing Act of 1937 to provide a new form of low-rent housing, utilizing existing privately owned housing to supplement the units provided in low-rent housing projects under the existing program.

Each local public housing agency would conduct a continuing survey and listing of the available privately owned dwelling units within the area under its jurisdiction which provide decent, safe, and sanitary dwelling accommodations and are (or can be made) suitable for use as "low-rent housing in private accommodations" under the new program. The owners of housing so listed would be notified from time to time of the anticipated need for dwelling units to be used under the new program, and invited to make their units available for such purpose. (Not more than 10 percent of the units in any single structure could be used in the program, except in the case of buildings with small numbers of units or in other cases determined by the local agency.)

If the local agency finds that units offered in response to such an invitation are (or can be made) suitable for use in the new program, it may approve such units for use as low-rent housing in private accommodations and enter into a contract (having a term of from 1 to 3 years, renewable) with the owner for their use in the program. Each such contract would make the selection of tenants for the units involved a function of the owner of the property subject to the contract between the local agency and PHA, would provide for the negotiation of the rentals by the local agency and the owner (using standards applicable to units in low-rent housing projects), and would contain other appropriate terms and conditions.

Payments under the new program to housing owners would be made from funds generally authorized for annual contributions to low-rent housing; in any case such payments would be limited to the amount of the annual contributions payable for a newly constructed project offering comparable accommodations.

PHA would be directed to report to the Congress on or before January 1, 1968, with respect to operations under the new program. (H.R. 6501.)

Section 104. Low-rent public housing:

Subsection (a) amends section 10(e) of the United States Housing Act of 1937 to increase by \$47 million immediately, and by an additional \$47 million in each of the years 1966 through 1968, the existing limit on the aggregate amount of contracts for annual contributions which may be entered into by PHA under the low-rent housing program. This increase would provide about 60,000 additional units of low-rent housing annually, to be available both for conventional low-rent housing projects and for the new approaches to low-rent housing contained in the bill (purchase, purchase and rehabilitation, lease and low-rent housing in private accommodations). (H.R. 5840.)

Subsection (b) would provide an alternative formula for computing annual contributions in the case of low-rent housing provided through the purchase, purchase and rehabilitation, or lease of privately owned existing dwelling units. Under the alternative formula a maximum dollar amount (based on the fixed annual contribution otherwise established for a newly constructed housing project offering comparable facilities) could be established as the annual contribution for a purchased or leased unit, thus permitting the acquisition, or acquisition and rehabilitation, of structures over whatever period may be appropriate, as well as the leasing of units for short-term use in meeting particular needs. (H.R. 5840.)

Subsection (c) would establish parity of treatment between handicapped families and elderly families for low-rent housing purposes, thereby extending to handicapped families all of the various special provisions in the act (for example, increased room cost limits in the case of low-rent housing designed specifically for the families involved, and the special contribution of \$120 per unit per year for dwelling units occupied by them) presently available to the elderly. (H.R. 5840.)

Subsection (d) would eliminate the existing requirement that there be a 20-percent gap between the upper rental limits for admission to a low-rent housing project and the lowest rents at which private enterprise is providing a substantial supply of standard housing. Previous laws have already eliminated the 20-percent-gap requirement for the displaced and the elderly.

Section 105. Direct loans to provide housing for the elderly or handicapped: This section would extend the program of direct loans for housing for the elderly under section 202 of the Housing Act of 1959 for 4 years by removing the dollar ceiling on the authorization for appropriations and in place of it providing that no loans can be made under the program after October 1, 1969. (H.R. 6501.)

In addition, a ceiling of 3 percent (or the amount derived under the existing formula, if lower) would be placed on the interest rate applicable to loans under the program. (Under existing law, the interest rate is the higher of 2½ percent or the rate derived under the formula. The latter is currently 3½ percent and would rise to 4 percent on June 30, 1965.) (H.R. 6501.)

Section 106. Rehabilitation grants to homeowners in urban renewal areas: This section adds a new section 115 to title I of the Housing Act of 1949 (the urban renewal program) to authorize the use of urban renewal capital grant funds for grants to low-income homeowners in an urban renewal area to cover the cost of residential repairs and improvements which are necessary in order to comply with applicable housing codes or other requirements of the urban renewal program.

A rehabilitation grant under the new section 115 may cover the actual cost of the repairs and improvements involved up to a maximum of \$1,500; except that if the homeowner's income exceeds \$2,000 a year, the grant would in any case be limited to the

portion of such cost which cannot be paid for with any available loan that can be amortized without requiring the homeowner's housing expense to exceed 25 percent of his monthly income.

Outstanding contracts under the urban renewal program may be amended to include rehabilitation grants under the new section 115. (H.R. 5840, as amended.)

TITLE II—FHA INSURANCE OPERATIONS

Section 201. Land development: This section would amend the National Housing Act by adding a new title X to authorize a new program of FHA mortgage insurance for land improvement and site development.

FHA would be authorized to insure mortgages to finance acquisition of land and the installation of improvements such as water and sewer lines, streets, curbs, sidewalks, and storm drainage facilities. The new program is designed to help developers to obtain financing on reasonable terms in order to improve their subdivision sites. The FHA Commissioner would be required to give small builders an opportunity to participate in the program and in projects financed with this aid.

The maximum mortgage for a single land insurance undertaking could not exceed \$12,500,000. The mortgage maximum would be limited to 50 percent of the Commissioner's estimate of value of the land before development plus 90 percent of his estimate of the cost of such development, subject to an overall ceiling of 75 percent of the value upon completion.

The maximum maturity of the mortgage would be limited to 7 years and the Commissioner would be authorized to prescribe maximum interest rates and premium charges.

To be eligible, the mortgage would have to represent a good mortgage insurance risk in the Commissioner's estimation, and the development would have to be consistent with sound land use patterns and consistent with comprehensive planning being carried on for the area in which the land is situated. It would also have to be served by such shopping, school, recreational, transportation, and other facilities as the Commissioner deems adequate or necessary.

Cost certification would be required to assure that the amount of the mortgage loan outstanding at reasonable intervals during construction does not exceed the maximum loan ratios described above.

The section includes amendments which would make the new land insurance mortgages eligible for FNMA's regular secondary market program, and also would make them eligible investments for national banks and Federal savings and loan associations.

No mortgage could be insured under the new program after October 1, 1969, except pursuant to a commitment to insure issued before that date. (H.R. 5840, as amended.)

Section 202. Extension of insurance authorizations: This section continues for 4 years, until October 1, 1969, FHA's authority to insure (and to make commitments to insure) property improvement loans and housing mortgages under all of its programs (except the sec. 221 program of mortgage insurance for low- and moderate-income families which would be continued for 4 years by sec. 102 of the bill, discussed above). (H.R. 5840.)

Section 203. Multifamily mortgage limits for four or more bedroom units: This section amends FHA's multifamily housing program (secs. 207, 213, 220, 221, 231, and 234 of the National Housing Act) to increase the dollar limitation on the amount of an insurable mortgage in the case of dwelling units having four or more bedrooms. The amount of the increase would range from \$2,250 to \$2,500 per family unit. No change would be made in the existing limits for dwelling units having less than four bedrooms. (H.R. 5840.)

Section 204. Rehabilitation in urban renewal areas: This section amends section 220 of the National Housing Act (FHA's urban renewal housing program) to increase the maximum amount of an insurable mortgage in a case where the mortgagor is not the occupant of the property but intends to hold it for rental purposes from 85 percent of the amount which an owner-occupant could receive to 93 percent of such amount. The existing 85-percent limit would continue to apply where the nonoccupant mortgagor intends to hold the property for sale rather than rental. Where refinancing is involved, existing indebtedness for improvement of the property could be included in the computation of the mortgage amount whether or not the indebtedness is secured by a mortgage against the property. (H.R. 5840.)

Section 205. Nondwelling facilities for urban renewal housing: This section amends section 220 of the National Housing Act (FHA's urban renewal housing program) to expand the class of nondwelling facilities which may be included in a project financed with a section 220 mortgage. Under the amendment, such a project could include such nondwelling facilities which will contribute to the project's economic feasibility as the Commissioner deems desirable and consistent with the urban renewal plan, so long as the project is predominantly residential. (Under existing law only such nondwelling facilities as are needed to serve the occupants of the project and of other housing in the neighborhood would be included.) (H.R. 5840.)

Section 206. Larger insured mortgages for servicemen: This section amends section 222 of the National Housing Act (FHA mortgage insurance for servicemen) to increase the maximum mortgage amount from \$20,000 to \$30,000 (the ceiling established for sec. 203 single-family home loans in the Housing Act of 1964). (H.R. 5840.)

Section 207. Refinancing of insured mortgages: This section amends section 223 of the National Housing Act to give FHA the authority to insure mortgages executed for the purpose of refinancing existing mortgages insured under any of FHA's programs; this authority is now available only for mortgages insured under sections 220, 221, 903, 908, and (in certain cases) 608. (H.R. 5840.)

Section 208. Consolidation of FHA insurance funds: This section adds to title V of the National Housing Act a new section 519, providing for the consolidation into a single general insurance fund of all of FHA's existing insurance funds except the mutual mortgage insurance fund, which would continue without change in its present coverage of section 203 mortgages (although sec. 203(k) home improvement loans would be transferred to the new fund). The only other FHA-insured mortgages not covered by the new general insurance fund would be the section 213 cooperative housing mortgages which would be the obligation of the new cooperative management housing insurance fund established by section 209 of the bill (discussed below). (H.R. 5840, as amended.)

Section 209. Mutuality for management-type cooperatives: This section amends section 213 of the National Housing Act to place FHA's mortgage insurance program for management-type cooperatives on a mutual basis. (Sales-type cooperatives would not be included, nor would projects built for sale to cooperatives unless actually so sold.) A new cooperative management housing insurance fund would be created with funds transferred from the general insurance fund (established by sec. 208 of the bill), with a general surplus account and a participating reserve account to which income or loss would be appropriately credited or charged. Cooperative mortgages heretofore insured and transferred to the new fund, as well as cooperative mortgages insured in the future,

would be eligible for mutuality. (Messrs. MULTER, FINO, HALPERN.)

Section 210. Optional cash payment of insurance benefits: This section adds to title V of the National Housing Act a new section 520, authorizing the FHA Commissioner in his discretion to pay either in cash or in debentures any insurance claim filed by a mortgagee under any of FHA's programs after the enactment of the bill. (Under existing law payment must be in debentures, except in the case of mortgages insured under secs. 220, 221, and 233 after the enactment of the 1961 Housing Act and loans insured under sec. 203(k) after the enactment of the 1964 act.) The Commissioner could obtain the funds for these cash payments by borrowing from the Treasury. (H.R. 5840.)

Section 211. FHA mortgage financing for veterans: This section amends section 203(b)(2) of the National Housing Act (FHA's regular residential mortgage insurance program) to provide special liberal terms for veterans who have not received benefits under VA housing programs. For these veterans no downpayment would be required on the first \$20,000 of value and 15 percent would be required as a downpayment on any amount above \$20,000 up to the existing FHA ceilings. (H.R. 6501.)

Section 212. Mortgage limit for homes in outlying areas under FHA section 203(i) program: This section amends section 203(i) of the National Housing Act to increase from \$11,000 to \$12,500 the dollar limit on the amount of a mortgage which can be insured under the FHA program of mortgage insurance for low-cost housing in outlying areas. (H.R. 6501, as amended.)

TITLE III—URBAN RENEWAL

Section 301. Study of housing and building codes, zoning, tax policies, and development standards: This section directs the HHFA Administrator to conduct a study of housing and building laws, codes, standards, and regulations, zoning and land use laws, codes, and regulations, and Federal, State, and local tax policies, for the purpose of determining how local property owners and private enterprise can be encouraged to serve as large a part of the total housing and building need as they can and how governmental assistance can be so directed as to enable them to serve a larger part of such need. The Administrator would submit a report based on such study to the President and the Congress within 18 months. (H.R. 6501.)

Section 302. General neighborhood renewal plans: This section amends section 102(d) of the Housing Act of 1949 to permit a general neighborhood renewal plan to cover adjoining areas as well as the urban renewal area itself, thereby eliminating the present requirement that the whole area covered by a general neighborhood renewal plan be an urban renewal area, and authorizes such a plan even though the area involved includes subareas which are not themselves so blighted or deteriorated as to require urban renewal treatment. (H.R. 5840, as amended.)

Section 303. Increase in authorization for capital grants: This section amends section 103(b) of the Housing Act of 1949 to increase the aggregate amount of capital grants which the HHFA Administrator may make under the urban renewal program. At present this amount is \$4,725 million, including \$25 million for mass transportation demonstration grants which is eliminated by the bill; the resulting \$4,700 million would be increased by \$675 million on the enactment of the bill, by \$725 million on July 1, 1966, and by \$750 million on July 1 in each of the years 1967 and 1968. (H.R. 5840.)

Section 304. Use of grant funds in code enforcement and rehabilitation projects: This section amends section 110(c) of the Housing Act of 1949 to earmark at least 10 percent of the aggregate amount of the additional capital grant authority provided by section 303

of the bill and subsequent acts, and rehabilitation loans under section 312 of the Housing Act of 1964, for projects which involve primarily code enforcement and rehabilitation. (H.R. 6501, as amended.)

Section 305. Strengthened workable program requirement: This section would strengthen the workable program requirement of section 101 of the Housing Act of 1949 to assure that such programs are sufficiently extensive and detailed to prove the need for individual urban renewal projects, and further requires that the Administrator determine that individual projects are in accord with the workable program. (H.R. 5840, as amended.)

Section 306. Rehabilitation loans: This section would extend the program of direct loans for rehabilitation created by the Housing Act of 1964 for 4 years by removing the ceiling on the authorization for appropriations and in its place providing that no loan under the program may be made after October 1, 1969 (H.R. 6501).

Section 307. Lease guarantees for small business concerns displaced by urban renewal projects: This section amends the Small Business Act to authorize the Small Business Administration to assist small business concerns which have been displaced by urban renewal projects in obtaining leases of property, by insuring the owner or lessor of such property against any losses which might be sustained as a result of the small business concern's failure to perform the lease according to its terms. The lease could not be for a term of more than 10 years, and the small business concern would have to satisfy the Administrator that it is financially sound and efficiently managed and will perform the lease according to its terms.

An insurance fund would be established for carrying out the new lease guarantee program, with \$5 million authorized from SBA's revolving fund to provide initial capital. Premiums for the insurance would be fixed by SBA, with a maximum premium equivalent to 1 percent of the annual (or minimum) rental payable under the lease (H.R. 6501, as amended; Mr. HARVEY.)

Section 308. Relocation of displacees from urban renewal areas: This section amends section 105(c) of the Housing Act of 1949 in order to expand and implement the existing requirement that there be a feasible method for the temporary relocation of persons displaced from an urban renewal area, and the requirement that there be a relocation assistance program designed to determine the needs of displacees, provide information and aid in minimizing the hardships of displacement, and coordinate relocation activities with other governmental activities in the community. (H.R. 6501, as amended.)

Section 309. Redevelopment in accordance with urban renewal plan: This section amends section 106 of the Housing Act of 1949 to require, as a condition of entering into any urban renewal contract with a local public agency, that such agency demonstrate that its projects theretofore assisted under the urban renewal program have been or will be undertaken and carried out in accordance with the applicable urban renewal plan and the contracts covering such projects. (H.R. 6501, as amended.)

Section 310. Limitation on noncash grant-in-aid credit allowed for publicly owned parking facilities: This section amends section 110(d) of the Housing Act of 1949 to provide that publicly owned parking facilities provided by a locality in connection with the redevelopment of the area can be counted as local grants-in-aid under the urban renewal program only to the extent that the cost of such facilities is not anticipated to be recovered out of the revenues therefrom. (H.R. 6501.)

Section 311. Eligibility of communities in depressed areas for urban renewal assistance: This section would eliminate the

150,000 population limit on eligibility for three-fourths urban renewal grants in depressed communities (those eligible for assistance under sec. 5(a) of the Area Redevelopment Act). (Mr. ST. GERMAIN.)

Section 312. Local grants-in-aid for urban renewal project in Philadelphia: This section makes certain expenditures by the University of Pennsylvania for land acquisition and demolition eligible as local grants-in-aid for purposes of urban renewal project Pennsylvania 5-3 (University City). (Mr. BARRETT.)

TITLE IV—COMPENSATION OF CONDEMNNEES (H.R. 6501, as amended)

Section 401. Declaration of policy: This section establishes a uniform Federal land acquisition policy for real property acquired in federally assisted housing and urban development programs.

Section 402. Definitions: This section defines various terms used in the new title IV. "Development programs" would include most of the housing, clearance, and rehabilitation programs in which the United States provides financial assistance to local agencies in their acquisition of real property. "Federal assistance" would include grants, loans, guarantees, and annual contributions. An "applicant" would be a public or non-profit agency or institution which receives Federal assistance under a development program. An "interest" would be any interest in real property, including future, non-possessory, and leasehold interests. "Real property" would mean land and interests in land, buildings, and fixtures, and articles specially adapted to the use of the property which are not economically capable of use elsewhere.

Section 403. Land acquisition policy: This section conditions Federal assistance under any development program on the applicant's satisfying the Housing Administrator that he will meet certain requirements in acquiring land by eminent domain in the course of such program. The applicant would try to acquire real property by negotiation, and before negotiating (1) would appraise the property, permitting the owner to accompany the appraiser; and (2) would offer the owner a price established by the applicant as fair. In partial takings the applicant would provide the owner with an estimate of the fair market value of the whole property before the remaining property after the acquisition, of the value of the property acquired, and of damages and benefits to the remaining property. Before an owner surrenders possession of his property, the applicant would have to give him 90 days' notice and (1) pay him the negotiated purchase price, or (2) in any case where only the amount of the payment to the owner is in dispute, pay him not less than 75 percent of the most recent fair and reasonable price. Rents charged persons temporarily occupying property acquired by the applicant could not exceed the fair rental value of the premises for the period to be occupied, as determined by the applicant. Applicants could not try to lower the price of acquired property by advancing or deferring condemnation or withholding compensation, and could not leave owners with uneconomic remnants of land. The applicant would be required to take into account human considerations in setting project boundaries.

Section 404. Relocation payments under federally assisted programs: Subsection (a) would extend the relocation payments authorized by section 114 of the Housing Act of 1949 to families, individuals, and business firms displaced by college housing under title IV of the Housing Act of 1950, housing for the elderly under section 202 of the Housing Act of 1959, public facilities financed under title II of the Housing Amendments of 1955, and the open space program under title VII of the Housing Act of 1961. These

payments are now made to persons displaced by urban renewal and public housing.

Subsection (b) would raise the amount of the relocation payment to displaced small business firms (authorized by the Housing Act of 1964) from \$1,500 to \$2,500.

Subsection (c) would authorize reimbursement of the local agency for the payment of certain costs involved in the transfer of real property to the public body or other recipient of Federal aid. To the extent that they would otherwise be borne by the seller, payment would be authorized to cover (1) recording fees, transfer taxes, and similar expenses, (2) mortgage prepayment penalties, and (3) the pro rata portion of taxes covering a period after transfer of title.

Subsection (d) provides that these provisions become effective upon the date of enactment of the bill.

Section 405. Funds for certain payments in eminent domain: This section makes a technical amendment.

TITLE V—COLLEGE HOUSING

Section 501. Increase in authorization for college housing loans: This section amends the Housing Act of 1950 (the college housing loan program) to increase the total amount authorized for college housing loans (presently \$2,875 million) by \$300 million on July 1 in each of the years 1965 through 1968, for a total increase of \$1,200 million. (H.R. 6501.)

Section 502. Interest rate on college housing loans: This section amends the 1950 act to place a ceiling of 3 percent (or the amount derived under the existing formula, if lower) on the interest rate applicable to college housing loans. (Under existing law, the interest rate is the higher of 2½ percent or the rate derived under the formula. The latter is currently 3¼ percent and will rise to 4 percent on June 30, 1965.) (H.R. 6501.)

Section 503. Parking facilities for colleges and universities: This section would amend the college housing loan program to make parking facilities for faculty and students eligible for these loans.

TITLE VI—COMMUNITY FACILITIES (H.R. 5840, as amended)

Section 601. Purpose: This section states that the purpose of title VI of the bill is to assist and encourage the Nation's communities in (1) the construction of adequate basic water and sewer facilities needed to promote efficient and orderly growth and development, and (2) the construction of neighborhood facilities for programs of necessary social services.

Section 602. Grants for basic water and sewer facilities: This section would authorize the HHFA Administrator to make grants (up to 50 percent of development cost) to local public bodies and agencies for the construction of basic public water and sewer facilities.

No such grant could be made unless the project is necessary to orderly community development and is designed so that an adequate capacity will be available to serve the reasonably foreseeable growth needs of the area. Further, no such grant may be made unless the project is consistent with a program for a unified or officially coordinated areawide water or sewer facilities system as part of the comprehensively planned development of the area; except that prior to July 1968 such a grant could be made if a program for an areawide system is under active preparation but not yet completed, provided the project for which assistance is sought is urgently needed and can reasonably be expected to be required as part of such program.

Section 603. Grants for neighborhood facilities: This section would authorize the Administrator to make grants (up to 66⅔ percent of development cost, or 75 percent in the case of projects located in depressed areas designated under sec. 5 of the Area Redevelopment Act) to local public bodies and

agencies for the construction of neighborhood facilities which are (1) necessary for carrying out a program of health, recreational, social, or similar community services (including a community action program under the Economic Opportunity Act of 1964); (2) consistent with comprehensive planning for the development of the community; and (3) so located as to be available for use by a significant portion or number of the area's low- or moderate-income residents.

A neighborhood facility constructed with such a grant could not be converted to other uses for a period of 20 years, without the Administrator's approval. Priority would be given to projects designed primarily to benefit members of low-income families or otherwise substantially further the objectives of a community action program under the Economic Opportunity Act of 1964.

Section 604. General provisions: This section confers upon the Administrator the usual functions, powers, and duties, and authorizes him to make advance or progress payments on account of any grant made under the program.

Section 605. Definitions: This section defines various terms used in the new title VI. (The term "development cost" would mean the costs of the construction of the facility and the land on which it is located, including necessary site improvements to permit its use as a site for such facility.)

Section 606. Labor standards: This section makes applicable to construction work financed with assistance under sections 602 and 603 the prevailing wage standards of the Davis-Bacon Act, and the authority generally available to the Secretary of Labor with respect to the enforcement of such standards.

Section 607. Appropriations; termination of program: Subsection (a) authorizes the appropriation of the funds necessary to carry out the new title VI, and provides that all funds so appropriated will remain available until expended.

Subsection (b) provides a cutoff date of October 1, 1969, for the title VI program.

TITLE VII—FEDERAL NATIONAL MORTGAGE ASSOCIATION

Section 701. Increase in FNMA special assistance authority: Subsection (a) amends section 305(c) of the National Housing Act to increase the amount of special assistance which the President can authorize FNMA to provide for housing and community development (presently \$1,700 million) by \$100 million on the enactment of the bill, by \$450 million on July 1, 1966, by \$550 million on July 1, 1967, and by \$525 million on July 1, 1968 (for a total increase of \$1,625 million). (H.R. 5840, as amended.)

Subsection (b) would provide for the transfer to and merger with FNMA's regular special assistance authority of the balance (approximately \$220 million) of the amount of special assistance authorized for housing for the military, NASA, and AEC financed with FHA title VIII insured mortgages. (H.R. 5840.)

Section 702. Increase in limitation on mortgages for dwelling units having four or more bedrooms: This section amends section 302(b) of the National Housing Act to increase the maximum amount of a mortgage which FNMA can buy in its special assistance program from \$17,500 to \$20,000 per dwelling unit in the case of dwelling units having four or more bedrooms. (Mr. Reuss.)

TITLE VIII—OPEN-SPACE LAND AND URBAN BEAUTIFICATION AND IMPROVEMENT (H.R. 5840, as amended)

Section 801. Change in name of program; findings and purpose: This section changes the name of the existing open-space land program (title VII of the Housing Act of 1961) so that it will include a reference to "urban beautification and improvement,"

thus reflecting the proposed new program of grants for urban beautification and improvement (described below). It would also expand the existing statement of congressional findings and purpose so as to reflect the need for this new program as well as the proposed new program (also described below) to provide open-space land in built-up urban areas.

Section 802. Increased grant level for preservation of open-space land: This section increases from 20 to 30 percent of the land acquisition cost (and from 30 to 40 percent of such cost in cases to which the higher rate is applicable) the maximum amount of any grant which may be made under the existing title VII program for the preservation of open-space land.

Section 803. Substitution of appropriation authority for grant contract authority: This section would eliminate the present \$75 million contract authority for grants under title VII of the 1961 act and substitute authority for the appropriation of such amounts (without dollar limit) as may be necessary to carry out the title. This authorization would apply to all aspects of the open-space program in the existing title VII as well as to the two proposed new grant programs discussed below. The bill also provides a cutoff date of October 1, 1969, for the programs under title VII of the 1961 act.

Section 804. Grants for provision of open space land in built-up urban areas: This section adds to title VII of the 1961 act a new section 705, authorizing the HHFA Administrator to make grants to States and local public bodies to assist them in the acquisition of developed land in built-up portions of urban areas for clearance and use as open-space land. Grants for this purpose (which could not exceed \$500,000 or 40 percent of the acquisition and demolition cost) could be made only where adequate open-space land cannot effectively be provided through the use of existing undeveloped land and the proposed acquisition is important to the comprehensively planned development of the locality. Such grants could include relocation payments for individuals, families, business concerns, and nonprofit organizations displaced by projects assisted under the title VII programs.

Section 805. Grants for urban beautification and improvement: This section adds to title VII of the 1961 act a new section 706, authorizing the Administrator to make grants to States and local public bodies to assist in carrying out local programs (utilizing all available public and private resources for the beautification of the land involved, and important to the comprehensively planned development of the locality) for the greater use and enjoyment of open-space and other public land in urban areas. Such a grant could not exceed 40 percent of the amount by which the community's activities under the program during any fiscal year exceeds its usual expenditures for comparable activities; except that up to \$5 million of the available funds could be used in making 100-percent grants for activities determined by the Administrator to have special value in developing and demonstrating new and improved methods and materials for urban beautification and improvement.

Section 806. Labor standards: This section adds to title VII of the 1961 act a new section 707, making applicable to construction work financed with assistance under such title the prevailing wage standards of the Davis-Bacon Act (and the usual time-and-a-half overtime provisions), along with the authority generally available to the Secretary of Labor with respect to the enforcement of such standards and provisions.

Section 807. Use of funds for studies and publication: This section permits the Administrator to use open-space grant appropriations (up to \$100,000 per year) for undertaking and publishing open-space surveys

and other studies in connection with title VII activities. (Under existing law such studies and publications must be financed through separate appropriations.)

Section 808. Conforming amendments: This section makes necessary technical and conforming amendments in various provisions of title VII of the 1961 act to reflect the inclusion of the two new grant programs.

TITLE IX—RURAL HOUSING (H.R. 5840, as amended)

Section 901. Loans for previously occupied buildings and minimum site acquisition: This section amends section 501 of the Housing Act of 1949 to authorize the Secretary of Agriculture to make loans to farmers and rural residents for the purchase of previously occupied dwellings and related facilities and farm service buildings and for minimum adequate building sites.

Section 902. Interest rate on direct rural housing loans: This section amends section 502(a) of the Housing Act of 1949 to increase to 5 percent the maximum interest rate on direct loans under section 502, except for loans to elderly persons in accordance with section 501(a)(3) and loans in accordance with sections 503 and 504, which would remain at 4 percent. It would also authorize the Secretary to charge fees on all title V loans.

Section 903. Insured rural housing loans: Subsection (a) of this section adds to title V of the Housing Act of 1949 two new sections (517 and 518).

The new section 517 would authorize the Secretary of Agriculture to insure loans, and make loans to be sold insured, in accordance with section 502; except that such loans to persons of low or moderate income would bear interest not above 5 percent and be limited to adequate housing modest in size, design, and cost and to an aggregate of \$300 million per year, and such loans to other persons would be made at rates and charges comparable to those in effect under FHA's section 203 program. To assure the marketability of these loans to private investors within the interest ceiling set by this section, it is further provided that the Secretary may enter into a repurchase agreement with the investor but in no event could the agreement be for less than 5 years.

The new section 517 would also establish a new rural housing insurance fund to finance insured section 502 loans and to be utilized by the Secretary for various specified purposes. The new fund would be used in lieu of the agricultural credit insurance fund for section 514 domestic farm labor housing and section 515(b) elderly rental housing loans. Loans made out of the fund and held unsold could not exceed \$100 million at any one time. The Secretary would be authorized to borrow from the Treasury to meet loan insurance obligations and to make other authorized expenditures from the fund.

The new section 518 would establish a rural housing direct loan account, and would transfer to such account all rural housing direct loans made under sections 502, 503, 504, and 515(a) of the 1949 act, all collections therefrom, and any funds available from appropriations or Treasury borrowings for such loans. Amounts transferred to the account and such further amounts as may be appropriated would be available for making loans under the above sections and for making repayments to the Treasury.

Subsection (b) of section 903 of the bill amends section 511 of the Housing Act of 1949 to extend for 4 years (to October 1, 1969) the unused balance (approximately \$101 million) of the existing borrowing authority under section 511, and to remove the existing special reservation of \$50 million exclusively for loans to elderly persons in accordance with section 501(a)(3).

Section 904. Federal National Mortgage Association secondary market operations for insured rural housing loans: This section amends title III of the National Housing Act to authorize FNMA to purchase loans insured under the new provisions of title V of the Housing Act of 1949 in its secondary market operations.

Section 905. Extension of rural housing authorizations: This section amends title V of the Housing Act of 1949 to extend for 4 years (to October 1, 1969) the authority of the Secretary of Agriculture to make section 503 loan contribution commitments, the authority for appropriations to finance assistance under sections 504(a), 504(b), 506, and 516, and the authority of the Secretary to make section 515(b) rental housing loans for elderly persons. It would also increase from \$10 to \$50 million the total amount of appropriations authorized for section 516 assistance to provide low-rent housing for domestic farm labor, and would extend the construction standards and technical services provisions of section 506(a) to operations under the new provisions added to title V by the bill.

Section 906. Payment of interest to the Treasury on appropriations for rural housing loans: This section adds to title V of the Housing Act of 1949 a new section 519, directing the Secretary of Agriculture to pay into miscellaneous receipts of the Treasury any surpluses from the new rural housing insurance fund or the new rural housing direct loan account. It would also provide for payment to the Treasury of interest on any portions of future appropriations to such fund or account for the purpose of making loans until returned to miscellaneous receipts.

TITLE X—MISCELLANEOUS

Section 1001. Authorization for urban planning grants: This section amends section 701 of the Housing Act of 1954 to eliminate the existing \$105 million ceiling on the total amount authorized to be appropriated for urban planning grants thereunder. It also provides a cutoff date of October 1, 1969, for the urban planning grant program. (H.R. 5840, as amended.)

Section 1002. Authorization for Federal-State training programs: This section amends section 802 of the Housing Act of 1964 to eliminate the existing \$10 million ceiling on the total amount authorized to be appropriated for grants to States for the Federal-State training program under part 1 of title VIII of such act. It also provides a cutoff date of October 1, 1969, for the program. (H.R. 5840, as amended.)

Section 1003. Authorization for public works planning advances: This section amends section 702 of the Housing Act of 1954 to eliminate the existing ceiling on the total amount which may be appropriated for advances under the 1954 planning advance program. It also provides a cutoff date of October 1, 1969, for the program. (H.R. 5840, as amended.)

Section 1004. Advisory committees—Technical provision: This section eliminates from section 601 of the Housing Act of 1949 (relating to HHFA advisory committees) a provision which has become obsolete. (H.R. 5840.)

Section 1005. Public facility loans to non-profit corporations: This section amends section 202 of the Housing Amendments of 1955 (the community facilities program) to permit the Housing Administrator to make loans to private nonprofit corporations to finance the construction of works for the storage, treatment, purification, or distribution of water, or the construction of sewage, sewage treatment, and sewer facilities, if such works or facilities are needed to serve communities with a population of less than 10,000 and no existing public body is able to construct and operate them. (H.R. 5840.)

Section 1006. FHA conforming amend-

ments: This section amends various provisions of the National Housing Act to reflect the consolidation of FHA insurance funds into a single general insurance fund under section 208 of the bill. (H.R. 5840.)

Section 1007. Savings and loan associations: This section amends section 5(c) of the Home Owners' Loan Act of 1933 to permit savings and loan associations (1) to make loans on the security of buildings to be used as college dormitories or fraternity or sorority houses, or to be used for residential purposes by the staffs of community hospitals, and (2) to make loans on the security of lease-holds under certain conditions. It would also confer upon District of Columbia associations the same powers with respect to the investment of assets as are authorized for Federal savings and loan associations.

Section 1008. Urban renewal project in Johnson City, Tenn.: This section permits certain electrical installations to be counted as local noncash grants-in-aid for an urban renewal project in Johnson City, Tenn.

Section 1009. Repayment of certain planning grants: This section would waive repayment of a planning advance made to the city of Woonsocket, R.I., for a project built under the accelerated public works program.

DEVELOPMENT OF ELLIS ISLAND AS A PART OF THE STATUE OF LIBERTY NATIONAL MONUMENT

Mr. WILLIAMS of New Jersey. Mr. President, I introduce, for appropriate reference, a joint resolution to provide for the development of Ellis Island as a part of the Statue of Liberty National Monument, and for other purposes.

At a special ceremony at the White House this morning, the President issued a proclamation adding Ellis Island to the Statue of Liberty National Monument. I was honored to attend that ceremony. For all of us, the President's proclamation called to mind once again the unique role Ellis Island has played in our history.

The island came into Federal possession in 1800. Its symbolic role as gateway to a new land and a new life for citizens of foreign lands was assumed 90 years later when the Federal Bureau of Immigration undertook to develop the island as an immigration station.

Ellis Island was our official host to 70 percent of all those who immigrated to this country between 1892 and 1954. By the millions they came, the "little people" and those who were later to achieve prominence in their new country. They came seeking refuge, liberty, and freedom. They helped forge our unique American heritage, and they lent their skills and energies to the job of building America's position as a world power.

Ellis Island was the birthplace of many millions of Americans. Stepping into the shadow of the torch of liberty, these immigrants from many lands were born into a new world.

In 1954, the use of Ellis Island as host to our immigrants was discontinued. It remains, however, nationally symbolic of our friendship to those of other lands and of our indebtedness to those who have helped to make America the Nation it is today. The island is, therefore, eminently qualified for protection and preservation for generations of Americans yet to come.

The proclamation the President issued this morning provides that the Depart-

ment of the Interior shall administer the island. No funds, however, shall be expended for its development as part of the national monument unless otherwise provided by an act of Congress. The resolution I am introducing today authorizes the appropriation of such funds as may be necessary for this purpose.

Although the resolution does not specify the amount of funds required for this project, the Department of the Interior tentatively places total development costs at \$6 million. Of this amount, approximately \$2,450,000 would be expended during the first 5 years after the establishment of the national monument. Development plans include landscaping, rehabilitation of several existing buildings, and other work.

The resolution has the support of the Department of the Interior, and the Bureau of the Budget has advised that the proposal is in accord with the program of the President.

President Johnson also announced this morning the establishment of a Job Corps in Jersey City, N.J. Part of the work-training provided corpsmen will be in the development of a New Jersey State park at Jersey City. Ellis Island, of course, lies only a few hundred yards off the Jersey City shorefront, and the park will be an appropriate waterfront setting for this new national monument. Ultimately we will see the enlarged Statue of Liberty Monument, including Ellis Island, linked to the New Jersey park by a causeway or bridge.

The development of Ellis Island and the adjacent park in Jersey City will add a priceless recreational and historic asset to our New Jersey waterfront. All of us in the Congress who have been pressing for this kind of project are particularly pleased with the Interior Department's recommendations. Secretary Udall and his staff are to be commended for their excellent work.

Mr. President, those of our citizens who can trace their ancestry as Americans to Ellis Island can attest that they have made the most of the freedom and opportunity which were opened to them. By building this monument to the courage and energy of our immigrant citizens we can memorialize one of the great chapters of American history.

The PRESIDING OFFICER (Mr. McGovern in the chair). The joint resolution will be received and appropriately referred.

The joint resolution (S.J. Res. 79) to provide for the development of Ellis Island as a part of the Statue of Liberty National Monument, and for other purposes, introduced by Mr. WILLIAMS of New Jersey, was received, read twice by its title, and referred to the Committee on Interior and Insular Affairs.

APPROPRIATIONS TO DEFRAY THE COSTS OF ORGANIZING AND HOLDING THE 20TH ANNUAL WORLD HEALTH ASSEMBLY IN THE UNITED STATES

Mr. KENNEDY of New York. Mr. President, on behalf of myself, and my senior colleague from New York [Mr. JAVITS], I introduce, for appropriate

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE

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HIGHLIGHTS: Senate committee reported cigarette labeling bill. Senate committee voted to report bill to increase watershed floodwater detention capacity. House passed Northwest disaster relief bill. House committee voted to report housing and urban development bill. House committee granted permission to file report on USDA appropriation bill Thurs., May 20. House passed bill extending time for filing leases transferring tobacco allotments. Sen. Monroney introduced and discussed President's pay bill.

HOUSE

- 1. DISASTER RELIEF.** Passed with amendment S. 327, to provide assistance to Calif., Ore., Wash., Nev., and Idaho for the reconstruction of areas damaged by recent floods and highwaters, after substituting the text of a similar bill, H.R. 7303, which was passed earlier as reported from committee. H. R. 7303 was tabled. (pp. 10546-55) As passed the bill includes provisions as follows: Authorizes an additional \$38 million for forest development roads and trails for the fiscal year ending June 30, 1966 to be used solely for the construction, repair and reconstruction of forest development roads and trails in these States damaged by

floods. Authorizes the Secretaries of Agriculture and the Interior to reimburse timber sale contractors for reconstruction and restoration of roads which were under construction but had not been accepted by the Government as part of the national system of forest development roads and trails at the time of the floods; provides that timber sale purchasers shall bear 15 percent of the costs of reconstruction and restoration, up to a maximum cost to the purchaser of \$4,500, and the Government shall bear 85 percent of the costs, and 100 percent of all amounts above \$30,000 on a single timber purchase contract; and provides the Secretaries with discretionary authority to cancel a timber purchase contract where it is determined that the damages are so great that restoration, reconstruction, or construction is not practical under the above cost-sharing arrangement. Authorizes the Secretary of Agriculture to reduce from 30 days to 7 days the minimum time required to advertise the sale of national forest timber in the affected area. Authorizes the appropriation of not to exceed \$50 million for fiscal year 1965 and not to exceed \$20 million for fiscal year 1966 to the Department of Commerce for the repair and reconstruction of highways, roads, and trails, on a national basis, which are damaged as a result of a disaster.

2. TOBACCO. Passed without amendment H. J. Res. 436, to permit tobacco farmers who have entered into a lease for the transfer of 1965 tobacco acreage allotments an additional 20 days after enactment of this joint resolution to file such leases with their local ASC county committee. p. 10546
3. LANDS. The Interior and Insular Affairs Committee voted to report (but did not actually report) H. R. 797, with amendment, to provide for establishment of the the Whiskeytown-Shasta-Trinity National Recreation Area, Calif., and H. R. 903, to add certain lands to the Kings Canyon National Park, Calif. p. D420
The "Daily Digest" states that the Interior and Insular Affairs Committee tabled H. R. 16, relating to the selection of mineral lands by States in certain instances in lieu of lands granted to them but lost before title could pass. p. D420
4. HOUSING AND URBAN DEVELOPMENT. The Banking and Currency Committee voted to report (but did not actually report) H. R. 7984, the proposed Housing and Urban Development Act of 1965 (p. D420). The Committee was granted permission to file a report on this bill by midnight Thurs., May 20 (p. 10556).
5. APPROPRIATIONS. The Appropriations Committee was granted permission to file a report on the USDA appropriation bill by midnight Thurs., May 20. p. 10545
6. SMALL BUSINESS. The Banking and Currency Committee reported without amendment S. 1796, to amend the Small Business Act so as to provide for an increase in the maturity of Small Business Administration disaster loans from 20 to 30 years (H. Rept. 354). p. 10572
7. WATER RESOURCES. Rep. Grabowski spoke in support of H. R. 5269, to provide uniform rules for the treatment of recreation and fish and wildlife benefits and costs in connection with Federal water resource projects of the Corps of Engineers and the Bureau of Reclamation. p. 10567

HOUSING AND URBAN DEVELOPMENT ACT OF 1965

MAY 21, 1965.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. PATMAN, from the Committee on Banking and Currency, submitted the following

REPORT

[To accompany H.R. 7984]

The Committee on Banking and Currency, to whom was referred the bill (H.R. 7984) to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

WHAT THE BILL WOULD DO

The committee bill provides a comprehensive legislative framework for Government-assisted housing and urban development programs over the next 4 years. The bill proposes important new programs designed to increase the supply of housing for low-income families and to help our cities cope with the problems of urban and suburban expansion. It makes extensive improvements in our existing housing programs and provides the necessary extensions and additional funds to keep new and existing programs of Federal assistance in the housing and urban development field in full operation over the next 4-year period. Taken in concert, the many provisions of the bill will make possible an accelerated attack on the problems of urban blight, a substantial improvement in housing conditions in both urban and rural communities, and more orderly growth of cities and communities of all sizes. The principal provisions are briefly summarized as follows:

Title I—Housing for disadvantaged persons

This title provides a comprehensive set of programs designed to make decent housing available to families of low and moderate income.

(1) It would establish a new program of rent supplements to pay a portion of the rent of low-income families and enable nonprofit sponsors utilizing market-interest-rate loans to provide a substantial quantity of housing for low-income families.

(2) It would extend for 4 years the present below-market section 221(d)(3) housing program for moderate-income families and establish a maximum 3-percent interest rate.

(3) It would provide authorization for an estimated 60,000 additional units of low-rent public housing a year for 4 years and, in addition, would broaden the program to permit an increased use of existing housing, including a new rent certificate feature to be used in connection with privately owned existing housing.

(4) It would extend the program of direct loans for housing for the elderly and would establish a maximum interest rate of 3 percent for such loans.

(5) It would provide grant payments to low income homeowners, particularly the elderly, in urban renewal areas to enable them to repair their homes and not be dispossessed.

Title II—FHA insurance operations

This title would authorize a new program of FHA mortgage insurance for land development in subdivisions. It would also extend all of the FHA insurance programs for an additional 4 years (they would otherwise expire on October 1, 1965), would provide mutuality for management type cooperatives, and for the first time would permit no-downpayment loans for veterans under the FHA insurance program.

Title III—Urban renewal

This title would provide \$2.9 billion additional in urban renewal grant funds to continue the program for 4 more years. In addition, it would tighten the urban renewal program requirements to minimize relocation hardships and encourage more efficient program operation. It would continue the 3-percent rehabilitation loan program authorized in the Housing Act of 1964 for 4 years, and would provide a new program of lease guarantees for small business concerns displaced by urban renewal projects.

Title IV—Compensation of condemnees

This title would provide a new feature designed to protect displaced homeowners and businesses. It would do this through increased relocation payments and also by assuring owners a prompt and substantial partial payment for their properties pending final court settlement.

Title V—College housing

This title would increase the authorization for college housing loans by \$300 million a year over each of the next 4 years and would establish a maximum interest rate of 3 percent.

Title VI—Community facilities

This title would—

- (1) authorize matching grants to local public bodies for the construction of basic public water and sewer facilities; and
- (2) provide grants for a new program to enable local public bodies to construct neighborhood facilities, including essential health, recreational, and community centers with priority to projects designed to further the objectives of the Economic Opportunity Act of 1964.

Title VII—Federal National Mortgage Association

This title would provide an increase in FNMA special assistance authority by increments over 4 years to a total increase of \$1,625 million. The bulk of this assistance would go to support the below-market interest rate section 221(d)(3) housing program for families of moderate income.

Title VIII—Open space land and urban beautification and improvement

This title would—

- (1) increase the grants in the open space land program from 20 to 30 percent of land acquisition cost (and to 40 percent in special cases);
- (2) provide a new program of grant assistance to provide open space land for parks and playgrounds in built-up urban areas; and
- (3) provide grant assistance to local public bodies to carry out local programs of urban beautification and improvement.

Title IX—Rural housing

This title would provide a new program of insured housing loans under the Farmers Home Administration to permit private capital to make mortgage financing available in rural and rural nonfarm areas.

Title X—Miscellaneous

This title would extend for 4 years the section 701 urban planning grant program and the section 702 public works planning advance program, and would permit savings and loan associations to make loans to construct college dormitories.

BACKGROUND OF THE BILL

On March 2, 1965, the President transmitted to the Congress his Message on the Problems and Future of the Central City and its Suburbs, and requested enactment of the administration's Housing and Urban Development Act of 1965. During the 2-week period, March 25 to April 7, 1965, the Subcommittee on Housing held intensive hearings on the administration's bill, H.R. 5840, introduced by Mr. Patman, and related bills, including H.R. 6501, introduced by Mr. Widnall, the ranking minority member of the subcommittee.

Expert and detailed testimony was received covering all phases of the proposed legislation. The subcommittee heard detailed testimony from the Housing and Home Finance Administrator and the heads of constituent agencies, and the Farmers Home Administrator. Many other witnesses reflecting the viewpoints of the homebuilding, real estate, and mortgage lending industries, labor organizations, civic groups, mayors, cooperative groups, and others provided the committee with the benefit of their knowledge and their recommendations.

The Subcommittee on Housing met in executive session on May 6, 1965, and approved an amended bill by a vote of 10 to 1. The bill approved by the subcommittee embodied the great bulk of the legislative recommendations contained in H.R. 5840, the administration's general housing bill, and also incorporated important and improving provisions adopted from H.R. 6501.

The bill reported from the subcommittee was introduced on May 6, 1965, as a clean bill by Mr. Patman (H.R. 7984), and identical bills were introduced by Mr. Barrett (H.R. 7985) and Mr. Widnall (H.R. 7986).

The full committee met in executive session for closed hearings on Monday and Tuesday, May 17 and 18. On Monday the Housing Administrator and the heads of his constituent agencies made themselves available for questioning on the clean bill, and on Tuesday a panel of public interest groups was invited. They included representatives of the National Housing Conference, the mayors groups, the AFL-CIO, the Cooperative League, and the National Rural Electric Cooperative Association.

On Wednesday, May 19, the full committee met in executive session to mark up the bill and reported H.R. 7984 without amendment by a rollcall vote of 26 to 7.

TITLE I—HOUSING FOR DISADVANTAGED PERSONS

Your committee has consistently worked over the years in an attempt to frame legislative aids to provide housing for low-income families. While considerable progress has been made in past legislation, your committee is gratified that in this year's bill we have been able to incorporate new forms of assistance which, with the extensions and improvements of existing programs authorized by the bill, will help provide decent, safe, and sanitary housing for thousands of families presently unable to afford anything but substandard housing.

A new program of rent supplements

In his message on housing, President Johnson stated: "The most crucial new instrument in our effort to improve the American city is the rent supplement."

Section 101 of the bill would establish a program of Federal rent supplement payments on behalf of lower income families who are elderly or handicapped, who are displaced from their homes by public action, or who are occupants of substandard housing. With the rent supplement payments made on their behalf, these persons will be able to afford the rentals on privately constructed and financed decent, safe, and sanitary housing designed to meet the needs of low- and moderate-income people.

The rent supplement payments authorized by the bill would be made with respect to housing built by private nonprofit or limited dividend corporations, or by cooperatives, and financed with section 221(d)(3) market-interest-rate mortgages insured by FHA (profit sponsors would be excluded.) The rent supplement payments could be made on behalf of any individual or family unable to obtain standard privately owned housing in his community at a rental which is equal to or less than one-quarter of his income, and who is either displaced by governmental action, elderly or physically handicapped, or occupying substandard housing. The Housing Administrator would determine for

each community the minimum monthly rent required to obtain standard private housing in the area for families of various size. Rent supplement payments could not be made on behalf of anyone whose income was more than four times the minimum rent required to obtain standard private housing in the area.

The amount of the rent supplement payment made on behalf of an individual or family occupying a dwelling unit for which a rent supplement payment may be made could not exceed the difference between 25 percent of the tenant's income and the full rent that is required for the dwelling unit occupied by the individual or family. The committee expects that, for the purpose of determining the amount of the income of an individual or family, all income, from every source, whether taxable or not, of the individual or adult members of the family will be included. If, after he moves into the dwelling unit, the income of the individual or family increases, the amount of the rent supplement payments on his behalf is reduced. If his income increases sufficiently so that he can pay the full economic rent with 25 percent of his income, rent supplement payments on his behalf would cease to be made. The tenant could, however, continue to live in the project and would not be required to pay more than the full economic rent.

The organizations owning the private projects assisted under the program would select the occupants, subject only to certain facts relating to eligibility as determined by the Housing Administrator or his delegate. Prospective occupants or their applications would be referred by the housing owner to the offices or agencies designated by the Administrator for the purpose of certifying the facts concerning eligibility. More specifically, the certification would relate to the tenant's age or physical handicap where this is the basis for eligibility, or displacement, or occupancy of substandard housing. Certifications would also relate to incomes at initial occupancy. Every 2 years thereafter, or more frequently if the Housing Administrator deems it desirable, recertifications of income would be required, except in the case of the elderly. The incomes of elderly persons or families seldom increase so that there would be little if any need to require recertification of incomes of the elderly.

The rent supplement payments authorized by the bill could also be made with respect to units rented under a lease with option to purchase. The committee expects that this program will involve cooperative housing projects, and sales-type projects where units such as row or detached houses would be rented initially but would be so designed that they later could be transferred to individual ownership, as the income of the tenant rises to the point where he can afford to purchase the unit.

In order to help achieve low rents, projects containing units for which rent supplement payments could be made would be of modest design, constructed to the standards prescribed for the FHA section 221(d)(3) below-market interest rate insured loan program. Financing, however, would be provided by means of FHA section 221 market interest rate insured loans, with the regular mortgage insurance premium and a maximum term of 40 years.

Under the rent supplement program provided by the bill, the HHFA would enter into a separate contract with the owner of each project in which tenants are to receive the benefit of rent supplement payments. The contract would provide for rent supplement payments

by the HHFA to the owner during the period in which the project is covered by an FHA-insured mortgage with the maximum term for any such contract being set at 40 years. The contract would specify the number of units in the project to be made available to tenants for whom rent supplement payments would be made. It would specify a maximum dollar amount to be paid annually by the HHFA to the owner of the project based on the total rent for the number of units in the project to be made available for rent supplement payments. It would also provide that the amount of monthly payments to be made will be determined on the basis of the total of the amounts required by way of a rent supplement payment for each particular tenant and that these amounts will be adjusted periodically as tenants move out, as new tenants move in, and as there are changes in the income of tenants receiving the supplement payments.

The supplement payments could be made on a monthly or other periodic basis by the HHFA to the project owner. An owner would not receive any payment for units which are not occupied.

The Federal rent supplement payments contracted to be made under this program could not exceed appropriations of \$50 million per annum prior to July 1, 1966, and this amount would be increased by \$50 million on July 1 of each of the years 1966, 1967, and 1968.

A significant proportion of the high volume of rental housing that was built in the last few years was beyond the economic reach of many people who live in substandard housing or who have been displaced or who are elderly. It has become evident that there is a saturation of the high-rent segment of many local housing markets. Your committee believes the rent supplement program would enable many people of low and moderate income to translate their housing needs into effective demand and thus lend support to the homebuilding component of the economy.

A number of existing Federal and State housing programs have been of significant value in helping low- and moderate-income families to obtain standard housing. However, as helpful as these programs have been, they reach only a very small part of the total number of low- and moderate-income families. Of the approximately 1.6 million housing starts last year, only a small proportion were units assisted under Federal or State programs designed to help these families.

There are almost 8 million American families who still live in substandard housing. Many of these families are within the income range where they are unable to afford decent housing. Of these families, almost half are elderly or handicapped. There are also an estimated 300,000 families who will be displaced from their homes by governmental action over the next 4 years, and many of them will be in this income range.

It is this group to which the proposed new program is directed.

The volume of housing needed to meet the needs of this group can be supplied best through the resources and initiative of private enterprise. The rent supplement proposal in the bill would use private enterprise.

The committee believes the rent supplement program would make possible many other desirable achievements:

- (1) It would allow greater flexibility in helping people with low incomes to obtain standard housing.

(2) The amount of the Federal payment would vary in accordance with the need. It would be larger for those of lower income and smaller for those of higher income.

(3) The amount of the Federal payment would be reduced as family income rises, and would be discontinued when the income is sufficient to pay an economic rent.

(4) Families could continue to occupy their dwelling units and pay the full required rent when they no longer need Federal payments.

(5) The variation in the amount of rent supplement payment, in accordance with income, would permit a mixture of income levels in projects under this program.

(6) It would encourage the active sponsorship of civic-minded lending institutions and business leaders.

FHA's section 221 programs for low- and moderate-income persons

Extension of programs.—The bill would continue for 4 years FHA's authority to insure mortgages under its section 221 programs of housing for low- and moderate-income persons (from September 30, 1965, to October 1, 1969). This includes extension of the (d)(2) low downpayment sales housing program, the (d)(3) below market and market interest rate programs for rental and cooperative housing, and the (d)(4) rental housing program. The low downpayment and liberal mortgage terms permitted under the section 221(d)(2) program have made homeownership possible for over 133,000 families. Many of them could never have become homeowners without this program.

These programs are FHA's principal programs for assisting housing for low- and moderate-income families, and displaced families. They are an important part of the total package of Federal housing programs.

Modification of interest rate.—The section 221(d)(3) below market mortgage insurance program was established by the Housing Act of 1961 to provide long-term low-interest loan assistance to aid in the financing of rental and cooperative housing for displaced families and families of low and moderate incomes. The loans may be repayable over a period not exceeding 40 years at an interest rate not less than the average current yield on all marketable obligations of the United States, adjusted to the nearest one-eighth of 1 percent. For housing projects financed under this program FHA has waived its mortgage insurance premium.

The committee believes that the 221(d)(3) below-market interest rate program has been, and can continue to be, an extremely effective tool for providing housing designed to meet the needs of moderate-income families whose incomes are below the levels needed to obtain private housing.

From the beginning of the section 221(d)(3) program through March 31, 1965, a total of 537 project applications were received involving 72,995 units with a mortgage amount of \$879,558,293. During this period FHA issued commitments on 296 projects containing 39,371 units with a mortgage amount of \$465,739,285. Also, during this period, FHA insured 210 projects containing 29,967 units with a total mortgage amount of \$353,210,000. During 1962, the first full year of operation, mortgages totaling \$46.5 million were insured at the below-market rate on 27 projects containing 3,867 units. In 1963, mortgages totaling close to \$98 million were insured on 59 projects

with 8,690 units, and in 1964, mortgages totaling \$177 million were insured on 99 projects with 14,527 units. It is clear that activity has been expanding rapidly under this program.

When the section 221(d)(3) program commenced operations in 1961, the interest rate was 3½ percent. Subsequently the rate was increased to 3¾ percent and in 1964 the rate was raised to 3⅞ percent. The committee is advised that current trends indicate that the program interest rate is expected to rise again on June 30, this time to 4½ percent.

The rising interest rates, and increasing construction costs, are reflected in a steadily increasing average mortgage amount per unit built under the program. This has had an effect upon rents. The median rent per unit in projects for which commitments were issued in 1963 and 1964 has risen, for all types of units, from \$87 to \$102; for two-bedroom units the median rent has risen from \$90 to \$103.

This committee is determined that the intended objective of low interest rates which help produce moderate rentals for units constructed under this program shall not be frustrated by the erratic fluctuations of an arbitrary interest rate formula.

Since one of the objectives of the section 221(d)(3) program is to assure the availability of low interest rate loans, your committee has concluded that it is justified in taking action to assure the accomplishment of this objective. Accordingly, the bill places an interest-rate ceiling of 3 percent on mortgages which may be insured by FHA under the section 221(d)(3) below-market interest rate program. Should the statutory formula produce a lower interest rate, that rate would apply.

Eligibility for rehabilitation.—The bill as reported by the committee would authorize the financing of a project involving rehabilitation, as well as construction, under the 221(d)(3) program with rent supplements. During the course of the hearings the Housing Administrator testified that in administering the program it was probable that the financing would be largely confined to new construction.

The committee agrees that it would be desirable to channel the major portion of the program into new construction, particularly for the purpose of stimulating the residential construction industry during periods of declining housing starts. However, we are also of the view that rehabilitation is important and that it should be encouraged through the use of these programs. At the same time we know that care will have to be exercised in administering the program in order to avoid having it become a vehicle for refinancing projects which are experiencing difficulties.

To achieve the objectives of the legislation we believe that, in the case of existing housing, loans should only be approved which involve the acquisition and major rehabilitation of existing projects that will otherwise meet the eligibility criteria. The rehabilitation should be of such a nature that the dwelling units placed upon the market are substantially upgraded rather than having amenities added which, while desirable, may not be essential for the upgrading of the units.

We believe these criteria should also govern rehabilitation under the section 221(d)(3) below market interest rate program.

Pooling of mortgages for sale.—The Housing Act of 1964 authorized FNMA to sell to private investors participations in a trust, secured by a pool of mortgage loans held by FNMA under its special assistance program or management and liquidation functions, or held by other

Federal agencies. These participations permit the substitution of funds of private investors for Treasury funds to finance these mortgage holdings.

As a practical matter, the mortgage loans that go into the pool have to bear interest rates sufficient to generate an income that could be used to pay the interest on the participation certificates. Since the interest rates borne by section 221(d)(3) below-market mortgage loans are less than the interest rates obtainable on participation certificates, no such section 221(d)(3) mortgage loans have been included in the pool.

The committee contemplates that FNMA will include mortgages bearing below-market interest rates and insured by FHA after the date of enactment of the bill under section 221(d)(3) within one or more of the trusts or other agencies and related mortgage pools created pursuant to section 302(c) of the FNMA Charter Act, and substitute private financing for substantial portions of the amounts of such mortgages by selling participations predicated on them.

To make it feasible for section 221(d)(3) below-market mortgage loans to be included in future pooling arrangements as security for additional participation certificates, the bill would expressly authorize appropriations from time to time to reimburse FNMA for the amount of the differential (including interest, other costs, and a fair proportion of administrative expense) between (1) the total outlay with respect to outstanding participations or other instruments that are in an amount not to exceed the dollar amount of such below-market interest rate mortgages, and (2) the total receipts from such mortgages. The major items in the differential would be interest and the cost of marketing the participations. The amounts authorized for appropriations would serve to measure the cost to the Government of that part of the below-market interest rate housing program which is financed privately through the sale of participations.

Low-rent public housing

Increase in authorization for annual contributions.—The bill would increase the authorization for annual contributions contracts under the low-rent public housing program by an amount of \$47 million immediately, and by an additional \$47 million in each of the years 1966 through 1968. This increase would provide an estimated 60,000 additional units of low-rent housing annually over this period. It would be available both for conventional low-rent housing projects and for the new approaches to low-rent housing contained in the bill (purchase, purchase and rehabilitation, lease, and low-rent housing in private accommodations).

This authorization would cover the amounts needed for relocation costs and the special contribution for the elderly, the handicapped, and displacees, as well as the regular annual contribution.

The authorization for 37,500 additional units for low-rent housing contained in the Housing Act of 1964 was an interim increase. The Agency reported to the committee that the local communities' accumulated demands, based on the needs of their low-income families and elderly, have reached about 90,000 units, well over twice the number authorized. This leaves a backlog in the neighborhood of 50,000 for which no annual contributions contracting authority exists.

In view of this great backlog of demand for low-rent units, your committee believes that local housing authorities, in carrying out their

responsibilities for determining standards of admission to low-rent housing, should give priority to the needs of families displaced by the construction of public housing, and families whose incomes are below the maximum set for admission to public housing.

Flexible formula for existing housing.—A technical change would be made in the public housing subsidy formula to provide additional flexibility, especially to enable the use of older housing, with or without rehabilitation, for shorter terms than the 30- to 40-year periods required under the existing annual contributions formula. The obstacle to such short-term use does not stem from lack of basic statutory authority on the part of local housing authorities; State laws generally permit local authorities to purchase and lease structures for low-rent use. The principal limitation arises from the Federal annual contributions formula, which establishes a maximum contribution in terms of a specified percentage (the "going Federal rate" plus 2 percent) of the "development or acquisition" cost of a project. Under this formula, use can only be made of housing with an economic life extending over a sufficient period to allow amortization of the capital cost at the statutory rate. This rate was designed to permit amortization of bonded indebtedness over a long period, and the established practice has been to contract for periods of 40 years. Such a period is too long to permit utilization of many kinds of privately owned existing housing.

Under the proposed flexible formula, the annual contribution for an acquired or leased unit could be fixed, as a maximum, at the same dollar amount as the fixed annual contribution under the conventional formula for a newly constructed low-rent housing project consisting of units designed for the comparable number, types, and sizes of families. Because it is not stated in terms of a specific percentage of capital cost, the formula would permit, as an annual contribution, the same number of dollars for each year of low-rent housing use, whether the total period of anticipated use is long or short. This would provide a sufficient annual contribution to house low-income families through the acquisition, or acquisition and rehabilitation, of structures, over whatever period may be appropriate considering the condition and nature of the property, or by the leasing of units for short-term use in meeting particular needs.

Low-rent housing in private accommodations.—The bill establishes a new program of low-rent housing in units leased in privately owned existing structures. This would supplement the housing assisted under other provisions of the U.S. Housing Act of 1937 so as to meet the total housing needs of the community.

Under the new program local authorities would undertake an affirmative, orderly program designed to utilize the housing in its community which is suitable or may be made suitable for use as low-rent housing in private accommodations. Each local housing authority which undertakes a program of leasing units in existing housing shall conduct a continuing survey and listing of such available dwelling units, shall invite the owners to make them available for purposes of the program, shall conduct appropriate inspections of the units offered to be made available, and approve units for use in this program.

With respect to these leased units in existing housing, the Public Housing Administration would be authorized to enter into contracts for annual contributions with local housing authorities, the amount

of which would be chargeable against the overall authorization provided for the entire low-rent housing program. The local housing authority would enter into contracts with the owners of dwelling units to be leased which would specify the amount of rental and other charges to be received by the owner, and would provide for occupancy by a low-income family whose rental and other charges would be determined in accordance with the standards applicable in the low-rent housing program under the other provisions of the U.S. Housing Act.

The annual contributions payable by PHA for purposes of such housing could not exceed the estimated amount of the fixed annual contribution which would be established for newly constructed units designed to accommodate the comparable number, sizes, and kinds of families. However, where the accommodations are occupied by the elderly, displaced, or handicapped, there could also be payable the additional subsidy of up to \$120 per year, as in the case of newly constructed projects.

The reasonable and necessary expenses incurred by a housing authority in conducting its surveys, listings, and inspections for purposes of this program would be allowable as project expenses in determining the amount of annual contributions, but the total amount of annual contributions would be within the limitations just described.

In utilizing low-rent housing in existing private accommodations under this special authorization, not more than 10 percent of the units in any single structure would be used except insofar as the local housing authority determines that such limit should not be applied because of the limited number of units in the structure or for other adequate reason.

In the contracts between the local authorities and the owners of the accommodations, maximum recognition will be given to the interest of the owner insofar as consistent with the purposes of the program. Thus, it is provided that the selection of tenants for the unit and the rental to be received by the owner shall be negotiated and agreed to by the local authority and the owner. Also, the local authority would have the sole right to give notice to vacate, and the owner would have the right to make representations to the local authority for termination of a tenancy. The maintenance and replacements (including redecoration) would have to be in accord with the standard practice for the building, as established by the owner and agreed to by the local authority.

The provisions concerning the parties between whom the contracts and leases shall be made and the procedure for payment of rent and other charges are sufficiently flexible to permit local authorities and owners to implement this program in the most suitable manner under the particular circumstances. Thus, although the arrangement may take the form of a lease from the owner to the local authority with a sublease by the authority to the tenant, and with payment of rent by the tenant to the housing authority and by the housing authority to the owner, other arrangements would also be possible.

The contract between the local authority and the owner would be limited to a term of not less than 12 months and not more than 36 months. However, successive renewals for additional periods of similar length would be authorized, and provision for such renewals could be included in the lease. Such provision may be necessary or desirable, where, for example, an owner is willing to make a substantial investment to improve the property in anticipation of the income to

be derived under the contract with the housing authority. We urge both the Public Housing Commissioner and local housing authorities to utilize this new program to the fullest extent practicable.

Use of existing housing.—These new authorizations for lease and purchase which would permit greater utilization of privately owned housing would be particularly useful in areas where there are substantial vacancies in such housing, especially for large families. There are many low-income families in communities where vacancies exist who continue to live in slum conditions because they are unable to pay the economic rent which the vacant properties warrant. These new provisions would permit greater use of the private housing supply, including privately owned housing for the elderly financed under sections 202 and 231 and FHA- and VA-acquired housing, by purchase, purchase and rehabilitation, or lease of privately owned units in individual houses or multifamily structures, where the housing is or can be made suitable for low-rent housing use.

Through the use of such properties, it is also possible to realize other advantages. In many cases, for example, local authorities should be able to provide units more quickly than through new construction and meet more readily the special problems presented by large numbers of low-income displacees. In addition, the provisions should give local authorities greater flexibility in providing housing for different kinds of families, as in obtaining units for larger families and providing conveniently located units for elderly families. A further advantage could be the effect of broadened use of privately owned structures in the "gray" areas where such use could encourage the conservation and improvement of residential properties. Any housing used in the program would have to be brought into full compliance with local code requirements and be able to meet the basic statutory standards of decent, safe, and sanitary housing.

Your committee believes these provisions involving acquisition or lease of privately owned housing constitute a very valuable supplement to the basic program of new construction. Privately owned housing can be effectively used for low-income families where a combination of certain conditions exist. There must first be a supply of vacant housing on the local market, and that housing must freely be made available, since eminent domain will not be used. Moreover, the housing should be appropriately located to serve the needs of the low-income families to be housed. Its cost, design, and physical condition must be appropriate. Also, its use should be consistent with the city plans and renewal programs and in accord with the wishes of the local governing body. Given these conditions, the use of private housing in a community under the proposed formula would benefit not only the low-income families it serves but also the community as a whole and the private residential market.

Parity of treatment for the handicapped and elderly in low-rent housing.—Parity of treatment between the handicapped and the elderly for low-rent housing purposes would be provided by extending to the handicapped the advantages of certain provisions presently applicable to the elderly. Thus, the units occupied by the handicapped would be eligible for the special contribution of up to \$120 per year presently authorized for units occupied by the elderly and displacees. The maximum room cost limits would also be increased by \$1,000 with respect to housing designed specifically for the handicapped, as is presently provided in the case of housing designed for the elderly.

Removal of 20-percent gap requirement.—The bill would eliminate the requirement that there be a 20-percent gap between the upper rental limits for admission to a low-rent housing project and the lowest rents at which private enterprise is providing a substantial supply of standard housing. Previous laws have already eliminated the 20-percent gap requirement for the displaced and the elderly. It is inequitable to exclude any income group from the advantages of the program when they cannot afford housing provided by private enterprise.

Burden of assessments.—In the building of public housing projects, particularly those in expanding metropolitan areas, there is often a necessity to install vastly increased utility and sewage lines. Under the cooperation agreements which the Public Housing Administration obtains from various local governments as a prerequisite to entering into an annual contributions contract with them, it is generally provided that the cost of such installations will be borne by the city.

It has again been brought to the attention of the committee that often this results in overly heavy assessments being made against adjacent small taxpayers in order that the cost, which the city has undertaken to pay through the cooperation agreement, may be met. This is an unjust assessment of the adjacent small taxpayer from which he derives no increased value or service. It was expressed as the opinion of the committee in its report on the Housing Act of 1964, and it remains the opinion of the committee, that this matter should be more fully considered by both the Public Housing Administration and the municipalities concerned in order that a more just and equitable arrangement may be set up.

One approach to this problem would be for the Public Housing Administration to make funds available for the installations referred to above, with arrangements being made for repayment of this amount from the payment in lieu of taxes which the local housing authority makes to the city. In any event, the committee again wishes to call to the attention of the Public Housing Administration that the situation described above, wherein the heavy burden of paying for the new installation falls on small taxpayers, particularly homeowners, should not be allowed to continue.

Direct loans to provide housing for the elderly or handicapped

One of the most urgent needs in the field of housing is the provision of suitable accommodations for our elderly citizens. This older age group is growing more rapidly than the population as a whole and, generally speaking, its incomes are substantially lower. To meet this need the Congress in the Housing Act of 1959 authorized a program of direct low-interest-rate loans to nonprofit corporations to build housing for the elderly. There has been a rapidly growing interest in the program.

The committee has great faith in the usefulness of this program and has removed the existing dollar limitation on the authorization for appropriation of funds and authorized such additional funds to be appropriated as are needed to carry out the program. In order to give the committee and Congress the opportunity to continually evaluate the experience under the program, the authority to make loans would expire on October 1, 1969.

In addition, consistent with your committee's intention not to permit the erratic fluctuations of arbitrary interest rate formulas to

frustrate desirable programs, the bill would impose a ceiling of 3 percent on the interest rate applicable to loans under this program. Should the existing statutory interest rate formula produce a lower interest rate, that rate would apply.

The present program lending rate (based on the existing statutory interest rate formula) is 3¾ percent and would rise to 4 percent on June 30, 1965. The bill by reducing the interest rate to 3 percent would have the effect of reducing the monthly debt service on a typical \$12,000 dwelling unit from \$44.57 to \$38.87.

Rehabilitation grants to homeowners in urban renewal areas

The bill would authorize grants to low-income homeowners in urban renewal areas to finance repairs and improvements necessary to bring their homes up to certain standards. These would be standards for decent, safe, and sanitary housing established by the local housing code or the urban renewal plan for the area.

These grants would be used only in hardship cases, generally to avoid displacement of homeowners who have no other means of financing repairs and improvements which must be made to their homes. The amount of a grant (which would be made from urban renewal capital grant funds) could not exceed \$1,500.

The bill would permit grants to an individual or family whose annual income is not more than \$2,000 in an amount not in excess of the lesser of (1) the actual and approved cost of the repairs and improvements, or (2) \$1,500.

In the case of an individual or family with an annual income in excess of \$2,000, there would be the additional requirement that the grant could only cover that portion of the necessary repairs and improvements which could not be paid for with a loan which could be amortized, along with that individual's or family's other monthly housing expense, with 25 percent of its monthly income. This limitation would require most individuals and families with incomes over \$2,000 to finance the cost of such repairs and improvements with loans. In some cases these loans can be obtained through private financing. For those unable to afford and obtain private financing on reasonable terms, direct 3-percent-interest loans would be made available under the provisions of section 312 of the Housing Act of 1964.

Repairs and improvements for which grants authorized by this section could be made available include the repair or replacement of plumbing facilities, such as piped hot and cold running water, hot water heaters, flush toilets, or bathtubs, and such other basic rehabilitation work as is necessary to bring the dwelling unit up to the standards for decent, safe, and sanitary housing established by the applicable codes or the urban renewal plan for the area.

Successful execution of an urban renewal rehabilitation project requires bringing all the property in the area up to standard. If homeowners cannot bring their property up to the required standards, it must be acquired and either rehabilitated or torn down by the local public agency. At present, many low-income homeowners cannot afford repairs and improvements necessary to bring their property up to the required standards. The rehabilitation grants authorized by the bill would help these people to stay in their upgraded homes as well as help to achieve more successfully neighborhoodwide rehabilitation and conservation objectives.

Most important, the grant would help reduce the displacement of longtime residents who would otherwise be required to seek some other place to live where it might be hard for them to adjust and more expensive to the Government to relocate them.

TITLE II—FHA INSURANCE OPERATIONS

Mortgage insurance for land development

A new title X, "Mortgage Insurance for Land Development," would be added to the National Housing Act. The new title would provide FHA mortgage insurance of private loans to private subdivision developers who may or may not themselves be homebuilders. This will encourage the provision of a larger supply of properly planned and improved residential building sites. It is expected that the mortgage insurance device, which has proven so helpful in providing a stimulus to the construction of good homes, will prove equally helpful in providing a stimulus to the production of good building sites in good neighborhoods.

The availability of FHA credit assistance during the land development stage will enable private developers to provide a more steady supply of improved building sites in an orderly and more economical manner. It should also open up cheaper suburban land for well-planned development and help to combat the rapid rise of prices for homebuilding sites.

The new assistance to land development that would be authorized by the new title X would help provide the improved land needed for many of these dwellings. The activities financed with aid under the title involve substantial capital requirements which the mortgage insurance would assist in meeting.

One of the most persistent problems of the small builder (who may wish to build perhaps 10 or 20 houses a year) is the difficulty of securing a steady supply of reasonably priced improved building lots. They simply do not have the cash or credit facilities or even the time needed to undertake a land purchase and land improvement program to supply them with an even flow of good building sites in well-planned large subdivisions. The homebuilding industry as a whole is finding it increasingly important to market houses on the basis that the entire neighborhood or the entire new subdivision will provide unusual attractions for the home buyer. This trend in the industry becomes increasingly apparent every building season. Unless small home builders participate in this trend, the danger of their being squeezed out of the market will increase.

The proposed new program of FHA mortgage insurance for land development would be helpful to small builders in a number of ways, and the bill (sec. 1008 of the new title X) requires the Federal Housing Commissioner to administer it with this aim in mind. Basically, this program is a form of credit assistance which would open additional and more generous sources of credit to many types of persons engaged in providing desirable improved building sites. It would also open cheaper land to good, well-planned development. For example, under this provision, the small builder could join with other small builders to acquire and jointly develop a site commensurate with their combined needs and capacities for one or more years of home construction. The ability to pool equity, and the eligibility of fees for professional services under the land development mortgage, would

enable the small builders to retain competent technical land development staff for the joint operation. Each builder could, however, retain his individual building and sales operation with respect to his own lots within the larger project.

Another way in which small builders may participate is by purchasing the desired number of contiguous lots from land developers who are not themselves home builders. Without the benefit of FHA credit assistance, such land developers are often forced (especially when mortgage funds become tight) to obtain credit backing or other participation from large- or medium-size home builders in order to enable the land developers to obtain the funds with which to prepare sites in a large subdivision. In return for such backing or other participation, the land developer must normally make firm commitments to the participating home builders under which the latter will have first choice of the best blocks of improved lots, thus leaving random and inferior lots, if any, to smaller builders. The availability of FHA mortgage insurance will in very many cases make it unnecessary for land developers to make such advance commitments to large- and medium-size builders. Instead, the land developer can carry the site preparation stage with the insured FHA mortgage loan; sell lots on the free market; and thereby make additional improved lots available to smaller builders.

The increased availability of credit for rational and orderly development of well-planned suburban subdivisions would result in an increased supply of improved building lots at cheaper prices for all builders. Thus, the benefits to smaller builders would not be at the expense of medium-size and larger builders, but rather would result from overall increased production of good building sites for the market as a whole.

The activities financed under the title would include the acquisition of land and its improvement with water and sewer facilities, roads, streets, sidewalks, storm drainage facilities, and other site improvement work.

(a) Authority to issue mortgage insurance commitments under the title would expire on October 1, 1969.

(b) The mortgagor could not be a public body, thereby limiting the program to private land development.

(c) The insured mortgage loan could not exceed the lesser of (1) 75 percent of the Federal Housing Commissioner's estimate of the value of the property as of the completion of land development or (2) the sum of 50 percent of his estimate of the value of the land before development and 90 percent of his estimate of the cost of the site improvements. The insured mortgage amount outstanding could at no time exceed \$12,500,000.

(d) The maximum mortgage maturity would be 7 years, and the committee expects the FHA Commissioner to set the lowest practicable ceilings on interest rates and premium payments.

(e) The project would be required to represent a good mortgage insurance risk. That is, the risk should be acceptable to the FHA in view of the purpose of the program to provide credit assistance only for well-planned land development which contributes to sound and economic urban growth.

(f) The improvements and the development plan would be required to comply with all applicable State and local governmental requirements and with FHA's standards. The land development schedule

would in all cases contemplate development within the shortest reasonable period consistent with sound development, and the development plan for the site would be required to be consistent with a comprehensive plan which covers, or with comprehensive planning being carried on for, the area in which the land is situated.

(g) All land development plans would also be required to be acceptable to the Federal Housing Commissioner as providing reasonable assurance that the land development will contribute to good living conditions in the area being developed, and that such area (i) will have a sound economic base and a long economic life, (ii) will be characterized by sound land use patterns, and (iii) will include or be served by such shopping, school, recreational, transportation, and other facilities as the Commissioner deems adequate or necessary.

The Commissioner would be required to adopt suitable requirements to encourage the maintenance of a diversified local home building industry, broad participation by builders, and the inclusion of a proper balance of housing for families of moderate or low income.

The land after development would normally be expected to be served by public systems of water supply and sewerage. These would be consistent with other existing or prospective systems within the area. If the Commissioner finds that a public system is not feasible he may, under such assurances as he may require with respect to eventual public ownership and operation, approve an adequate privately or cooperatively owned system. Such a system would be required to be regulated in a manner acceptable to the Commissioner to protect the interest of consumers as to user rates and charges and methods of operation and also as to terms of any sale or transfer of the systems.

The bill also contains a requirement for certification by the mortgagor of actual development costs to be made from time to time to assure that the outstanding balances of loans insured under the title during the course of land development will be appropriately limited to reflect both the actual costs of development and the release of improved parcels from the lien of the mortgage. The committee expects this to be administered stringently to prevent any "mortgaging out."

Further study needed on "new communities" proposal.—The committee gave special attention to the proposal contained in the administration bill that would have authorized a special program of land insurance for entire new communities but felt that further study was required, and it is not contained in H.R. 7984. Testimony in the hearings indicated that there is still considerable controversy over the plan and experts differ in their evaluation. The Subcommittee on Housing plans to undertake a closer study of this proposal later this year.

The elimination of the administration's "new community" proposal enabled the committee to reduce the total cost of the bill by \$500 million by eliminating the need for this much of the additional FNMA special assistance authorization provided for in title VII of the bill.

Mortgage insurance for housing

Extension of insurance authorizations.—The provisions of title II of the bill would continue for 4 years (from the present termination date of October 1, 1965, to October 1, 1969) FHA's authority to

(1) insure property improvement loans under its title I program, and
(2) insure housing loans and mortgages under all of its other programs, except the section 221 program for low- and moderate-income housing which is continued by title I of the bill.

Reducing financing costs.—The committee is concerned about practices which result in increasing the cost of home financing to the consumer. On FHA-insured mortgages which bear a reasonable interest rate and which provide a guarantee of the investment, the practice of selling mortgages at a discount should be discouraged. These discounts add to the cost of housing for the consumer. Discounts can make the difference between a family's ability to afford a decent home and its inability to afford this necessity.

Unlike reasonable fees of mortgagees for services for financing work, discounts are an additional charge for the financing itself. The committee requests the Housing and Home Finance Agency to develop a program to discourage the practice of discounts where FHA-insured mortgages on homes are being sold at the current interest rate of 5¼ percent, which is a reasonable return. It should assure that the savings are passed on to the consumer. If the Housing and Home Finance Agency does not have adequate legislative authority to cope with this problem, the committee requests it to submit recommendations for such new legislative authority as is needed.

The committee strongly supports the continuing objective of keeping interest rates at reasonable levels. The Housing Agency should be constantly on the alert to avoid increases in interest rates. Such increases cause housing costs to go up, so that families are unable to obtain decent homes which they could afford if interest rates were kept down.

The level of interest rates is crucial to the success of the various Federal housing programs. Interest rates are manmade and, as such, are controlled by man. Further, the interest rates which the Federal Government has to pay on its obligations determines the floor under which private interest rates will not fall. Since World War II, interest rates paid by the Federal Government have continued to rise to where now they are at a 30-year high. If proper action is not taken on the part of responsible officials to maintain reasonable interest rates to assure, in this instance, success of the federally sponsored housing program, then an alternative must be found or the program is doomed to failure.

Since the cost of Federal financing has continued to rise, and since several specific housing programs carried an interest rate which, by and large, varied with the Federal cost of money, these programs have become jeopardized. It is for this reason that your committee believes its action to substitute a 3-percent interest rate on several of the Federal housing programs is fully justified.

If the new interest rate formula now contained in this housing legislation is not enough to provide a sustained program, then in order to meet the objectives of this housing legislation a direct subsidy for the various federally supported housing programs may be in order. As another alternative, serious consideration should be given to a direct financing program for housing using the Federal Reserve System as a source of funds. This could be accomplished without in any way creating any inflationary pressures.

Basic, however, to any program such as this, or more broadly to general economic prosperity, is a policy which provides for an ade-

quate money supply at reasonable interest rates. If this proper atmosphere cannot be provided and sustained, then no program—be it housing or otherwise—can be accomplished.

Apart from the interest rates on single-family homes, the committee expresses its concern about the interest rates on mortgages on multifamily housing. For many years, there had been a differential of one-half of 1 percent between the interest rate on mortgages on multifamily housing as compared with mortgages on individual homes. This differential reflected the lower servicing charges and the lower initiating costs on multifamily housing mortgages, along with the greater attraction of such mortgages to many institutional and other investors. At the present time, the interest rate on multifamily housing mortgages insured by FHA is the same rate of $5\frac{1}{4}$ percent as the interest rate on individual home mortgages, so we are not getting the differential and saving which had long prevailed.

The committee requests the Housing Agency to encourage a reduction in the interest rates on multifamily housing mortgages which are FHA insured. Such a reduction will bring housing within the financial reach of more families. The Federal Housing Administration and the Federal National Mortgage Association should cooperate in developing a program to achieve this reduction. This is most readily achievable on those multifamily housing mortgages which are eligible for purchase from special assistance funds under existing legislation.

Multifamily mortgage limits for four or more bedroom units.—An increased dollar limitation would be permitted on the amount of an FHA-insured mortgage financing multifamily housing with dwelling units consisting of four or more bedrooms. The amount of the increase would range from \$2,250 to \$2,500 per family unit.

Prior to the Housing Act of 1964, FHA was able to recognize additional rooms almost without limit as to number in the statutory per room multifamily mortgage limits. While the former per room limits too often led to superfluous additional rooms to the detriment of design, they did permit the recognition of the cost of additional bedrooms. It was found, in working with the new family unit limitations added by the 1964 Housing Act, that these new limitations do not contain adequate provisions for financing projects with large units having four or more bedrooms. For this reason, an increased dollar limitation for four or more bedroom units has been included in the bill. This increased dollar limitation would enable the added cost of large units to be reflected in the maximum mortgage amount, and encourage production of accommodations for larger families where needed.

Rehabilitation in urban renewal areas.—More rehabilitation of housing for rent in urban renewal areas would be encouraged by removing an obstacle which unduly restricts the use of the FHA section 220 urban renewal housing program as it applies to non-occupant owners of 1- to 11-family structures. A nonoccupant mortgagor who intends to hold 1- to 11-family housing for rent would be entitled to a larger loan amount more consistent with the amount given a mortgagor holding larger multifamily units for rent. The amendments would liberalize and make section 220 more workable for financing the construction, purchase, or rehabilitation of housing in urban renewal areas.

Section 220 of the National Housing Act would be amended (1) to increase the maximum amount of a mortgage which can be insured

where the mortgagor is not an occupant of the property and intends to hold it for rent, and (2) where refinancing is involved, to permit existing indebtedness for improvement of the property to be included in the computation of the amount of a mortgage whether or not the indebtedness is secured by a mortgage against the property. Under existing law, only indebtedness secured by the property may be included in the insured mortgage.

Under the bill, a nonoccupant mortgagor could obtain an insured loan for rehabilitation, purchase, or construction of a 1- to 11-family property for rent in an amount which is 93 percent (now 85 percent) of the amount that an owner-occupant of the property could receive. In no case involving refinancing of housing to be rented could the mortgage amount exceed the estimated rehabilitation cost plus refinancing. Under existing law, an owner-occupant may obtain a rehabilitation loan which neither exceeds (1) 97 percent of the first \$15,000 of the sum of estimated rehabilitation cost and estimated value before rehabilitation, plus 90 percent of such sum in excess of \$15,000 but not in excess of \$20,000, plus 75 percent of the sum in excess of \$20,000, nor (2) the estimated cost of rehabilitation plus the amount required to refinance the outstanding debt secured by the property. For new construction, the loan can be up to 97 percent of \$15,000 or estimated replacement cost, plus 90 percent of cost above \$15,000 but not above \$20,000, plus 75 percent of the cost above \$20,000.

Since under the bill a nonoccupant mortgagor could obtain 93 percent of the amount that could be obtained under either of these formulas, the amount he would obtain would in effect be approximately 90 percent of the value or replacement cost of the property, depending upon the formula applicable.

Under the present law, a nonoccupant mortgagor of rental housing may obtain a mortgage in an amount only up to 85 percent of that permitted for an owner-occupant. In a case of refinancing and rehabilitation, he may have a substantial equity in the property, but the amount of the mortgage is now limited to 85 percent of the amount needed to refinance and rehabilitate the property. This requires him to increase his cash outlay and equity more than he is willing to do.

Nondwelling facilities for urban renewal rental housing.—A multi-family rental housing project in an urban renewal area (financed with a mortgage insured by FHA under the sec. 220 program) would be permitted to include more nondwelling facilities financed by the mortgage than under existing law.

Under existing law, the mortgage on such a project can cover nondwelling facilities such as stores, restaurants, garages, beauty parlors, doctors' offices, etc., which are judged to be necessary to serve the occupants of the project or other housing in the neighborhood. General office space and space to be leased to commercial facilities which would serve a wider area than could be considered "the neighborhood," cannot be included in a project. Under the bill, the Federal Housing Commissioner could permit such nondwelling facilities to be included in the project as he deems desirable and consistent with the urban renewal plan. However, the project would have to remain predominantly residential, and the Commissioner would also have to find that any nondwelling facilities included in the project would contribute to the economic feasibility of the project.

A problem in obtaining tenants for a project in an urban renewal area has been that prospective tenants will not move into an area that does not offer the wide variety of goods and services that might be found in an already established area. In many instances, prospective tenants for an urban renewal area housing project would expect to find not only groceries, beauty parlors, and restaurants but also the wider variety of stores and services such as banks, lawyers' offices, doctors' offices, and chain mercantile establishments, which can be found in many of today's suburban shopping centers. These shopping areas are designed to serve rather large areas and offer many of the services formerly found only in the downtown areas.

In order to support stores and other services geared to servicing an area larger than "the neighborhood," these stores and services cannot rely entirely on the limited spending of housing tenants in the immediate area.

Under this proposal, in cases where it can be shown to be economically feasible and necessary to the economic success of the initial housing projects in an urban renewal area, the FHA could insure projects which would be predominantly for housing but which could include stores and office space. In this way, the time between initial and self-supporting occupancy of a housing project could be substantially shortened. Also, this type of undertaking, where desirable, would serve the better interests of the urban renewal area as a whole.

Larger insured mortgages for servicemen.—The limit on the amount of an FHA section 222 insured mortgage financing the home of a serviceman in the Armed Forces or the Coast Guard would be increased from \$20,000 to \$30,000. This larger maximum mortgage has been requested by the Department of Defense. The downpayments required would be the same as those required under FHA's regular section 203(b) home mortgage insurance program.

Under the present provisions of section 222 of the National Housing Act, a mortgage cannot exceed \$20,000 in amount. Housing construction costs and related expenses of homeownership have increased. The effective incomes of many career military members have also been increased by changes in the military compensation system. In high cost areas in particular, the \$20,000 limit does not provide an adequate or appropriate home.

Refinancing of insured mortgages.—An omission in existing law would be corrected by the bill by giving FHA the same authority to insure mortgages executed for the purpose of refinancing existing mortgages insured under any FHA-insured mortgage program as is now available for mortgages insured under sections 220, 221, 903, and 908, and certain mortgages insured under section 608.

The principal amount of a refinancing mortgage is limited to the original principal amount and the term cannot go beyond the unexpired term of the existing mortgage, except that where the Commissioner determines an additional term will inure to the benefit of FHA, the refinancing mortgage may have a term of not more than 12 years in excess of the unexpired term of the existing mortgage.

This refinancing authority serves a useful purpose in assisting mortgagors who encounter financial difficulties, especially those owning multifamily housing projects. It also serves to protect the interests of the mortgagee and of the FHA in marginal cases where the alternative to refinancing may be default and foreclosure.

Consolidation of insurance funds.—As a means of streamlining accounting procedures, with substantial economies in operations both in Washington and the field offices, all existing FHA insurance funds would be consolidated by the bill into two funds; namely, a mutual mortgage insurance fund and a general insurance fund. The mutual mortgage insurance fund would continue to cover the insurance under FHA's regular section 203 home mortgage insurance program. All other insurance funds and accounts would be consolidated under a single insurance fund, the general insurance fund, except for a special fund for management-type cooperatives (discussed below). All title I property improvement loans would be registered for insurance, and mortgages under all of FHA's insurance programs would be endorsed for insurance, under the general insurance fund, except those mortgages committed and insured under the regular section 203 home mortgage insurance program and the mortgages of management-type cooperatives insured under section 213. The assets and liabilities of all of the current funds and accounts except the mutual mortgage insurance fund would be transferred to and become the responsibility of the general insurance fund.

This consolidation would reduce from 15 to 3 the number of monthly entries to be accounted for and later consolidated into a combined balance sheet and statement of income and expense. It would substantially reduce FHA's field reporting expenses.

Your committee has been assured that after consolidation FHA would still be able to compute with reasonable accuracy the financial experience of individual programs, as the need might arise.

Mutuality for management-type cooperatives.—A mutual mortgage insurance fund would be established by the bill for FHA's mortgage insurance program for management-type cooperatives. Sales-type cooperatives, where a nonprofit cooperative builds single-family homes for sale to its members, would not be included in the new fund. Also, a mortgage financing an investor-sponsor cooperative, built for sale to a cooperative, would not be included in the new fund unless the project is, in fact, sold to a management-type cooperative. The sales-type cooperative and investor-sponsor projects that are not sold to a cooperative would be carried as the obligation of FHA's general insurance fund.

Under the amendment, a cooperative management housing insurance fund in the amount determined necessary by the Federal Housing Commissioner would be created with funds transferred from the general insurance fund. There would also be established in the new fund a general surplus account and a participating reserve account. The aggregate net income or any net loss sustained by the management fund would be credited or charged to the appropriate account in accordance with sound actuarial and accounting practices.

The Commissioner would be authorized, when the status of the participating reserve account makes it appropriate, to distribute to a cooperative housing borrower, under a mortgage insured under the proposed new mutual fund, a share of the account in such manner and amount as the Commissioner determines to be equitable and in accordance with sound actuarial and accounting practices. The distributable share could be paid to the borrower either upon termination of the insurance obligation or at such time or times prior to insurance termination as the Commissioner may determine. The aggregate amount of the distributable shares paid to a borrower could not exceed

the aggregate amount of premiums paid by the borrower for the loan insurance. Also, no distributable share could be paid until any amount which may be transferred to the general surplus account from the general insurance fund has been repaid.

To be eligible for mutuality, a cooperative mortgage would be required to meet one of the following requirements:

1. The mortgage would have to be insured pursuant to a commitment issued on or after the enactment of this proposed new section or insured pursuant to a previously issued commitment which is transferred to the new cooperative management housing insurance fund.

2. If the mortgage was insured prior to the enactment of the proposed new section, the mortgage insurance would have to be transferred to the new fund.

The transfer of mortgage insurance or a commitment to the new fund would require the written consent of the mortgagee, and the Commissioner would require that evidence of this consent be filed within a prescribed time after the enactment of the proposed new section. Mortgage insurance or commitments could not be transferred to the new fund if the mortgage is in default and the mortgagee has indicated it will file a claim for insurance benefits.

Mortgages insured under section 213 prior to the enactment of this new section which are not transferred to the new fund would continue to be insured under the general insurance fund. Also, section 213 mortgages already assigned to the Commissioner or property conveyed to the Commissioner pursuant to such mortgages would continue to be obligations of the general insurance fund.

Optional cash payment of insurance benefits.—The bill would authorize the Federal Housing Commissioner to provide, at his option, on or after enactment of the bill, for the payment in cash (in lieu of debentures) of insurance benefits under all or a portion of FHA's insurance programs. The authority to issue debentures instead of paying cash would not be repealed (in programs where debentures are now used) and the Commissioner could use this authority if he determined at any time it is necessary to discontinue cash payments.

In those cases where commitments to insure were issued prior to the enactment of the bill, the mortgagees would be entitled to receive debentures, and settlement of their claim could be made in debentures if they so request. Insurance claims in cases where the commitment is issued after the enactment of the bill would be paid either in cash or in debentures at the option of the Commissioner.

Cash payments under this new authority would be in an amount equivalent to the face amount of the debentures that would have been issued, plus an amount equivalent to the interest which the debentures would have earned, computed to a date established by the Commissioner. In a case where a mortgagee, under his mortgage insurance contract, is entitled to receive debentures, the mortgagee would still be entitled to receive payment in debentures rather than in cash if the mortgagee does not want to accept a cash payment. Mortgagees filing insurance claims on mortgages insured under the section 220, 221, or 233 programs (urban renewal housing, low- or moderate-income housing, and experimental housing) after the Housing Act of 1961, now have in their insurance contracts the right to a cash insurance settlement. Also, lenders insuring home improve-

ment loans under sections 203(k) and 220(h) have the right to receive cash insurance benefits.

The present procedure of issuing, reissuing, and redeeming debentures involves considerable administrative expense both to FHA and the Treasury Department. Also, the printing of the forms used for debentures is costly. Your committee has been informed that the discontinuance of issuing debentures and the adoption of a plan for paying all insurance claims in cash would result in estimated annual administrative savings of \$300,000 to the Treasury, and of \$265,000 to FHA, or a total of over a half million dollars annually.

In addition, there will be some interest saving due to the fact that FHA will save the difference between the higher interest rate it pays on debentures and the interest increment it receives on invested funds.

Present FHA forecasts indicate that net receipts through 1969 will be sufficient to pay all mortgage insurance claims in cash. However, in order to be assured of sufficient funds at all times with which to make such payments, the Commissioner would need and the bill would provide authority to borrow from the U.S. Treasury such amounts as he determines from time to time. The Treasury loans would bear interest at a rate determined by the Secretary, taking into consideration the average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the obligations evidencing the loans. Of course, this borrowing authority would be used in place of the U.S. guarantee on the debentures which would otherwise be issued, and would have the same budgetary effect as issuing debentures.

FHA mortgage financing for veterans.—A new FHA home mortgage insurance program would be created by the bill for veterans. This program would be available to all persons who served in the active military, naval, or air service, and who have been discharged or released under conditions other than dishonorable. Persons who have served in the military either during peacetime or wartime would be eligible for the financing provided by this section. The only veterans not eligible would be those who have already received a GI loan for purchasing, constructing, or repairing their home.

The mortgages would be limited to \$30,000 and cover one-family residences. The mortgage amount would be determined on the basis of 100 percent of the first \$20,000 of the Commissioner's estimated value of the property, and 85 percent of such value in excess of \$20,000. Thus a veteran could buy up to a \$20,000 home with no downpayment.

Mortgage limits for homes in outlying areas under FHA's section 203(i) program.—The FHA section 203(i) program for housing in outlying areas would be amended by increasing the mortgage limits from their present \$11,000 to \$12,500. This increase would enable the program to further extend its benefits to rural-type housing and provide financing which meets the increased costs of present day construction.

Proximity to airports

It was brought to the attention of the committee that in some areas homeowners are suffering substantial hardship because of construction of nearby airports after they built or acquired their homes. In such cases, the construction or expansion of the airports often sharply reduces the value of the housing because of noise, nuisance, and poten-

tial hazards. Most private lenders are reluctant to finance, and FHA will not insure, loans on houses in these circumstances, except at substantially reduced market values. Owners who suffer this depreciation in the value of their property now must go to court and sue the airport or the city for damages to attempt to recover the difference in value before airport construction or expansion and afterward.

The proposal was made to the committee that we include an amendment which would require FHA to appraise existing single-family homes adversely affected by airports at a valuation determined as if there were no adverse influences caused by the proximity to the airport. The proposal called for appraising prospective purchasers that the valuation had been arrived at without regard to airport influences and, in recognition of the fact that FHA would be exposed to unusual risks, the proposal would have set up a special reserve for losses for loans in this category.

FHA objected to the proposal because it would be a departure from their usual underwriting standards. However, the committee is deeply concerned over the hardship suffered by homeowners in this category. With the increase in aviation activities throughout the Nation, similar hardships will affect a great many homeowners in the future. For this reason, the committee strongly urges the FHA Commissioner to review his present policies and procedures in order to make every effort to enable FHA financing to reduce the economic loss suffered by these homeowners in the event they sell their homes.

We further urge the FHA Commissioner, in the event that additional legislation is needed, to prepare whatever amendments are necessary to achieve the objectives we seek and furnish them to the committee as soon as practicable, hopefully in order that a just solution may be devised with minimum delay. The committee also believes that the most direct and equitable solution may well be to establish a fund for the payment of damages arising from airport construction or expansion under the Federal Airport Act, reflecting the fact that these damages are properly a cost of that program. Hearings will be announced later this year by the Subcommittee on Housing which plans to look into this and related problems more closely.

TITLE III—URBAN RENEWAL

Increase in authorization for capital grants

Your committee has included the full amount of the increase in capital grant authorization requested by the Administration. The bill would increase the aggregate amount of new obligational authority for urban renewal grants by \$2.9 billion. Of this amount \$675 million would become available upon enactment of the bill, \$725 million would become available July 1, 1966, and \$750 million on July 1 in each of the years 1967 and 1968. This new authority would permit a high level of urban renewal activity over a period of 4 years. It is geared to available local resources for financing and carrying out projects during this period.

The need for the urban renewal program is very great. Its increasing acceptance is evidenced by widespread use—both by large and small cities in every part of the United States.

The committee recognizes that in spite of the widespread use of the urban renewal program and its many notable achievements, a serious problem of urban blight remains. The cities are caught in a vicious

circle. They cannot, unaided, afford to carry out slum clearance, yet their slums are sapping their vitality and financial strength. It is unrealistic to expect cities to have sufficient resources to eliminate their slums entirely on their own. Only with the aid of the Federal Government can most slum clearance projects be carried out.

Study of housing and building codes, zoning, tax policies, and development standards

Time and again this committee has been advised that local housing and building laws, codes, or regulations make it exceedingly difficult, if not impossible, for builders to produce low-cost housing. Similarly, it has been asserted from time to time that zoning and land use laws and regulations thwart private initiative in undertaking comprehensive urban renewal projects. And it has been said that tax policies contribute to the perpetuation of slum areas.

Over the years these contentions and charges have been levied, but little, if any, evidence has been accumulated to support or refute them. To shed some light on such matters, the bill would direct the Housing Administrator to conduct a study of housing and building laws, codes, standards, and regulations, zoning and land use laws, codes, and regulations, and Federal, State, and local tax policies and to submit a report to the President and the Congress within 18 months after funds are appropriated for the study.

The general objective of the study would be to determine how local property owners and private enterprise can be encouraged to serve as large a part of the total housing and building need as they can and how Federal, State, and local governmental assistance can be directed so as to enable them to serve a larger part of such need.

More specifically, the committee would expect the Administrator to conduct studies on such matters as (a) the development of performance standards for building codes, (b) methods for simplifying building codes, and (c) achieving greater uniformity among local building codes. It is expected that he would examine the effects of zoning and land use laws and regulations on housing and development patterns and costs.

In the tax area, the studies would be expected to deal with such subjects as (1) the depreciation allowance for property owners under the Federal corporate income tax, (2) an appropriate tax policy for vacant land, (3) appraisals of residential income-producing properties in connection with tax assessments and their relationship to slum properties, and (4) the various types of exemptions from the local property tax.

It is appropriate that the Housing and Home Finance Administrator, in making the studies authorized by section 301, also consider steps which may be taken to prevent aggravation of the conditions already existing in urban areas coming under the purview of this bill. Appropriate to the study are the effects of concentration of Federal activities in urban areas already lacking adequate open space, the bidding of Federal agencies for facilities in already congested areas, and, as alternatives, the expansion of Federal facilities in cities where slums, blight, and sprawl are not likely to be aggravated.

Direct operating costs of Federal agencies are valid factors in determining their location. However, indirect and social Federal costs should also be known. Consequently, it would be appropriate for the HHFA to study the indirect and social costs to the Federal Govern-

ment of expanding facilities in congested areas, as opposed to placing them in alternative less congested locations. Included in these social costs are blight, slums, and lack of open space due to congestion.

These topics are illustrative of the wide range of subjects that would be examined in reasonable depth by the various studies that would be conducted by the Administrator. With the information developed by these studies, not only the Congress, but the State and city governments themselves, will be better equipped to plan for and develop the institutional and legal framework necessary to encourage local property owners and private enterprise to serve the largest possible part of the total housing and building need.

General neighborhood renewal plans

The committee recognizes that the general neighborhood renewal plan provides an effective tool for the overall planning of large areas afflicted with slums and blight. This type of broad planning provides a basis for the staging of individual urban renewal projects consistent with the resources of the locality. Such staging of urban renewal projects can also be helpful in minimizing the social and economic impact of needed renewal activities on the residents of the area.

However, under existing law, the entire area covered by a general neighborhood renewal plan must be slum or blighted, deteriorated or deteriorating, to the same extent as is required before an urban renewal project can be undertaken in the area. This restriction on including within the general neighborhood renewal plan subareas which are not in themselves so blighted or deteriorated as to require urban renewal activities has, in many instances, prevented the general neighborhood renewal plan from dealing with entire neighborhoods and fragmented the planning process.

The bill would permit the inclusion of such areas which are not in themselves so blighted or deteriorated as to require urban renewal treatment within the general neighborhood renewal plan. This would permit delineation of a GNRP area which may be more appropriate for overall study and planning than merely that portion where urban renewal activities are proposed. It would make possible, for example, study of the street capacities and requirements of an entire neighborhood rather than only those portions of the neighborhood scheduled to receive urban renewal assistance through an urban renewal project or projects.

Use of funds in code enforcement and rehabilitation projects

In his message on the "Problems and Future of the Central City and Its Suburbs," the President emphasized his increasing concern for greater use of code enforcement and rehabilitation to minimize the need for demolition and clearance in urban renewal. The committee shares this concern and believes that a practical way to implement it is to make available for such projects at least 10 percent of the aggregate of (1) the new capital grant authority provided in this bill, and subsequent legislation; and (2) the authorization for low-interest-rate rehabilitation loans authorized under section 312 of the Housing Act of 1964 (including such additional funds as may be appropriated).

Your committee would like to stress, of course, that this 10-percent figure is only a minimum. With more emphasis being placed upon rehabilitation and code enforcement, the urban renewal agency may well wish to authorize funds substantially above the 10-percent

minimum to encourage rehabilitation and code enforcement activities and avoid, where possible, more costly demolition.

In the Housing Act of 1964, the Congress authorized for the first time Federal assistance to localities for a new type of urban renewal project consisting primarily of code enforcement activities. The committee believes that there must be substantial simplification in the normal procedures and requirements applicable to such projects to facilitate the widespread use of this form of assistance. The committee believes the Housing Agency has the authority and should approve code enforcement projects in areas where deterioration is imminently threatening as a result of code violations even though deterioration has not proceeded to the point where such areas would be considered suitable for designation and treatment as urban renewal areas under the criteria normally applied to other types of urban renewal projects.

Strengthened workable program requirement

The bill would extend and strengthen the present "workable program" requirements under title I of the Housing Act of 1949 to assure that these locally prepared programs provide an adequate basis for evaluating proposals by the locality for assistance for individual urban renewal projects. The committee intends this provision to close the gap which now sometimes exists between the planning and scheduling of individual urban renewal projects and the planning and studies carried on on a communitywide basis in preparing a workable program for community improvement.

To meet the requirement of this provision of the bill that the workable program provide sufficient information for the Housing Administrator to evaluate a particular proposed project, it is the committee's understanding that the workable program should identify blighted or declining neighborhoods in the community, indicate the factors causing the deterioration, and provide a basis for scheduling urban renewal activities of various kinds. At present an application for an individual urban renewal project must carry sufficient evidence showing blight, substandard structures, inappropriate land use and street patterns, and so forth, within the area to indicate that it meets the requirement of existing law. The proposed amendment would require the Administrator to relate this data to the workable program to assure that it is consistent with and will contribute to the community's overall efforts to renew and maintain its physical environment.

It has come to the attention of the committee that a number of projects, particularly in the early years of the program, were not properly scheduled with the result that land which had been acquired and cleared "lay fallow" for an unnecessarily long period of time. Friends and critics of the urban renewal program are in unanimous agreement that this is wasteful and undesirable and every effort should be made to minimize the time between clearance and redevelopment. The Urban Renewal Administration recognizes this problem and is working to overcome it, and one of the main purposes of this amendment to the workable program provisions is to meet this problem.

The committee would like to emphasize, also, that localities neither can nor should be required rigidly to specify the boundaries, timing, or priority of individual projects. There must be room for a reasonable

range of decision on the part of a locality with respect to the selection and planning of projects even after preparation of its workable program. The important thing is that each project be consistent with the renewal objectives established in the program and be realistically related to the program of action established by the community after adequate study of its needs and resources.

Rehabilitation loans

The committee believes that the low-interest-rate rehabilitation loan program which it initiated last year will be one of the most significant actions yet taken by the Congress to encourage rehabilitation in the deteriorating areas of our cities. Now that the initial appropriation has been made available, we expect prompt and vigorous administrative action to make these loans available for rehabilitation in urban renewal areas. In line with its belief in the value of this program, the committee has removed the dollar limitation of \$50 million on the authorization for appropriation of funds for such loans and authorized such additional funds to be appropriated as are needed to carry out the program. This will permit appropriation of funds commensurate with the Housing Agency's developing experience as to the needs for such loans.

While the committee recommends "open ending" the authorization for appropriations, we would hope that as a minimum the Administration and the Appropriations Committee would permit this program which has such a high potential to operate at a level of at least \$100 million annually. This annual rate was recommended in H.R. 6501.

In order to give the committee and the Congress an opportunity to evaluate the experience under this program, the authority to make such loans would expire on October 1, 1969.

Lease guarantees for small-business concerns displaced by urban renewal projects

Section 307 of the bill would amend section 7 of the Small Business Act to provide a new program of lease guarantees for small-business concerns displaced by urban renewal projects. The program would be administered by the Small Business Administration, and an insurance fund would be established to assure payments on the guarantees.

Under this program SBA would be authorized to extend guarantees to owners and lessors of property leased by such displaced small concerns, and to lending institutions financing the construction of such property, against losses which they might sustain as a result of the failure of the small concern to perform a lease in accordance with its terms. Such guarantees could be issued in participation with private surety companies or guarantors, and SBA would be authorized to provide for rules and regulations and for appropriate terms and conditions for the guarantee.

No lease insurance could be granted by SBA unless it found that the small concern was financially sound and efficiently managed, and that there was a reasonable expectation that it would be able to perform its obligations under the lease. Only leases for periods of not more than 10 years would be eligible for such assistance.

The bill would establish an insurance fund for lease guarantees, with initial capitalization provided by transfer of \$5 million from SBA's revolving fund. Additionally, persons granted insurance would

be required to pay an insurance premium into the fund, in an amount determined by SBA, but not to exceed 1 percent per year of the annual rental (or minimum rental) payable under such lease.

The committee believes that such lease guarantees will be a significant aid to small concerns displaced by urban renewal, to enable them to reestablish their business operations in desirable locations. At present, such concerns often are forced to relocate their operations in unsatisfactory premises, due to their inability to obtain leases of modern or well situated property. Small firms, of course, rarely could afford to buy such property.

This problem is becoming increasingly important, as urban renewal and development projects in metropolitan areas reduce the number and size of older sections of the city. If small concerns displaced from urban renewal areas are unable to obtain leases in modern buildings in new or rebuilt areas, their business prospects are not encouraging. The best business locations and opportunities usually lie in these new and rebuilt areas.

Many such displaced small firms are competent and fully qualified to operate their businesses in these desirable locations if they could obtain the necessary leases. However, landlords of these new buildings, and the institutions financing such construction, commonly are reluctant to lease to small concerns, based in large part on the need for clearly assured rental payment for such premises. The lease guarantee program should be a substantial help in overcoming this obstacle. There are, of course, no similar lease guarantees presently available for small firms from private surety companies.

The existing forms of governmental financial assistance available to small business concerns displaced by urban renewal, such as moving allowances, relocation payments, property compensation, and long-term loans, are all necessary and important. However, they can only be utilized effectively in reestablishing business operations when the small concern is able to obtain satisfactory premises for relocation.

While the committee recognizes that this lease guarantee program may not fully overcome the inclination of landlords who prefer big companies as tenants, it should help to close the gap and would enable many sound and efficient small firms to successfully relocate in modern business premises which would otherwise be unavailable to them.

It is anticipated that all types of displaced small business firms could benefit from such guarantees—manufacturing, wholesaling, and retailing, though the latter category would probably predominate. The program would aid small concerns in becoming tenants in a variety of desirable locations, including modern buildings, in downtown areas, redeveloped areas, industrial parks, shopping centers, and urban renewal areas. Moreover, since the guarantees could only be provided in situations where SBA found that the small concern was fully qualified to conduct the business operation at its new location in accord with the terms of its lease, the program should be able to be self-supporting, while at the same time providing valuable assistance to small business.

Relocation of displacees from urban renewal areas

Your committee has continued to seek ways in which to assure that individuals and families displaced by urban renewal projects will be afforded the opportunity to move to decent, safe, and sanitary housing.

Legislation enacted by the Congress in the Housing Act of 1964 re-emphasized the importance of timely and thorough planning for relocation as a prerequisite for the undertaking of the project, and increased the assistance given to displaced individuals, families, and business concerns.

The 1964 act required each urban renewal project to include a program of relocation assistance for displaced families, individuals, and businesses to determine the needs of displacees for relocation assistance, provide information and assistance to aid in relocation and minimize hardships, and assure coordination of relocation activities with related governmental activities.

The bill would further require that the information to be given displacees as part of the relocation program extend to lists of real estate agencies, brokers, and boards in or near the urban renewal area which deal in residential or business property that might be appropriate for the relocating of displaced individuals, families, and business concerns. It would also require that particular attention be paid to planned or proposed low-rent housing projects to be constructed in or near the urban renewal area so that relocation activities may be effectively coordinated with the construction of such projects.

These requirements would apply to all urban renewal projects involving displacement which receive Federal recognition after the enactment of the bill.

The bill would also provide that, as a condition to receiving further assistance with respect to any urban renewal project involving the displacement of individuals and families, the local public agency undertaking the project must furnish the Administrator satisfactory assurance that it is actually carrying out the relocation program as approved by the Administrator.

Redevelopment in accordance with urban renewal plan

The committee has been concerned with reports that in some cases urban renewal projects have been carried out at variance with the approved urban renewal plan for the project or the Federal aid contract involved. The bill adds a provision to the urban renewal law which will considerably strengthen the authority of the Administrator in such cases. As a condition to the approval of any new contract for loan and grant with any local public agency, the agency would be required to demonstrate, by evidence satisfactory to the Administrator, that all previously approved projects had been or are being carried out in substantial accordance with the official urban renewal plan, and any amendments to the plan, and the Federal-aid contract. The bill would authorize the Administrator, in any case where he finds that there does exist a substantial noncompliance, to require the locality to take all feasible actions to correct the situation and to give assurances that future activities will be carried out in accordance with appropriate plans and contracts.

Limitation on credit for publicly owned parking facilities

In a number of urban renewal projects a portion of the local share of the project cost has been met by the provision of revenue-producing parking facilities which, under section 110(d) of the Housing Act of 1949, are eligible as noncash local grants-in-aid. To the extent that the parking facility serves the urban renewal project area, its cost (or a prorated portion of its cost where the facility serves the urban re-

newal project and other areas) is allowed without regard to potential revenues which the locality may later derive from the facility.

In a report to Congress in June 1962 the GAO disclosed that—

In connection with certain slum clearance and urban renewal projects, URA has tentatively allowed noncash grant-in-aid credits amounting to \$9.3 million for certain land and construction costs applicable to six publicly owned parking facilities. The cities where the facilities are located plan to recover, out of revenues derived from the operations, the entire costs of the parking facilities. The effect of allowing these noncash grants-in-aid will be that the cities will be reimbursed in amounts in excess of the actual costs of the facilities. The entire costs, totaling about \$12 million, will be recovered through user charges, and, in addition, about \$6 million will be contributed by the Federal Government as a result of the grants-in-aid being included in the project.

The HHFA Administrator advised the Congress at the time that—

* * * special problems have arisen with respect to parking facilities because of the extent to which they are frequently revenue producing and because they provide a service which is often similar to that provided by private enterprise. We believe that these problems would be met by the enactment of * * * draft legislation which would reduce the noncash credit allowable with respect to publicly owned parking facilities by that portion of their total cost which is anticipated to be recovered from revenues.

The committee has, therefore, included in the bill a provision which would reduce the noncash credit allowable with respect to publicly owned parking facilities by that portion of their total cost which is anticipated to be recovered from revenues. Appropriate allowance of noncash local grant-in-aid credit would continue to be authorized in cases where a municipality provides parking facilities at no charge, or at charges that do not cover its costs.

The committee recognizes that the feasibility of some urban renewal projects still in the planning stage may be dependent upon the credits anticipated from proposed parking facilities. It is expected that the Administrator will use discretion in applying this rule to minimize hardship situations which might result from an immediate rigid application of this new provision.

Elimination of overly burdensome procedures

Admittedly, urban renewal is a complex undertaking. For this reason, every effort must be made to assure that the administrative processes are reviewed by the Housing Agency on a continuing basis to assure maximum efficiency and simplicity. The committee is concerned that recent years have seen a tendency for the administrative procedures and requirements, which the local public agencies must follow, to become overly complex. The committee feels that real priority must be given to program simplification and will expect a report on accomplishments in this area within a year after the enactment of the proposed legislation.

TITLE IV—COMPENSATION OF CONDEMNEDS

The committee is aware of the growing number of complaints in recent years questioning the fairness of land acquisition procedures followed by local agencies acquiring land in the course of public improvement programs carried on with the aid of Federal funds. There has been particular concern over the lack of uniformity in the land acquisition procedures followed by such local agencies. The committee believes that it is the responsibility of Congress to assure that programs receiving substantial Federal support are carried out in such a manner as to minimize the hardships which often result from the acquisition of land by eminent domain in the course of federally assisted programs.

The bill would establish uniform land acquisition procedures to be followed in connection with the acquisition of land by eminent domain under certain development programs administered by the Housing and Home Finance Agency. The programs covered would be the public housing program, the urban renewal program, the public facility loan program, the college housing program, the program of direct loans for housing for the elderly, and the open-space land program. As a condition of eligibility for Federal assistance under each of these programs, the applicant (defined as any public body or other agency or nonprofit institution authorized to receive Federal assistance under the program involved) would have to satisfy the Housing Administrator that certain policies will be followed in connection with the acquisition of real property by eminent domain in the course of the program.

For example, before an applicant could initiate any eminent domain proceedings, it would be required to make every reasonable effort to acquire the property by negotiated purchase. Before entering into negotiations, the applicant would appraise the property, permitting the owner an opportunity to accompany the appraiser, and would offer the owner a fair and reasonable price for the property. If only part of an owner's property or an interest less than the fee title is to be acquired, the applicant would be required to give the owner its estimate of the fair value of the property before and after acquisition, the fair value of the part or interest to be acquired, and any damages or benefits resulting or accruing to the remainder as a result of the taking.

In addition, the owner could not be required to surrender possession of his property until the applicant pays him the agreed price or, in those cases where only the amount of the payment to the owner is in dispute, not less than 75 percent of the most recent fair price established by the applicant. This payment would, of course, be applied to the ultimate price for the property established by eminent domain proceedings.

Provision is made for the advancement of Federal funds to the applicant so that it would be able to make this payment before the ultimate price is established by the eminent domain proceedings. Such funds would be advanced as a part of the operation of the program under the same terms and in the same manner as any other cost of a project under the program is financed. It should be made clear, however, that this provision would not authorize any payment to the applicant in addition to the normal Federal share of project costs under the program.

In addition, the bill would provide that no person lawfully occupying real property would be required to surrender possession on account of project activities without at least 90 days' written notice of the date on which these activities are scheduled to begin. It would also prohibit an applicant from advancing or delaying eminent domain in order to compel an owner to accept a designated price for the property. Finally, it would require the applicant to take into account human considerations, including the economic and social effects of the project on those occupying real property in the area, in determining the boundaries of a proposed project.

The bill would also extend the relocation payment provisions presently applicable to the urban renewal and public housing programs to the college and elderly housing programs, the open-space land program, and the public facility loan program. These payments would be financed wholly with Federal funds and would be in addition to any other Federal financial assistance extended under the particular program. However, the payments would not be available for any project receiving financial assistance prior to the enactment of the bill.

In addition, the bill would expand the relocation payment provisions contained in title I of the Housing Act of 1949. It would (1) increase from \$1,500 to \$2,500 the amount of the relocation adjustment payment authorized to displaced small business concerns, and (2) authorize payments to owners for reasonable and necessary expenses incurred by them in connection with the acquisition of their property for recording fees, transfer taxes, mortgage prepayment penalties, and a pro rata portion of real estate taxes covering a period after transfer of title to the property. The committee believes that the relocation adjustment payment to business concerns authorized by the 1964 act is inadequate, and that it is unreasonable to permit acquisition of property without reimbursing the owner for expenses incurred in transferring title to the property.

The committee also gave consideration to amending the relocation payment provisions of the urban renewal law to include as eligible moving expenses the cost of storing and insuring the personal property of a displacee until he is able to reestablish in permanent quarters. However, the committee concluded that such an amendment was unnecessary. There is sufficient authority under existing law to permit the Housing Administrator to allow reimbursement of such expenses. The committee believes that the costs of storage and insurance of personal property for a period of up to 1 year are clearly a reasonable and necessary moving expense and should be reimbursed. The committee also urges the agency to take into account the reinstallation charges of the fixtures moved.

TITLE V—COLLEGE HOUSING

Increase in authorization for loans

The bill would provide for increases of \$300 million in the college housing loan authorization on July 1 of each of the 4 years 1965 through 1968. It would also increase the two separate limitations on the dollar amount of college housing loans which can be outstanding for "other educational facilities" (such as dining halls cafeterias, student centers, and other facilities related to housing) and for the housing of student nurses and interns. The limitation on "other educational facilities" would be increased by \$30 million, and the limita-

tion on housing for student nurses and interns by \$15 million, on July 1 of each of the years 1965 through 1968.

The authorization for the college housing loan program now totals \$2,875 million with ceilings of \$295 million for other educational facilities and \$220 million for student nurse and intern housing. In addition, loan repayments, bond sales, and net income through the end of March 31, 1965, totaled \$147 million, bringing total funds available for commitment to \$3,022 million. Through the end of March 31, 1965, a total of 2,393 loans for \$2,576 million have been approved under this program. As of that date there were 169 applications for \$272 million for which funds had been reserved, bringing the total funds committed to \$2,849 million.

Through March 31, 1965, funds committed under the program provide assistance for about 2,570 projects, including housing accommodations for about 661,000 students and faculty (including student nurses and interns) and also 249 projects for related facilities such as student unions, dining halls, and health centers. There have been no defaults under the program in payment of principal and interest.

The Office of Education's college and university enrollment and facilities survey indicates an increase in college enrollments from 5.2 million in 1965 to 6.7 million in 1969, and it is estimated that about 25 percent of the increased enrollment will require college housing accommodations. Your committee believes that a 4-year program will best enable colleges and universities to plan for their requirements in the context of available college housing funds and to proceed with the orderly development and construction of the housing accommodations necessary to meet this flood of new students.

Interest rate on college housing loans

The bill would establish an interest rate ceiling on college housing loans at the lower of (1) 3 percent, or (2) the amount derived under the existing statutory interest rate formula (one-quarter of 1 percent per annum added to the average annual interest rate on all interest-bearing obligations of the United States forming a part of the public debt).

Under the existing statutory interest rate formula the lending rate in the college housing program is currently 3¾ percent and it is expected to rise to 4 percent on June 30, 1965.

The committee is concerned that the existing statutory interest rate formula is producing a program lending rate so high that the assistance intended by the Congress has been greatly reduced.

There is, of course, a direct relationship between the rentals that must be charged to college students for their housing and the rate of interest the colleges must pay for the money borrowed to construct such housing. Typical dormitory quarters financed with money borrowed at 3 percent can be rented to a student for \$380 a year—the same quarters financed with money borrowed at a 4-percent rate must be rented for \$430 a year.

Participation by new colleges

College enrollment has increased from 1.5 million in 1940 to 5.2 million this year. It is projected to climb to 8.6 million by 1975. The need for additional colleges has been obvious for some time. Yet of approximately 1,400 colleges and universities in the United States, fewer than 100 have been started since 1940. The over-

whelming portion of the increased enrollment has been met by expanding existing schools, many of which have reached their absolute limit.

When the college housing program was first passed by Congress in 1950, it was not the intention of Congress that the program be limited to existing colleges. Yet in the 15 years the college housing program has been in existence, the Housing and Home Finance Agency has not financed any housing for a new college. The reason stems from an administrative interpretation limiting the program to accredited institutions. As a college cannot be accredited until it has been in operation several years, this regulation, in effect, bars new colleges since they are caught in the circle of not being able to get into operation without facilities and being unable to get the facilities because they are not in operation.

The committee urges the HHFA to accept in the case of new colleges the certification of the State department of education in which the new college is located that the institution would be a bona fide nonprofit school offering an academic course leading to a degree. This certification should be acceptable for a reasonable period to allow the college to get into full operation.

TITLE VI—COMMUNITY FACILITIES

The purpose of this title of the bill is to provide Federal grant funds to assist communities to construct adequate basic water and sewer facilities needed to promote efficient and orderly growth and development and neighborhood facilities needed to carry on programs of health, recreation, or similar community services.

Need for increased investment in water and sewer facilities

The most pressing problem facing many American communities is the provision of adequate water and sewer facilities. This has been testified to repeatedly in hearings held by our committee in recent years. While the committee finds that local governments have not been able to keep pace with the rising need, it does not intend to imply in any way that local governments have not made every effort to meet their responsibilities. It is widely recognized that our towns and cities are hard pressed to meet their financial responsibilities. Sources of tax revenue are under heavy strain. Moreover, individual government units are at a disadvantage in imposing additional tax burdens because this often has the effect of driving industry and employment to other locations.

This shortage of water and sewer facilities is not only a major impediment to orderly and healthy community growth, but it has a special importance to our objectives in the housing field because of its impact on land prices. The sharp increase in land prices in recent years is one of the most serious problems facing the homebuilding industry. According to a recent study by the National Association of Home Builders, average lot prices over the past 5 years jumped over 60 percent from an average of \$2,800 to \$4,500. This inflationary rise is not due to a shortage of land as such—our total built-up urban land constitutes only 2 percent of the whole land area of the country—but rather it reflects a shortage of land provided with the public investment in community facilities necessary for residential development.

The special importance of this rapid rise in land costs for housing is the fact that not only does it add directly to the cost of homes but it

has a leverage effect because of the rule of thumb that land costs should not exceed one-fifth of the final price of the house. A building site which is overdeveloped or underdeveloped has limited marketability and lenders will reduce their appraisals and the amount of the loan which they will extend on such a property. For example, a builder may put an \$8,000 house on a \$2,000 lot, but if his land cost jumps to \$4,000, he will have to construct a house costing in the neighborhood of \$16,000 to obtain maximum mortgage terms and market acceptance. While rising incomes and larger families have been an important factor in the upward trend of housing prices, they are not an adequate explanation for the fact that private industry today is unable to adequately serve the many families of modest income. Moreover, we must prepare for the obvious change in the housing market which will come in the next few years when the well-known "baby boom" of the late 1940's reaches the family forming stage. Between 1945 and 1947, the number of births jumped by 1 million and this will soon be reflected in the housing market as a demand for homes at modest prices. We must prepare now to assure that the homebuilding industry can meet this demand with homes at reasonable prices in well-planned developments.

Grants for water and sewer facilities

The bill would authorize the Housing and Home Finance Administrator to make grants to local public bodies and agencies to finance 50 percent of the cost of projects for basic public water and sewer facilities.

This grant assistance would be available to all communities large or small. The committee expects the Housing Administrator to take into account the special needs of smaller communities which do not ordinarily have the staff of technicians and experts which would enable them to move quickly under a program of this nature and as a result are not always able to share fully in the benefits. However, HHFA through its Community Facilities Administration now operates the public facility loan program limited to cities of 50,000 population or less with a priority for towns of less than 10,000 people and the agency should draw on the experience under this program to assure that small towns are dealt with on an equal footing with larger cities.

Water facilities would include facilities to store, supply, treat, purify, or distribute safe, potable water for domestic, commercial, and industrial use. Sewer facilities would include sanitary sewer systems for the collection, transmission, and discharge of liquid wastes; storm sewer systems for the collection, transmission, and discharge of storm water caused by rainfall or ground water runoff; and other facilities for the collection and disposal of other categories of wastes. The basic parts of a water or sewer facility for which a grant may be made would include all the parts of the water or sewer facility except household connections and the local collection or distribution laterals.

The grants authorized by this title would be available for projects to expand, enlarge, or improve existing water and sewer facilities but the committee does not intend that the grants be used to finance ordinary repairs or maintenance of existing facilities.

The committee expects that proper regard will be given to established standards to assure that facilities constructed, expanded, or improved with grant assistance under this title are adequate for the maintenance of health and control of water pollution. While the

grants under this program would cover a wide range of our needs in the field of basic water and sewer facilities, it is not the intention of the committee that it duplicate the very successful program of grants for waste treatment plants under the Water Pollution Control Act.

No grant could be made for any project unless the Administrator determines that the project is necessary to provide adequate water or sewer facilities for, and will contribute to the improvement of the health or living standards of, the people in the community to be served and the project is (1) designed so that adequate capacity will be available to serve the reasonably foreseeable growth needs of the area, (2) consistent with a program for a unified or officially coordinated areawide water or sewer facilities system as part of the comprehensively planned development of the area, and (3) necessary to orderly community development. Prior to July 1, 1968, grants, in the discretion of the Administrator, could be made if a program for an areawide water and sewer facility system is under active preparation but not yet completed, if the facility for which assistance is sought can reasonably be expected to be required as part of such program, and there is an urgent need for the facility.

The areawide system for basic water and sewer facilities would be required to be a part of the comprehensively planned development of the area. The requirement that a basic water and sewer facility assisted with a grant be part of a unified or officially coordinated areawide water or sewer facility system would assure that Federal grant funds do not finance uncoordinated or fractionated water or sewer facilities. Where there are no existing areawide water or sewer systems, your committee expects that the Administrator would require, as a condition to a grant for a single, independent water or sewer project, that the project be designed so that it can be linked with other independent water or sewer facilities or a proposed areawide system.

In addition, requiring that the areawide water or sewer facility be related to the comprehensively planned development of the area would assure that grant funds available under the proposal would be available only for facilities which help promote orderly community development and are consistent with a coordinated scheduling of other public works in the area. Such orderly development and coordination would minimize waste and unnecessary costs which are the result of the unplanned and haphazard construction of basic community facilities.

The requirement that a facility assisted with grants have adequate capacity to serve the reasonably foreseeable growth needs of the area would avoid the duplication of costs often occasioned by having to rebuild undersized facilities at a later date.

The committee wishes to make it clear that the expectation of growth is not a prerequisite for this aid but only that in planning a system the plans should take into account future demands as well as present requirements.

Grants for neighborhood facilities

The bill would authorize the Administrator to make grants to local public bodies and agencies to finance specific projects for neighborhood facilities, including neighborhood or community centers, youth centers, health stations, and other public buildings to provide health or recreational or similar social services. The grants generally would be limited to 66½ percent of the cost of the project, but could be up to 75 percent

of the cost in the case of a project located in an area designated as a redevelopment area under section 5 of the Area Redevelopment Act.

Before making a grant under this proposal, the Administrator would be required to determine that the project would provide a neighborhood facility which is necessary for carrying out a program of health, recreational, or similar community services. The project must be consistent with comprehensive planning for the development of the community in which the neighborhood facility is to be located.

These Federal grants would help to stimulate a concerted effort by local public bodies, possibly in cooperation with private groups, to provide systematically for often long-neglected needs of the community. Since most of these needs are largely those of low- and moderate-income families and individuals, the neighborhood facility projects would have to be so located as to be available for use by a significant portion (or number in the case of large urban places) of the area's low- or moderate-income residents. In addition, a priority would be given to applications for projects that will primarily benefit members of low-income families or otherwise further the objectives of a community action program approved under title II of the Economic Opportunity Act of 1964. Your committee expects that the great majority of the neighborhood centers for which grants are made under this bill would be used in connection with such community action programs.

Much of the heavy costs of ill health and juvenile delinquency, and many of the problems of old age, could be avoided by preventive measures such as local preventive health, recreational, and related services. The costs of these services are small when compared to the tremendous economic and social losses resulting from illness and deprivation and the mounting expenditures in curing sickness, making welfare payments, combating crime, and accommodating the needs of the elderly. Availability of Federal grants for neighborhood facilities (many of which can be multipurpose facilities which can serve the needs of different groups) would assist communities to expand, and in some instances initiate, a group of community services which hitherto have been neglected.

Labor standards

Prevailing wage requirements determined in accordance with the provisions of the Davis-Bacon Act would be applicable to construction work financed with grants for basic public works or for neighborhood facilities.

Appropriations

The bill would authorize to be appropriated such sums as may be necessary to carry out the provisions of title VI. All funds so appropriated would remain available until expended. In order to give the committee and the Congress an opportunity to evaluate the experience under this program, the authority to make grants under this title would expire on October 1, 1969.

TITLE VII—FEDERAL NATIONAL MORTGAGE ASSOCIATION

Increase in FNMA special assistance authority

This title would provide for increases in the revolving authority under which the President authorizes FNMA to furnish special assistance to mortgage financing of certain housing. Under its special

assistance programs, FNMA makes commitments to purchase and purchases mortgages underwritten by the Government that finance housing for low- and moderate-income families, in urban renewal areas, for the elderly, for disaster victims, and other special types of housing designated by the President as being housing that needs special assistance.

The increases aggregate \$1,625 million. They would be provided by increasing the authorization by \$100 million on the date of enactment of the bill, by \$450 million on July 1, 1966, by \$550 million on July 1, 1967, and by \$525 million on July 1, 1968.

This total is \$500 million less than requested by the Administration, a reduction made possible by the elimination of the proposed program of FHA mortgage insurance for "new communities."

Further increases in the amount of Presidential special assistance authority would be provided by transferring and adding to such authority, on the date of enactment of the bill and on each July 1 thereafter, the then available portions of the special assistance authorization provided separately for FHA title VIII insured mortgages on housing for military, NASA, and AEC personnel. Your committee is informed that approximately \$220 million of this authority will be available for transfer on the date of enactment of the bill. Such transfers would not be new special assistance fund authorizations as they would come from special assistance authority previously provided by the Congress.

Of the total special assistance authority that this title would make available under the control of the President, your committee understands that the administration plans to utilize approximately \$1.5 billion for rental housing for low- and moderate-income families that will be financed with FHA-insured below-market interest rate mortgages, and that the balance of the authority will be needed for urban renewal housing and other special financing needs.

It should be further noted that the "pooling" arrangement provided for in title I of the bill will make it possible to finance an even larger amount of housing while reducing the budget impact by enabling FNMA to draw on private investors for a part of its funds.

In connection with the administration's projected use of the \$1.5 billion additional special assistance authority for FHA-insured section 221(d)(3) below-market interest rate mortgages, the Housing Administrator's statement in the hearings on the bill made mention of the direct relationship between the amount of FNMA's commitment and purchasing authority and the scope of FHA's operations under the 221(d)(3) program for low- and moderate-income housing. Because of their below-market interest rate, all of the mortgages will be offered to FNMA for purchase.

Increase in limitation on mortgages for dwelling units having four or more bedrooms

A mortgage eligible for purchase under FNMA's special assistance programs cannot exceed a general statutory \$17,500 limitation in original principal amount for each family residence or dwelling unit covered by the mortgage. The law exempts from this limitation all mortgages insured by FHA under the section 220 urban renewal housing program, the title VIII housing program for military, NASA, and AEC personnel, and the section 213 cooperative housing program

on properties in urban renewal areas, and also all FHA-insured and VA-guaranteed mortgages on properties in Alaska, Guam, or Hawaii.

A provision of this title would raise the \$17,500 limitation to \$20,000 in the case of family residences or dwelling units having four or more bedrooms. The mortgages that are now exempt from the \$17,500 limitation would also be exempt from the new \$20,000 limitation.

Your committee believes that for residences or dwelling units having fewer than four bedrooms the \$17,500 limitation serves a practical purpose in helping to keep the cost of such housing financed with special assistance funds within the means of modest income families. The committee recognizes, however, that there is a need for increased production of housing for larger families, and believes that establishment of the higher limitation of \$20,000 for such cases will serve to encourage its production.

TITLE VIII—OPEN-SPACE LAND AND URBAN BEAUTIFICATION AND IMPROVEMENT

This title would continue the program authorized by title VII of the Housing Act of 1961 in an expanded and more liberal form to provide aid for built-up areas as well as the suburbs and to encourage communities to increase their expenditures for park improvement and other activities that will make them more attractive and better places in which to live.

Authorization of funds.—The bill would eliminate the present \$75 million contract authority for grants for open-space land and substitute authority for appropriation of such amounts as may be necessary to carry out the purposes of this title including the two new forms of aid described below. It also provides a termination date of October 1, 1969, for the programs under this title.

Increased grant level for preservation of open-space land.—Under the present open-space land program, grants may be made to public bodies for up to 20 percent of the total cost of acquisition of open-space land in urban areas, or up to 30 percent of the cost if the public body exercises open-space responsibilities for all or a substantial part of the entire urban area. The bill would increase the grant levels from 20 and 30 percent to 30 and 40 percent, respectively.

The proposed grant increases would strengthen the ability of State and local agencies to acquire urban land that is still undeveloped or predominantly undeveloped and has value for park, recreation, conservation, scenic, or historic purposes. In many urban areas, undeveloped land is rapidly disappearing or greatly increasing in cost. Prompt action must be taken to acquire suitable land while it is still available. This will not only help to conserve public funds in the face of sharply increasing land costs, but will also assist in shaping urban development to allow the provision of transportation and other public facilities at minimum cost.

The present program has been in operation over 3 years, and in that time has assisted in the preservation of over 120,000 acres of open-space land in urban areas within 35 States. This is an encouraging beginning. However, increased efforts are needed. Our urban population is growing considerably more rapidly than parks and other urban open spaces are being provided, so that the backlog of unmet needs is actually expanding rather than decreasing. An

increase in the Federal grant level is vital if communities are to be given adequate assistance in preserving open-space land.

It is important, also, to raise the grant percentages at this time so that the Federal assistance made available for parks and other open space in urban areas through this program may be more effectively coordinated with that made available through the new outdoor recreation programs authorized by the Land and Water Conservation Fund Act of 1965. That act authorizes up to 50 percent grants for acquisition and development of recreation areas which serve a complementary purpose at the State level.

Assistance for acquiring developed land

The bill would also broaden the existing open-space land program to permit grants to be made to help acquire and clear developed land within built-up urban areas for small parks, squares, playgrounds, pedestrian malls, and other open-space purposes. The committee expects that generally when any existing structures are to be acquired, they will be blighted or deteriorating. Grants could not exceed 40 percent of the cost of acquiring the land and of demolishing and removing those improvements which would be inappropriate to its intended open-space use.

The present program is limited to assisting in the acquisition of land that is undeveloped or predominantly undeveloped. Although land may be acquired under the program anywhere within the urban area, this has tended to limit the operation of the program to outlying areas of cities and their suburbs. Thus, while over 90 percent of open-space funds have been allocated for the acquisition of lands in metropolitan areas, less than 15 percent of the lands acquired have been located in built-up portions of these areas. Similarly, of the 331 grants approved since 1961, only 55 were to localities of over 50,000 population.

Sufficient undeveloped land is often not available to meet the open-space needs of built-up areas. Yet the high value of developed land makes it nearly impossible for local governments to acquire and clear such land for open-space uses without substantial assistance. The park and open-space acquisition programs of many major cities have been intermittent and desultory for the past several decades, with few properties being acquired in built-up sections of the city. The proposed new program is essential to help correct this situation.

The committee sees this program as meeting several urgent needs in our cities and other urban areas. It could assist, for example, in the acquisition of land for pedestrian malls, waterfront restoration, and neighborhood play areas, as well as the usual form of parks. More such areas are needed to enhance the physical environment of our urban communities and to make them more attractive places in which to live and work.

In many cases this program would be especially useful in connection with projects of rehabilitation and code enforcement. Often one key to neighborhood decay is a lack of parks and playgrounds. The provision of properly located and well-designed open-space areas would be a useful catalyst in encouraging and supporting rehabilitation efforts.

The committee has put a \$500,000 limitation on the Federal grant for individual projects under this program. This is to assure both that projects will be of relatively small size and that improvements to be

acquired and demolished will generally be deteriorating, small, or otherwise relatively incidental to the land acquisitions involved.

In all instances, assistance would be limited to those situations where the governing body of the locality determines that adequate open-space needs cannot be met through existing undeveloped or predominantly undeveloped land. Such a finding would be based on the locality's assessment of its own long-term needs. Also, the Housing Administrator would be required to make a finding that the proposed open space is important to the comprehensively planned development of the locality.

As with the present open-space program, land acquired under the program would have to be permanently retained as open space, except under certain strictly specified conditions. These allow necessary conversions, but only under strict requirements for substitution of other open-space land of at least equal market value and equivalent usefulness and location. These requirements assure that no locality will sell or otherwise convert open-space land without urgent cause.

Urban beautification and improvement

Another new program would provide partial grants to assist in carrying out local programs of beautification and improvement of open-space and other public land in urban areas. The need for such assistance was emphasized by the President in his message on the state of the Union, and more recently in both his messages on natural beauty and on the central city and its suburbs.

Programs are already available for dealing with neighborhoods that have deteriorated to the point where rehabilitation or clearance is required. But large areas of our cities, while not yet blighted, are overcrowded and uninviting—lacking in the basic street, park, and other improvements so important to a sense of community spirit. The proposed community beautification and improvement program would, at moderate cost, enable localities to increase their activities which improve the attractiveness of their streets and public places. This could produce real dollars-and-cents benefits in encouraging the kind of neighborhood and community pride which is the best defense against blight and decay.

Local programs would, under criteria established by the Housing Administrator, be required (1) to represent significant and effective efforts, involving all available public and private resources, for the beautification and improvement of open-space and other public land in the community, and (2) to be important to the comprehensively planned development of the locality. The community would be encouraged to make maximum use of other urban beautification means in addition to the activities assisted with the Federal grants. Examples of other measures might be the regulation of signs and utility wires, zoning to prevent auto graveyards in inappropriate areas, and school programs to foster pride in maintaining and improving the appearance of the community.

The responsibility for preparing and carrying out local programs would be primarily that of the local public bodies receiving the grants. However, it is contemplated that the programs would provide for appropriate participation by private groups and individuals—for example, garden clubs, business and civic groups, store-owner associations, and chambers of commerce. Coordination would also be

required with related public programs bearing upon urban improvement and beautification.

Assisted activities would have to be capable of providing long-term benefits to the locality. Assistance would not, for example, be provided for the increased operating costs of keeping parks better lighted or more tidy. On the other hand, assistance could be provided for the cost of additional lighting fixtures. Thus, it is anticipated that many of the assisted activities would be "routine" improvements, but improvements which the proposed Federal assistance would enable the localities to undertake on a broader scale. Examples of activities eligible for assistance would include the following:

(1) Park development, including basic water and sanitary facilities, interior paths and walks, landscaping, shelters, recreation equipment, and other similar facilities normally associated with park and open-space areas. Generally no assistance would be provided for the construction of buildings. Only those small structures would be eligible for assistance which are incidental to proposed park or other open-space uses. Toilet facilities or rain shelters might be assisted, but an activities center, museum building, swimming pool, golf course, or other specialized major recreation facility could not be.

(2) Substantial upgrading and improvement of other public areas such as malls, squares, and waterfront areas.

(3) Street improvements such as lighting, benches, tree planting, and imaginative use of pavement and other outdoor "flooring".

(4) Activities in behalf of the arts, such as construction of facilities for outdoor exhibits.

A Federal grant could not exceed 40 percent of the amount by which the cost of the activities carried on by the applicant, during its fiscal year, under a local program has exceeded its usual expenditures for comparable activities. The usual expenditures of the applicant for such activities would be determined in accordance with administrative regulations based on the previous expenditures of the locality but taking into account, to the extent feasible, unusual circumstances affecting those expenditures.

Approval would be given in advance for the types of activities to be carried out and the overall amounts which could be spent, but a portion of each grant would be withheld until the required accounting at the end of the year. This procedure would help to assure that the Federal assistance is in fact provided only for additional local efforts.

Regulations would be established to assure that assistance under this program is not provided where grants were available under other Federal programs—for example, landscaping in connection with construction of federally assisted highways.

Demonstration grants for urban beautification and improvement

An important aim of the beautification provisions is to encourage and assist local experimentation and innovation. To facilitate this, the Housing Administrator would be authorized to make up to \$5 million of grants, without the otherwise-required matching local grants, for projects which he determines to have special value in developing and demonstrating new and improved methods and materials for use in beautification and improvement activities. However, it is expected

that grants under this provision would ordinarily be for less than 100 percent of cost, since allowance would be made for the continued benefit which the project might provide the locality.

The experience gained in these special demonstration projects could, in turn, be made available to other localities through the authority of the Administrator to undertake studies and publish information to carry out the purposes of the open-space land and urban beautification provisions.

Demonstration projects would be selected on the basis of their value for demonstrating a technique or facility having broad applicability to other communities. Assistance ordinarily would not be made available for regular continuing activities under an urban improvement and beautification program.

It is believed that this demonstration program can play a major role in developing new and imaginative approaches for meeting the goals of the urban beautification program. It can also help avoid costly mistakes by other communities, as well as suggesting those activities and programs most likely to achieve desired results and describing how they can be carried out most efficiently and economically.

Use of funds for studies and publication

The bill would permit the use of open-space grant appropriations, not to exceed \$100,000 per year, for undertaking and publishing open-space surveys and other studies in connection with activities under the open-space land and urban beautification programs. This will help to provide much-needed information and data on such problems as the kind of open-space uses and forms which help create more vital and livable cities, new means for preserving open-space, less-than-fee acquisition experience, and an analysis of the operation of State open-space programs.

General provisions

Relocation payments to persons, families, businesses, and nonprofit organizations displaced by projects assisted under this title would be fully reimbursed by the Federal Government, the same as in the urban renewal and other Housing Agency programs.

Prevailing wages, as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, would be required to be paid to all laborers and mechanics employed by contractors and subcontractors on construction work assisted under this title.

TITLE IX—RURAL HOUSING

Insured rural housing loans

The hearings clearly demonstrated the need for greatly expanding the rural housing program. Almost half of the substandard housing of this Nation is in rural areas although only 30 percent of our population lives there.

A widespread housing credit gap continues to exist in rural areas despite the efforts of the Federal Housing Administration to reach farther and more effectively into rural areas with its existing insured loan programs.

The new rural housing insured loan program of the Farmers Home Administration authorized by title IX will increase the opportunities available to those rural families who cannot qualify for housing loans

from other sources. Under this new program, loans up to \$300 million a year could be insured for families in low- and moderate-income levels who would pay interest at a rate not exceeding 5 percent per annum. Additional loans could be insured for families with incomes above the moderate level. These families would pay rates on their loans comparable to the rates paid on insured Federal Housing Administration loans. The new authority will serve to reduce in some degree the inequality between urban and rural families in the field of housing, without increasing the strain on the Federal budget.

The amount of funds made available under existing law for regular section 502 rural housing loans during the 1965 fiscal year was \$122 million. On March 31, 1965, the Farmers Home Administration had on hand more than 15,000 applications. For several years, the agency has not had sufficient loan funds to reduce its backlog of loan applications from eligible applicants aggregating more than \$100 million.

The applications on hand, moreover, are only a small indication of the need for raising to an adequate level the housing of millions of rural families. Almost 3 million rural families live in houses that need major repairs. More than a million live in homes that are in such a dilapidated condition that they endanger the health and safety of the occupants as well as the community in which they live. One out of three rural homes has no bath facilities.

Another important fact that came to the attention of the committee is that housing needs among the low-income rural families are particularly acute. Half of the rural families who, in 1959, had incomes of less than \$3,000 were living in houses that were so run down that they needed replacement or major repairs to make them habitable. These are the families who do not have enough income to repair their homes and cannot even qualify for a modest home improvement loan from most creditors.

The committee believes that the rural housing loan program of the Farmers Home Administration has been administered in an outstanding manner. This program has, in a modest way, demonstrated that it can effectively improve the quality of housing on farms and in rural nonfarm areas.

Your committee also noted the experience the Farmers Home Administration has had in the successful operation of the agricultural credit insurance fund under the Consolidated Farmers Home Administration Act of 1961. The committee therefore recommends an insured program for rural housing loans similar to the one that has proved to be successful under the 1961 act.

There are several important differences between the two programs. One is that the proposed bill would establish a 5-year minimum repurchase period, whereas the 1961 act permits a 3-year minimum period. Another difference is that any amount withheld as a loan insurance charge is discretionary with the Secretary under the proposed bill. The Consolidated Farmers Home Administration Act requires a minimum charge of one-half of 1 percent. The greater latitude in the bill is designed to provide more flexibility in establishing the interest rate to investors in insured loans and thus improve their salability.

Authority to buy previously occupied homes and building sites

Throughout rural America are many vacant houses that are structurally sound and can be purchased and modernized at a cost considerably below the cost of building a new house. Under present law, rural housing loans to buy previously occupied dwellings and the sites may be made only to elderly persons.

The committee believes that extending this authority to all age groups in rural areas will be a way of effectively utilizing existing structures and will be particularly useful in helping low-income families acquire a decent home of their own within their capacity to pay.

Authority to buy sites upon which to build also will be useful in helping more low-income families acquire homes of their own.

Limitations on interest rate

The bill sets a 5-percent maximum interest rate for insured loans to families in low- and moderate-income levels. For families with incomes above the moderate level, rates will be comparable to the interest rates and insurance charges paid by families who receive Federal Housing Administration insured loans. The committee also recognizes, however, that many families have such low incomes that they cannot pay the higher rates that are necessary to make insured loans salable. For this reason the bill provides that on direct loans to senior citizens for single-family housing and on the specialized direct loans under sections 503 and 504 the maximum interest rate will remain at 4 percent.

The bill also retains in the Secretary discretionary authority to set rates at less than the statutory maximum for direct loans to families in distress situations, such as those whose buildings were destroyed or damaged by natural disasters and families with low incomes who cannot afford to pay 5 percent interest. An example of the latter group would be farm laborers or other low-income families who participate in a self-help approach to obtain decent homes of their own. Such a family could have a low-cost home by obtaining a modest loan within their ability to repay and constructing the home with their own or exchange labor in order to keep the cash cost at a minimum.

With respect to direct loans for senior citizens rental housing, the maximum rate would be 3 percent. This results from a change which section 105 of the bill would make in section 202(a)(3) of the Housing Act of 1959. The ceiling on interest provided for in that section is made applicable to direct loans for rental housing for rural senior citizens by section 515(a)(2) of the Housing Act of 1949.

Extension of rural housing loan program

The committee recommends an extension to October 1, 1969, of existing authorizations that expire September 30, 1965, to permit an orderly administration of the rural housing program.

The bill also will increase from \$10 million to \$50 million the total amount of appropriations authorized for section 516 grants to help nonprofit sponsors provide low-rent housing for domestic farm labor. This increase is needed to provide an effective approach to improving the housing of our farm labor. The harsh economic facts are that, because of the short period of occupancy of housing by farm laborers, growers cannot afford to invest the total cost of adequate housing and, because of the low wages received by most farmworkers, they are unable to pay the rent that would be needed to provide the income

necessary to repay a loan for the full cost of the housing. These section 516 grants, which may be made up to two-thirds of the cost of the housing, should greatly accelerate the rate of replacing the existing labor slum housing with housing that is adequate but modest and economical.

The committee feels that the Farmers Home Administration has carried on an eminently successful rural housing program on farms, in the open country, and in small rural towns and villages of not over 2,500 population. We recognize however that some communities with populations in excess of 2,500 which are basically rural in character do not have access to adequate housing credit at reasonable terms. The committee suggests that the Farmers Home Administration continue to be alert to this problem and recommends that the agency thoughtfully explore the feasibility of modifying its regulations to extend its rural housing loans to residents of towns that may have populations in excess of 2,500 but nevertheless are rural in character.

The committee urges the Farmers Home Administration to continue its vigilance to assure that the authorizations in this title are not employed to make credit available to any applicants who may be able to qualify for loans from and meet the requirements of responsible local lenders.

TITLE X—MISCELLANEOUS

Urban planning grants—authorization

The bill would eliminate the existing \$105 million ceiling on the authorization for appropriation of funds for urban planning grants under section 701 of the Housing Act of 1954. Additional funds would, of course, be made available only through appropriations. The bill would further provide a cutoff date of October 1, 1969, for the urban planning grant program. Thus far, \$86 million of the existing authorization of \$105 million has been appropriated. The estimated program level for fiscal year 1966 is \$35 million.

Under section 701, the Housing Administrator is authorized to make grants (generally not to exceed two-thirds of the estimated costs) to States and local planning agencies to assist in preparing comprehensive development plans and programs. The program is designed to encourage and facilitate comprehensive planning for urban development on a continuing basis, including planning for open-space land and urban transportation. Surveys and analyses of population, economy, physiography, land use, transportation, and similar factors may be financed, as well as preparation of comprehensive development plans for the areas involved and maintenance of data on a current basis. Since its inception, more than 4,500 different localities have participated in the program.

Federal-State training program—authorization

The bill would eliminate the existing \$10 million ceiling on the authorization for appropriation of funds for grants for the Federal-State training program and provide a cutoff date of October 1, 1969, for the programs. Additional funds would, of course, be made available only through appropriations.

Under part 1 of title VIII of the Housing Act of 1964, the Housing Administrator is authorized to make matching grants to States to assist them in developing special training programs for technical and

professional people who are, or are likely to be, employed by a governmental or public body which has responsibilities for community development. These matching grants may also be used to support State and local research on housing, public improvement programs, code problems, efficient land use, urban transportation, and similar community development problems.

This program is needed to help local programs become more effective and economical, and to strengthen generally the capabilities of local government. Your committee wishes to express its concern that although the Housing Act of 1964 authorized \$10 million for grants under this program, funds have not yet been appropriated.

Public works planning advances—authorization

The existing \$20 million ceiling on the authorization for appropriation of funds for public works planning advances under section 702 of the Housing Act of 1954 would be eliminated by the bill. A cutoff date of October 1, 1969, would be provided for the program. Additional funds would, of course, be made available only through appropriations.

Under section 702, the Housing Administrator is authorized to advance interest-free funds to States, municipalities, and other public agencies to help finance the cost of planning various public works and facilities. These advances become repayable in whole or in part when construction is started.

As of the end of 1964, a total of 3,817 applications for approximately \$92 million have been approved under the program. The estimated cost of the projects aided through these public works planning advances totals \$5.56 billion. As of the same date, 3,360 plans involving Federal advances of \$84 billion have been completed and 1,186 advances for \$31 million have been repaid.

Savings and loan associations

The bill would authorize savings and loan associations to make loans on the security of buildings to be used as college dormitories, or fraternity or sorority houses, or for residential purposes by the staffs of community hospitals. It would further authorize such associations to make loans on the security of leaseholds which extend or are renewable for at least 10 years beyond the maturity of the loan. Under existing law, savings and loan associations may make such loans on the security of leasehold interests only if such leaseholds extend or are renewable for at least 15 years beyond the loan's maturity. In addition, the bill would confer upon District of Columbia associations the same investment powers as Federal savings and loan associations, and subject them to the same regulations as apply to Federally chartered associations.

SECTION-BY-SECTION SUMMARY OF THE BILL AS REPORTED

The first section provides that the bill may be cited by its short title—the “Housing and Urban Development Act of 1965”.

TITLE I—HOUSING FOR DISADVANTAGED PERSONS

Section 101. Financial assistance to enable certain private housing to be available for lower income families who are elderly, handicapped, displaced, or occupants of substandard housing

This section authorizes the Housing Administrator to undertake and carry out a program of annual rent supplement payments to help make housing available to individuals and families who are unable to obtain standard private housing at a rental equal to or less than one-fourth of their income. Eligibility for the program would be limited, however, to tenants who are elderly, those who are handicapped, those who are displaced by governmental action, and those who were living in substandard housing. Payment of rent supplements under the program would be made by the Administrator under contracts entered into with private nonprofit corporations, limited dividend corporations, and cooperatives which are mortgagors hereafter approved for purpose of FHA-insured section 221(d)(3) market-interest-rate mortgages and for purposes of the rent supplement program. The maximum term of any such contract would be 40 years, and the payments thereunder would be limited to the amount by which the fair market rental of the dwelling unit involved exceeds one-fourth of the tenant's income. The aggregate amount of such payments would be limited by appropriation acts, but could not exceed \$50 million a year initially; this limitation would be increased by \$50 million on July 1 of each of the years 1966, 1967, and 1968.

The Administrator would issue regulations and establish criteria and procedures for carrying out the program. He would certify to the housing owners the basic facts needed to establish eligibility of tenants, and would recertify tenant incomes at least every 2 years thereafter (except in the case of elderly tenants) so as to permit the adjustment of rental charges and annual payments under the program on the basis of tenants' income. The Administrator could enter into agreements, or authorize housing owners under the program to enter into agreements, with public or private agencies to provide for the services required in selection of qualified tenants. Such agreements could confer upon such private or public agencies the authority to issue certificates of eligibility.

The workable program for community improvement otherwise required for section 221(d)(3) mortgage insurance would not be required with respect to housing to be used under the rent supplement program, except in cases where such a program was already required and in effect in the community for purposes of Federal assistance in the form of code enforcement, urban renewal, or public housing.

An individual or family occupying a dwelling unit assisted under the rent supplement program would not be eligible for the additional relocation adjustment payments authorized for displacees under the Federal urban renewal program.

The Administrator would be directed to report to the Congress on or before January 1, 1968, with respect to operations under the rent supplement program.

Section 102. Extension of FHA section 221 programs; modification of interest rate; pooling of mortgages for sale

Subsection (a) amends section 221(f) of the National Housing Act to extend for 4 years (to October 1, 1969) FHA's authority to insure mortgages under its section 221 programs of housing for lower income families. These include the sales housing program under subsection (d)(2), the market rate and below market rate rental housing programs for nonprofit mortgagors under subsection (d)(3), and the rental housing program for profitmaking mortgagors under subsection (d)(4).

Subsection (b) amends section 221(d)(5) of the act to place an interest rate ceiling of 3 percent (or the rate derived under the existing formula, if lower) on mortgages which may be insured by FHA under the section 221(d)(3) below market interest rate program. (The rate is now 3½ percent and is expected to rise to 4 percent or higher on June 30, 1965.)

Subsection (c) amends section 302(c) of the act, which authorizes FNMA to set up pooling arrangements for mortgages and sell participations therein, to authorize appropriations to reimburse FNMA, where section 221(d)(3) below mortgage interest rate mortgages are included in any trust or other agency under such an arrangement, for the differential between its total outlay with respect to such trust or agency and its total receipts from such mortgages.

Section 103. Low-rent housing in private accommodations

This section adds to the United States Housing Act of 1937 a new section 23 to provide a new form of low-rent housing, utilizing existing privately owned housing to supplement the units provided in low-rent housing projects under the existing program.

Each local public housing agency would conduct a continuing survey and listing of the available privately owned dwelling units within the area under its jurisdiction which provide decent, safe, and sanitary dwelling accommodations and are (or can be made) suitable for use as "low-rent housing in private accommodations" under the new program. The owners of housing so listed would be notified from time to time of the anticipated need for dwelling units to be used under the new program, and invited to make their units available for such purpose. (Not more than 10 percent of the units in any single structure could be used in the program, except in the case of buildings with small numbers of units or in other cases determined by the local agency.)

If the local agency finds that units offered in response to such an invitation are (or can be made) suitable for use in the new program and that the rentals to be charged are within the financial range of low-income families, it may approve such units for use as low-rent housing in private accommodations and enter into a contract (having a term of from 1 to 3 years, renewable) with the owner for their use in the program. Each such contract would make the selection of

tenants for the units involved a function of the owner of the property subject to the contract between the local agency and PHA, would provide for the negotiation of the rentals by the local agency and the owner (using standards applicable to units in low-rent housing projects), and would contain other appropriate terms and conditions.

Payments under the new program to housing owners would be made from funds generally authorized for annual contributions to low-rent housing. In any case such payments (to the extent they are in lieu of other guaranteed contributions under the 1937 act) would be limited to the amount of the fixed annual contributions payable for a newly constructed project offering comparable accommodations; and the period over which such payments may be made as well as the aggregate amount of such payments would be determined on the basis of the extent to which the new program is operating in the community involved.

The tax exemption and workable program requirements otherwise applicable to low-rent public housing would be waived in the case of low-rent housing in private accommodations.

PHA would be directed to report to the Congress on or before January 1, 1968, with respect to operations under the new program.

Section 104. Low-rent public housing

Subsection (a) amends section 10(e) of the United States Housing Act of 1937 to increase by \$47 million immediately, and by an additional \$47 million in each of the years 1966 through 1968, the existing limit on the aggregate amount of contracts for annual contributions which may be entered into by PHA under the low-rent housing program. This increase would provide an estimated 60,000 additional units of low-rent housing annually over the 4-year period, to be available both for conventional low-rent housing projects and for the new approaches to low-rent housing contained in the bill (purchase, purchase and rehabilitation, lease, and low-rent housing in private accommodations).

Subsection (b) amends section 10(c) of the 1937 act to provide an alternative formula for computing annual contributions in the case of low-rent housing provided through the purchase, purchase and rehabilitation, or lease of privately owned existing dwelling units. Under the alternative formula a maximum dollar amount (based on the fixed annual contribution otherwise established for a newly constructed housing project offering comparable facilities) could be established as the annual contribution for a purchased or leased unit, thus permitting the acquisition, or acquisition and rehabilitation, of structures over whatever period may be appropriate, as well as the leasing of units for short-term use in meeting particular needs.

Subsection (c) amends section 2(2) of the 1937 act to establish parity of treatment between handicapped families and elderly families for low-rent housing purposes, thereby extending to handicapped families all of the various special provisions in the act (for example, increased room cost limits in the case of low-rent housing designed specifically for the families involved, and the special contribution of \$120 per unit per year for dwelling units occupied by them) presently available to the elderly.

Subsection (d) amends section 15(7) of the 1937 act to eliminate altogether the existing requirement that there be a 20-percent gap be-

tween the upper rental limits for admission to a low-rent housing project and the lowest rents at which private enterprise is providing a substantial supply of standard housing. Previous laws have already eliminated the 20-percent-gap requirement for the displaced and the elderly.

Section 105. Direct loans to provide housing for the elderly or handicapped

This section amends section 202 of the Housing Act of 1959 (the program of direct loans to provide housing for the elderly or handicapped) to eliminate the existing \$350 million ceiling on the total amount authorized to be appropriated for such loans, at the same time adding a provision which terminates the program as of October 1, 1969.

In addition, a ceiling of 3 percent (or the amount derived under the existing formula, if lower) would be placed on the interest rate applicable to loans under the program. (Under existing law, the interest rate is the higher of 2¾ percent or the rate derived under the formula. The latter is currently 3¾ percent and is expected to rise to 4 percent on June 30, 1965.)

Section 106. Rehabilitation grants to homeowners in urban renewal areas

This section adds to title I of the Housing Act of 1949 (the urban renewal program) a new section 115 to authorize the use of urban renewal capital grant funds (without any requirement of local matching) for grants to low-income homeowners in an urban renewal area to cover the cost of residential repairs and improvements which are necessary in order to comply with applicable housing codes or other requirements of the urban renewal program.

A rehabilitation grant under the new section 115 may cover the actual cost of the repairs and improvements involved up to a maximum of \$1,500; except that if the homeowner's income exceeds \$2,000 a year, the grant would in any case be limited to the portion of such cost which cannot be paid for with any available loan that can be amortized without requiring the homeowner's housing expense to exceed 25 percent of his monthly income.

Outstanding contracts under the urban renewal program may be amended to include rehabilitation grants under the new section 115.

TITLE II—FHA INSURANCE OPERATIONS

Section 201. Land development

Subsection (a) adds to the National Housing Act a new title X to authorize a new program of FHA mortgage insurance for land improvement and site development.

Under the new program, FHA would be authorized to insure mortgages to finance the acquisition of land and the installation of improvements such as water and sewer lines, streets, curbs, sidewalks, and storm drainage facilities. Buildings could be included only if they are needed in connection with water supply or sewage disposal installations, or are to be owned and maintained jointly by the property owners (but in no case could school buildings be included).

The Commissioner would be directed to adopt appropriate requirements to encourage the maintenance of a diversified local home-building industry, broad participation by builders, and a proper balance of housing for low- and moderate-income families.

The maximum mortgage for a single land insurance undertaking could not exceed \$12,500,000. The mortgage maximum would be limited to 50 percent of the Commissioner's estimate of the value of the land before development plus 90 percent of his estimate of the cost of such development, subject to an overall ceiling of 75 percent of the value upon completion.

The maximum maturity of the mortgage would be limited to 7 years and the Commissioner would be authorized to prescribe maximum interest rates and premium charges.

To be eligible, the mortgage would have to represent a good mortgage insurance risk in the Commissioner's estimation, and the development would have to be consistent with sound land use patterns and consistent with comprehensive planning being carried on for the area in which the land is situated. It would also have to be served by such shopping, school, recreational, transportation, and other facilities as the Commissioner deems adequate or necessary.

Cost certification would be required to assure that the amount of the mortgage loan outstanding at reasonable intervals during construction does not exceed the maximum loan ratios described above.

No mortgage could be insured under the new program after October 1, 1969, except pursuant to a commitment to insure issued before that date.

Subsection (b) of this section of the bill amends various provisions of law to make land development mortgages insured under the new title X eligible for FNMA's regular secondary market program and for investments by national banks and Federal savings and loan associations.

Section 202. Extension of insurance authorizations

This section amends the relevant sections of the National Housing Act to continue for 4 years (until October 1, 1969) FHA's existing authority to insure (1) property improvement loans under the title I program, (2) housing loans and mortgages under all of the FHA programs except those with independent termination dates, and (3) mortgages under the section 809 and section 810 programs for the military, NASA, and AEC. (The sec. 221 program of mortgage insurance for low- and moderate-income families would be continued for 4 years by sec. 102 of the bill, discussed above.)

Section 203. Multifamily mortgage limits for four or more bedroom units

This section amends FHA's multifamily housing programs (secs. 207, 213, 220, 221, 231, and 234 of the National Housing Act) to increase the dollar limitation on the amount of an insurable mortgage in the case of dwelling units having four or more bedrooms. The amount of the increase would range from \$2,250 to \$2,500 per family unit. No change would be made in the existing limits for dwelling units having less than four bedrooms.

Section 204. Rehabilitation in urban renewal areas

This section amends section 220 of the National Housing Act (FHA's urban renewal housing program) to increase the maximum amount of an insurable mortgage in a case where the mortgagor is not the occupant of the property but intends to hold it for rental purposes from 85 percent of the amount which an owner-occupant could receive to 93 percent of such amount. The existing 85-percent limit would continue to apply where the nonoccupant mortgagor

intends to hold the property for sale rather than rental. Where refinancing is involved, existing indebtedness for improvement of the property could be included in the computation of the mortgage amount whether or not the indebtedness is secured by a mortgage against the property.

Section 205. Nondwelling facilities for urban renewal housing

This section amends section 220 of the National Housing Act (FHA's urban renewal housing program) to expand the class of nondwelling facilities which may be included in a project financed with a section 220 mortgage. Under the amendment, such a project could include such nondwelling facilities which will contribute to the project's economic feasibility as the Commissioner deems desirable and consistent with the urban renewal plan, so long as the project is predominantly residential. [(Under existing law only such nondwelling facilities as are needed to serve the occupants of the project and of other housing in the neighborhood would be included.)]

Section 206. Larger insured mortgages for servicemen

This section amends section 222 of the National Housing Act (the FHA mortgage insurance program for servicemen) to increase from \$20,000 to \$30,000 the maximum amount of a mortgage insurable thereunder, and to make the downpayments in all cases the same as those under the regular section 203(b) home mortgage insurance program (3 percent of the value of the property up to \$15,000, 10 percent of the value over \$15,000 but not over \$20,000, and 25 percent of the value over \$20,000).

Section 207. Refinancing of insured mortgages

This section amends section 223 of the National Housing Act to give FHA the authority to insure mortgages executed for the purpose of refinancing existing mortgages insured under any of FHA's programs; this authority is now available only for mortgages insured under sections 220, 221, 903, 908, and (in certain cases) 608.

Section 208. Consolidation of FHA insurance funds

This section adds to title V of the National Housing Act a new section 519, providing for the consolidation into a single general insurance fund of all of FHA's existing insurance funds except the mutual mortgage insurance fund, which would continue without change in its present coverage of section 203 mortgages (although sec. 203(k) home improvement loans would be transferred to the new fund). The only other FHA-insured mortgages not covered by the new general insurance fund would be the section 213 cooperative housing mortgages which would be the obligation of the new cooperative management housing insurance fund established by section 209 of the bill (discussed below).

Section 209. Mutuality for management-type cooperatives

This section amends section 213 of the National Housing Act to place FHA's mortgage insurance program for management-type cooperatives on a mutual basis. (Sales-type cooperatives would not be included, nor would projects built for sale to cooperatives unless actually so sold.) A new cooperative management housing insurance fund would be created with funds transferred from the general insurance fund (established by sec. 208 of the bill), with a general surplus account and a participating reserve account to which income or loss

would be appropriately credited or charged. Cooperative mortgages heretofore insured and transferred to the new fund, as well as cooperative mortgages insured in the future, would be eligible for mutuality.

Section 210. Optional cash payment of insurance benefits

This section adds to title V of the National Housing Act a new section 520, authorizing the FHA Commissioner in his discretion to pay either in cash or in debentures any insurance claim filed by a mortgagee under any of FHA's programs after the enactment of the bill. (Under existing law payment must be in debentures, except in the case of mortgages insured under secs. 220, 221, and 233 after the enactment of the 1961 Housing Act and loans insured under sec. 203(k) after the enactment of the 1964 act.) The Commissioner could obtain the funds for these cash payments by borrowing from the Treasury.

Any such cash payment would be in an amount equivalent to the face amount of the debentures which would otherwise be issued plus the interest such debentures would have earned.

Section 211. FHA mortgage financing for veterans

This section amends section 203(b)(2) of the National Housing Act (FHA's regular residential mortgage insurance program) to provide special liberal terms for veterans who have not received benefits under VA housing programs. For these veterans, in the case of a mortgage covering a single-family home, no downpayment would be required on the first \$20,000 of value and 15 percent would be required as a downpayment on the value above \$20,000 up to the FHA ceiling for such a mortgage. (The regular terms under such program require a downpayment equal to 3 percent of the first \$15,000 of value, 10 percent of the value over \$15,000 but not over \$20,000, and 25 percent of the value over \$20,000.)

Section 212. Mortgage limit for homes in outlying areas under FHA section 203(i) program

This section amends section 203(i) of the National Housing Act to increase from \$11,000 to \$12,500 the dollar limit on the amount of a mortgage which can be insured under the FHA program of mortgage insurance for low-cost housing in outlying areas.

TITLE III—URBAN RENEWAL

Section 301. Study of housing and building codes, zoning, tax policies, and development standards

This section directs the Housing Administrator to conduct a study of housing and building laws, codes, standards, and regulations, zoning and land use laws, codes, and regulations, and Federal, State, and local tax policies, for the purpose of determining how local property owners and private enterprise can be encouraged to serve as large a part of the total housing and building need as they can and how governmental assistance can be so directed as to enable them to serve a larger part of such need. The Administrator would submit a report based on such study to the President and the Congress within 18 months.

Section 302. General neighborhood renewal plans

This section amends section 102(d) of the Housing Act of 1949 to permit a general neighborhood renewal plan to cover adjoining areas as well as the urban renewal area itself, thereby eliminating the present requirement that the whole area covered by a general neighborhood renewal plan be an urban renewal area, and authorizes such a plan even though the area involved includes subareas which are not themselves so blighted or deteriorated as to require urban renewal treatment.

Section 303. Increase in authorization for capital grants

This section amends section 103(b) of the Housing Act of 1949 to increase the aggregate amount of capital grants which the HHFA Administrator may make under the urban renewal program. At present this amount is \$4,725 million, including \$25 million for mass transportation demonstration grants which is eliminated by the bill; the resulting \$4,700 million would be increased by \$675 million on the enactment of the bill, by \$725 million on July 1, 1966, and by \$750 million on July 1 in each of the years 1967 and 1968.

Section 304. Use of grant or loan funds in code enforcement and rehabilitation projects

This section amends section 110(c) of the Housing Act of 1949 to earmark at least 10 percent of the aggregate amount of the additional capital grant authority provided by section 303 of the bill and subsequent acts, and rehabilitation loans under section 312 of the Housing Act of 1964, for projects (assisted with such grants or loans) which involve primarily code enforcement and rehabilitation.

Section 305. Strengthened workable program requirement

This section amends section 101 of the Housing Act of 1949 to require that each workable program required thereby be sufficiently extensive and detailed to prove the need for individual urban renewal projects in the area involved, and that each such project be in accord with such program.

Section 306. Rehabilitation loans

This section amends section 312(d) of the Housing Act of 1964 to eliminate the existing \$50 million ceiling on the total amount authorized to be appropriated to the Housing Administrator for rehabilitation loans thereunder, at the same time adding a provision which terminates the rehabilitation loan program as of October 1, 1969.

Section 307. Lease guarantees for small-business concerns displaced by urban renewal projects

This section amends section 7 of the Small Business Act to authorize the Small Business Administration to assist small-business concerns which have been displaced by urban renewal projects in obtaining leases of property, by insuring the owner or lessor of such property against any losses which might be sustained as a result of the small-business concern's failure to perform the lease according to its terms. The lease could not be for a term of more than 10 years, and the small-business concern would have to satisfy SBA that it is financially sound and efficiently managed and will perform the lease according to its terms.

An insurance fund would be established for carrying out the new lease-guarantee program, with \$5 million authorized from SBA's revolving fund to provide initial capital. Premiums for the insurance would be fixed by SBA, with a maximum premium equivalent to 1 percent of the annual (or minimum) rental payable under the lease.

Section 308. Relocation of displacees from urban renewal areas

This section amends section 105(c) of the Housing Act of 1949 in order to expand and implement the existing requirement that there be a feasible method for the temporary relocation of persons displaced from an urban renewal area, and the requirement that there be a relocation assistance program designed to determine the needs of displacees, provide information and aid in minimizing the hardships of displacement, and coordinate relocation activities with other governmental activities in the community.

Section 309. Redevelopment in accordance with urban renewal plan

This section amends section 106 of the Housing Act of 1949 to require, as a condition of entering into any urban renewal contract with a local public agency, that such agency demonstrate that its projects theretofore assisted under the urban renewal program have been or will be undertaken and carried out in accordance with the applicable urban renewal plan and the contracts covering such projects.

Section 310. Limitation on noncash grant-in-aid credit allowed for publicly owned parking facilities

This section amends section 110(d) of the Housing Act of 1949 to provide that publicly owned parking facilities provided by a locality in connection with the redevelopment of an urban renewal area can be counted as local grants-in-aid under the urban renewal program only to the extent that the cost of such facilities is not anticipated to be recovered out of the revenues therefrom.

Section 311. Eligibility of communities in depressed areas for urban renewal assistance

This section amends section 103(a)(2) of the Housing Act of 1949 to authorize capital grants under the urban renewal program on a full three-fourths basis, in the case of an urban renewal project in a municipality situated in a labor market area which is designated as an urban redevelopment area under the Area Redevelopment Act (or similar legislation subsequently enacted), without regard to such municipality's population; under existing law, grants for projects in such a municipality would be at the regular two-thirds rate unless its population were 150,000 or less. (The 50,000 population limit in existing law on eligibility for the three-fourths rate in the case of municipalities outside urban redevelopment areas would not be changed.) Except in the case of Providence, R.I., this amendment would apply only to future urban renewal grant contracts.

Section 312. Local grants-in-aid for urban renewal project in Philadelphia

This section makes certain expenditures by the University of Pennsylvania for land acquisition and demolition eligible as local grants-in-aid for purposes of urban renewal project Pennsylvania 5-3 (University City).

TITLE IV—COMPENSATION OF CONDEMNNEES

Section 401. Declaration of policy

This section establishes a uniform Federal land acquisition policy for real property acquired in federally assisted housing and urban development programs.

Section 402. Definitions

This section defines various terms used in the new title IV. "Development programs" would include most of the housing, clearance, and rehabilitation programs in which the United States provides financial assistance to local agencies in their acquisition of real property. "Federal assistance" would include grants, loans, guarantees, and annual contributions. An "applicant" would be a public or nonprofit agency or institution which receives Federal assistance under a development program. An "interest" would be any interest in real property, including future, nonpossessory, and leasehold interests. "Real property" would mean land and interests in land, buildings, and fixtures, and articles specially adapted to the use of the property which are not economically capable of use elsewhere.

Section 403. Land acquisition policy

This section conditions Federal assistance under any development program on the applicant's satisfying the Housing Administrator that it will meet certain requirements in connection with the acquisition of land by eminent domain in the course of such program. The applicant would try to acquire real property by negotiation, and before negotiating (1) would have the property appraised, permitting the owner to accompany the appraiser; and (2) would offer the owner a price established by the applicant as fair. In partial takings the applicant would provide the owner with an estimate of the fair market value of the whole property before and the remaining property after the acquisition, of the value of the property acquired, and of damages and benefits to the remaining property. Before an owner surrenders possession of his property, the applicant would have to give him 90 days' notice and (1) pay him the negotiated purchase price, or (2) in any case where only the amount of the payment to the owner is in dispute, pay him not less than 75 percent of the most recently established fair and reasonable price. Rents charged persons temporarily occupying property acquired by the applicant could not exceed the fair rental value of the premises for the period to be occupied, as determined by the applicant. Applicants could not try to lower the price of acquired property by advancing or deferring condemnation or withholding compensation, and could not leave owners with uneconomic remnants of land. The applicant would be required to take into account human considerations in setting project boundaries.

Section 404. Relocation payments under federally assisted programs

Subsection (a) extends the relocation payment provisions of section 114 of the Housing Act of 1949 to families, individuals, business firms, and nonprofit organizations displaced by college housing under title IV of the Housing Act of 1950, housing for the elderly under section 202 of the Housing Act of 1959, public facilities financed under title II of the Housing Amendments of 1955, and the open space program under title VII of the Housing Act of 1961. These payments

are now made to persons displaced by urban renewal and public housing.

Subsection (b) amends section 114(b) of the 1949 act to raise the amount of the additional relocation payment to displaced small business firms from \$1,500 to \$2,500.

Subsection (c) amends section 114 of the 1949 act to authorize reimbursement of the local agency for the payment by it of certain costs incurred by displaced persons in the transfer of real property to the public body or other recipient of Federal aid. Such costs would include (1) recording fees, transfer taxes, and similar expenses, (2) mortgage prepayment penalties, and (3) the pro rata portion of taxes covering a period after transfer of title.

Subsection (d) provides that these provisions become effective upon the date of enactment of the bill.

Section 405. Funds for certain payments in eminent domain

This section provides that financial assistance under any of the federally assisted development programs enumerated in this title of the bill may include the amounts necessary to finance (under the same formula as in the case of other project costs under the program involved) the 75-percent payments to property owners required by section 403 of the bill (discussed above).

TITLE V—COLLEGE HOUSING

Section 501. Increase in authorization for college housing loans

This section amends section 401 of the Housing Act of 1950 (the college housing loan program) to increase the total amount authorized for college housing loans (presently \$2,875 million) by \$300 million on July 1 in each of the years 1965 through 1968, for a total increase of \$1,200 million.

Section 502. Interest rate on college housing loans

This section amends section 401 of the 1950 act to place a ceiling of 3 percent (or the amount derived under the existing formula, if lower) on the interest rate applicable to college housing loans. (Under existing law, the interest rate is the higher of 2¾ percent or the rate derived under the formula. The latter is currently 3¾ percent and is expected to rise to 4 percent on June 30, 1965.

Section 503. Parking facilities for colleges and universities

This section amends section 404(h) of the 1950 act to make parking facilities for faculty and students eligible for college housing loans.

TITLE VI—COMMUNITY FACILITIES

Section 601. Purpose

This section states that the purpose of title VI of the bill is to assist and encourage the Nation's communities in (1) the construction of adequate basic water and sewer facilities needed to promote efficient and orderly growth and development, and (2) the construction of neighborhood facilities for programs of necessary social services.

Section 602. Grants for basic water and sewer facilities

This section authorizes the Housing Administrator to make grants (up to 50 percent of development cost) to local public bodies and agencies for the construction of basic public water and sewer facilities.

No such grant may be made unless the project involved is necessary to orderly community development and is designed so that an adequate capacity will be available to serve the reasonably foreseeable growth needs of the area. Further, no such grant may be made unless the project is consistent with a program for a unified or officially coordinated areawide water or sewer facilities system as part of the comprehensively planned development of the area; except that prior to July 1968 such a grant could be made if a program for an areawide system is under active preparation but not yet completed, provided the project for which assistance is sought is urgently needed and can reasonably be expected to be required as part of such program.

Section 603. Grants for neighborhood facilities

This section authorizes the Administrator to make grants (up to 66⅔ percent of development cost, or 75 percent in the case of projects located in depressed areas designated under sec. 5 of the Area Redevelopment Act or similar legislation subsequently enacted) to local public bodies and agencies for the construction of neighborhood facilities which are (1) necessary for carrying out a program of health, recreational, social, or similar community services (including a community action program under the Economic Opportunity Act of 1964); (2) consistent with comprehensive planning for the development of the community; and (3) so located as to be available for use by a significant portion or number of the area's low- or moderate-income residents.

A neighborhood facility constructed with such a grant could not be converted to other uses for a period of 20 years, without the Administrator's approval. Priority would be given to projects designed primarily to benefit members of low-income families or otherwise substantially further the objectives of a community action program under the Economic Opportunity Act of 1964.

Section 604. General provisions

This section confers upon the Administrator the usual functions, powers, and duties, and authorizes him to make advance or progress payments on account of any grant made under the program.

Section 605. Definitions

This section defines various terms used in the new title VI. (The term "development cost" would mean the costs of the construction of the facility and the land on which it is located, including necessary site improvements to permit its use as a site for such facility.)

Section 606. Labor standards

This section makes applicable to construction work financed with assistance under sections 602 and 603 the prevailing wage standards of the Davis-Bacon Act (and the usual time-and-a-half overtime provisions), along with the authority generally available to the Secretary of Labor with respect to the enforcement of such standards.

Section 607. Appropriations; termination of program

Subsection (a) authorizes the appropriation of the funds necessary to carry out the new title VI, and provides that all funds so appropriated will remain available until expended.

Subsection (b) provides a cutoff date of October 1, 1969, for the title VI program.

TITLE VII—FEDERAL NATIONAL MORTGAGE ASSOCIATION

Section 701. Increase in FNMA special assistance authority

Subsection (a) amends section 305(c) of the National Housing Act to increase the amount of special assistance which the President can authorize FNMA to provide for housing and community development (presently \$1,700 million) by \$100 million on the enactment of the bill, by \$450 million on July 1, 1966, by \$550 million on July 1, 1967, and by \$525 million on July 1, 1968 (for a total increase of \$1,625 million).

Subsection (b) amends section 305(f) of the act to provide for the transfer to and merger with FNMA's regular special assistance authority of the balance (approximately \$220 million) of the amount of special assistance authorized for housing for the military, NASA, and AEC financed with FHA title VIII insured mortgages.

Section 702. Increase in limitation on mortgages for dwelling units having four or more bedrooms

This section amends section 302(b) of the National Housing Act to increase the maximum amount of a mortgage which FNMA can purchase in its special assistance program by an additional \$2,500 per dwelling unit (from \$17,500 to \$20,000) in the case of dwelling units having four or more bedrooms.

TITLE VIII—OPEN-SPACE LAND AND URBAN BEAUTIFICATION AND IMPROVEMENT

Section 801. Change in name of program; findings and purpose

This section changes the name of the existing open-space land program (title VII of the Housing Act of 1961) so that it will include a reference to "urban beautification and improvement," thus reflecting the proposed new program of grants for urban beautification and improvement (described below). It also expands the existing statement of congressional findings and purpose so as to reflect the need for this new program as well as the proposed new program (also described below) to provide open-space land in built-up urban areas.

Section 802. Increased grant level for preservation of open-space land

This section amends section 702(a) of the 1961 act to increase from 20 to 30 percent of the land acquisition cost (and from 30 to 40 percent of such cost in cases to which the higher rate is applicable) the maximum amount of any grant which may be made under the existing title VII program for the preservation of open-space land.

Section 803. Substitution of appropriation authority for grant contract authority

This section amends section 702 of the 1961 act to eliminate the present \$75 million contract authority for grants under title VII of the 1961 act and substitute authority for the appropriation of such amounts (without dollar limit) as may be necessary to carry out the title. This authorization would apply to all aspects of the open-space program in the existing title VII as well as to the two proposed new grant programs discussed below. The bill also provides a cutoff date of October 1, 1969, for the programs under title VII of the 1961 act.

Section 804. Grants for provision of open space land in built-up urban areas

This section adds to title VII of the 1961 act a new section 705, authorizing the Housing Administrator to make grants to States and local public bodies to assist them in the acquisition of developed land in built-up portions of urban areas for clearance and use as open-space land. Grants for this purpose (which could not exceed \$500,000 or 40 percent of the acquisition and demolition cost) could be made only where adequate open-space land cannot effectively be provided through the use of existing undeveloped land and the proposed acquisition is important to the comprehensively planned development of the locality. Such grants could include relocation payments for individuals, families, business concerns, and nonprofit organizations displaced by projects assisted under the title VIII programs.

Section 805. Grants for urban beautification and improvement

This section adds to title VII of the 1961 act a new section 706, authorizing the Administrator to make grants to States and local public bodies to assist in carrying out local programs (utilizing all available public and private resources for the beautification of the land involved, and important to the comprehensively planned development of the locality) for the greater use and enjoyment of open-space and other public land in urban areas. Such a grant could not exceed 40 percent of the amount by which the community's activities under the program during any fiscal year exceeds its usual expenditures for comparable activities; except that up to \$5 million of the available funds could be used in making 100-percent grants for activities determined by the Administrator to have special value in developing and demonstrating new and improved methods and materials for urban beautification and improvement.

Section 806. Labor standards

This section adds to title VII of the 1961 act a new section 707, making applicable to construction work financed with assistance under such title the prevailing wage standards of the Davis-Bacon Act (and the usual time-and-a-half overtime provisions), along with the authority generally available to the Secretary of Labor with respect to the enforcement of such standards and provisions.

Section 807. Use of funds for studies and publication

This section amends title VII of the 1961 act to permit the Administrator to use open-space grant appropriations (up to \$100,000 per year) for undertaking and publishing open-space surveys and other studies in connection with title VII activities. (Under existing law

such studies and publications must be financed through separate appropriations.)

Section 808. Conforming amendments

This section makes necessary technical and conforming amendments in various provisions of title VII of the 1961 act to reflect the inclusion of the two new grant programs.

TITLE IX—RURAL HOUSING

Section 901. Loans for previously occupied buildings and minimum site acquisition

This section amends section 501 of the Housing Act of 1949 to authorize the Secretary of Agriculture to make loans to farmers and rural residents for the purchase of previously occupied dwellings and related facilities and farm service buildings and for minimum adequate building sites.

Section 902. Interest rate on direct rural housing loans

This section amends section 502(a) of the Housing Act of 1949 to increase to 5 percent the maximum interest rate on direct loans under section 502, except for loans to elderly persons in accordance with section 501(a)(3) and loans in accordance with sections 503 and 504, which would remain at 4 percent. It would also authorize the Secretary to charge fees on all title V loans.

Section 903. Insured rural housing loans

Subsection (a) of this section adds to title V of the Housing Act of 1949 two new sections (517 and 518).

The new section 517 would authorize the Secretary of Agriculture to insure loans, and make loans to be sold insured, in accordance with section 502; except that such loans to persons of low or moderate income would bear interest not above 5 percent and be limited to adequate housing modest in size, design, and cost and to an aggregate of \$300 million per year, and such loans to other persons would be made at rates and charges comparable to those in effect under FHA's section 203 program. To assure the marketability of these loans to private investors within the interest ceiling set by this section, it is further provided that the Secretary may enter into a repurchase agreement with the investor but in no event could the agreement be for less than 5 years.

The new section 517 would also establish a new rural housing insurance fund to finance insured section 502 loans and to be utilized by the Secretary for various specified purposes. The new fund would be used in lieu of the agricultural credit insurance fund for section 514 domestic farm labor housing and section 515(b) elderly rental housing loans. Loans made out of the fund and held unsold could not exceed \$100 million at any one time. The Secretary would be authorized to borrow from the Treasury to meet loan insurance obligations and to make other authorized expenditures from the fund.

The new section 518 would establish a rural housing direct loan account, and would transfer to such account all rural housing direct loans made under sections 502, 503, 504, and 515(a) of the 1949 act, all collections therefrom, and any funds available from appropriations or Treasury borrowings for such loans. Amounts transferred to the account and such further amounts as may be appropriated would

be available for making loans under the above sections and for making repayments to the Treasury.

Subsection (b) of section 903 of the bill amends section 511 of the Housing Act of 1949 to extend for 4 years (to October 1, 1969) the unused balance (approximately \$101 million) of the existing borrowing authority under section 511, and to remove the existing special reservation of \$50 million exclusively for loans to elderly persons in accordance with section 501(a)(3).

Section 904. Federal National Mortgage Association secondary market operations for insured rural housing loans

This section amends title III of the National Housing Act to authorize FNMA to purchase loans insured under the new provisions of title V of the Housing Act of 1949 in its secondary market operations.

Section 905. Extension of rural housing authorizations

This section amends title V of the Housing Act of 1949 to extend for 4 years (to October 1, 1969) the authority of the Secretary of Agriculture to make section 503 loan contribution commitments, the authority for appropriations to finance assistance under sections 504(a), 504(b), 506, and 516, and the authority of the Secretary to make section 515(b) rental housing loans for elderly persons. It would also increase from \$10 to \$50 million the total amount of appropriations authorized for section 516 assistance to provide low-rent housing for domestic farm labor, and would extend the construction standards and technical services provisions of section 506(a) to operations under the new provisions added to title V by the bill.

Section 906. Payment of interest to the Treasury on appropriations for rural housing loans

This section adds to title V of the Housing Act of 1949 a new section 519, directing the Secretary of Agriculture to pay into miscellaneous receipts of the Treasury any surpluses from the new rural housing insurance fund or the new rural housing direct loan account. It would also provide for payment to the Treasury of interest on any portions of future appropriations to such fund or account for the purpose of making loans until returned to miscellaneous receipts.

TITLE X—MISCELLANEOUS

Section 1001. Authorization for urban planning grants

This section amends section 701 of the Housing Act of 1954 to eliminate the existing \$105 million ceiling on the total amount authorized to be appropriated for urban planning grants thereunder, at the same time adding a provision which terminates the program as of October 1, 1969.

Section 1002. Authorization for Federal-State training programs

This section amends section 802 of the Housing Act of 1964 to eliminate the existing \$10 million ceiling on the total amount authorized to be appropriated for grants to States for the Federal-State training program under part 1 of title VIII of such act, at the same time adding a provision which terminates the program as of October 1, 1969.

Section 1003. Authorization for public works planning advances

This section amends section 702 of the Housing Act of 1954 to eliminate the existing ceiling on the total amount which may be appropriated for advances under the 1954 planning advance program, at the same time adding a provision terminating the authority to make advances under the program as of October 1, 1969.

Section 1004. Advisory committees—Technical provision

This section eliminates from section 601 of the Housing Act of 1949 (relating to HHFA advisory committees) a provision which has become obsolete.

Section 1005. Public facility loans to nonprofit corporations

This section amends section 202 of the Housing Amendments of 1955 (the community facilities program) to permit the Housing Administrator to make loans to private nonprofit corporations to finance the construction of works for the storage, treatment, purification, or distribution of water, or the construction of sewage, sewage treatment, and sewer facilities, if such works or facilities are needed to serve communities with a population of less than 10,000 and no existing public body is able to construct and operate them.

Section 1006. FHA conforming amendments

This section amends various provisions of the National Housing Act to reflect the consolidation of FHA insurance funds into the general insurance fund under section 208 of the bill.

Section 1007. Savings and loan associations

This section amends section 5(c) of the Home Owners' Loan Act of 1933 to permit savings and loan associations (1) to make loans on the security of buildings to be used as college dormitories or fraternity or sorority houses, or to be used for residential purposes by the staffs of community hospitals, and (2) to make loans on the security of leaseholds under certain conditions. It would also confer upon District of Columbia associations the same powers with respect to the investment of assets as are authorized for Federal savings and loan associations.

Section 1008. Urban renewal project in Johnson City, Tenn.

This section permits certain electrical installations to be counted as local noncash grants-in-aid for an urban renewal project in Johnson City, Tenn.

Section 1009. Repayment of certain planning grants

This section waives repayment of public works planning advances which were used for projects built under the accelerated public works program and have neither been previously waived nor repaid.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS
REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

NATIONAL HOUSING ACT

TITLE I—HOUSING RENOVATION AND MODERNIZATION

* * * * *

INSURANCE OF FINANCIAL INSTITUTIONS

SEC. 2. (a) The Commissioner is authorized and empowered upon such terms and conditions as he may prescribe, to insure banks, trust companies, personal finance companies, mortgage companies, building and loan associations, installment lending companies, and other such financial institutions, which the Commissioner finds to be qualified by experience or facilities and approves as eligible for credit insurance, against losses which they may sustain as a result of loans and advances of credit, and purchases of obligations representing loans and advances of credit, made by them on and after July 1, 1939, and prior to October 1, [1965] 1969, for the purpose of financing alterations, repairs, and improvements upon or in connection with existing structures, and the building of new structures, upon urban, suburban, or rural real property (including the restoration, rehabilitation, rebuilding, and replacement of such improvements which have been damaged or destroyed by earthquake, conflagration, tornado, hurricane, cyclone, flood, or other catastrophe), by the owners thereof or by lessees of such real property under a lease expiring not less than six months after the maturity of the loan or advance of credit. In no case shall the insurance granted by the Commissioner under this section to any such financial institution on loans, advances of credit, and purchases made by such financial institution for such purposes on and after July 1, 1939, exceed 10 per centum of the total amount of such loans, advances of credit, and purchases: *Provided*, That with respect to any loan, advance of credit, or purchase made after the effective date of the Housing Act of 1954, the amount of any claim for loss on any such individual loan, advance of credit, or purchase paid by the Commissioner under the provisions of this section to a lending institution shall not exceed 90 per centum of such loss.

After the effective date of the Housing Act of 1954, (i) the Commissioner shall not enter into contracts for insurance pursuant to this section except with lending institutions which are subject to the inspection and supervision of a governmental agency required by law to make periodic examinations of their books and accounts, and which the Commissioner finds to be qualified by experience or facilities to make and

service such loans, advances or purchases, and with such other lending institutions which the Commissioner approves as eligible for insurance pursuant to this section on the basis of their credit and their experience or facilities to make and service such loans, advances or purchases; (ii) only such items as substantially protect or improve the basic livability or utility of properties shall be eligible for financing under this section, and therefore the Commissioner shall from time to time declare ineligible for financing under this section any item, product, alteration, repair, improvement, or class thereof which he determines would not substantially protect or improve the basic livability or utility of such properties, and he may also declare ineligible for financing under this section any item which he determines is especially subject to selling abuses; and (iii) the Commissioner is hereby authorized and directed, by such regulations or procedures as he shall deem advisable, to prevent the use of any financial assistance under this section (1) with respect to new residential structures that have not been completed and occupied for at least six months, or (2) which would, through multiple loans, result in an outstanding aggregate loan balance with respect to the same structure exceeding the dollar amount limitation prescribed in this subsection for the type of loan involved: *Provided*, That this clause (iii) may in the discretion of the Commissioner be waived with respect to the period of occupancy or completion of any such new residential structures.

* * * * *

(f) The Commissioner shall fix a premium charge for the insurance hereafter granted under this section, but in the case of any obligation representing any loan, advance of credit, or purchase, such premium charge shall not exceed an amount equivalent to 1 per centum per annum of the net proceeds of such loan, advance of credit, or purchase, for the term of such obligation, and such premium charge shall be payable in advance by the financial institution and shall be paid at such time and in such manner as may be prescribed by the Commissioner. [The moneys derived from such premium charges and all moneys collected by the Commissioner as fees of any kind in connection with the granting of insurance as provided in this section, and all moneys derived from the sale, collection, disposition, or compromise of any evidence of debt, contract, claim, property, or security assigned to or held by the Commissioner as provided in subsection (c) of this section with respect to insurance granted on and after July 1, 1939, shall be deposited in an account in the Treasury of the United States, which account shall be available for defraying the operating expenses of the Federal Housing Administration under this section, and any amounts in such account which are not needed for such purpose may be used for the payment of claims in connection with the insurance granted under this section. The account heretofore established in connection with insurance operations under this section and identified in the accounting records of the Federal Housing Administration as the Title I Claims Account shall be terminated as of August 1, 1954, at which time all of the remaining assets of such account, together with deposits therein for the account of obligors, shall be transferred to and merged with the account established pursuant to this subsection. Moneys in the account established pursuant to this subsection not needed for the current operations of the Federal Housing Administration may be invested in bonds or other obligations of, or in bonds or

other obligations guaranteed as to principal and interest by, the United States.】

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INSURANCE OF MORTGAGES

SEC. 8. (a) * * *

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(g) Subsections (c), (d), (e), (f), (g), (h), (j), and (k) of section 204 of this Act shall be applicable to mortgages insured under this section except that all references therein to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the 【Title I Housing】 General Insurance Fund, and all references therein to section 203 shall be construed to refer to this section: *Provided*, That debentures issued in connection with mortgages insured under this section 8 shall have the same tax exemption as debentures issued in connection with mortgages insured under section 203 of this Act.

【(h) There is hereby created a Title I Housing Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section, and the Commissioner is hereby directed to transfer immediately to such Fund the sum of \$1,000,000 from the account in the Treasury of the United States established pursuant to the provisions of section 2 (f) of this title.

【(i) (1) Moneys in the Title I Housing Insurance Fund not needed for the current operations of the Federal Housing Administration under this section shall be deposited with the Treasurer of the United States to the credit of the Title I Housing Insurance Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this section. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

【(2) Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage accepted for insurance under this section, the receipts derived from the property covered by such mortgage and claims assigned to the Commissioner in connection therewith shall be credited to the Title I Housing Insurance Fund. The principal of, and interest paid and to be paid on debentures issued under this section, cash adjustments, and expenses incurred in the handling, management, renovation, and disposal of properties acquired under this section shall be charged to the Title I Housing Insurance Fund.】

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TITLE II—MORTGAGE INSURANCE

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INSURANCE OF MORTGAGES

SEC. 203. (a) * * *

(b) To be eligible for insurance under this section a mortgage shall—

- (1) Have been made to, and be held by, a mortgagee approved by the Commissioner as responsible and able to service the mortgage properly.

(2) Involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed \$30,000 in the case of property upon which there is located a dwelling designed principally for a one-family residence; or \$32,500 in the case of a two-family residence (whether or not such one- or two-family residence may be intended to be rented temporarily for school purposes); or \$32,500 in the case of a three-family residence; or \$37,500 in the case of a four-family residence; [and not to exceed] and (except as provided in the last sentence of this paragraph) not to exceed an amount equal to the sum of (i) 97 per centum (but, in any case where the dwelling is not approved for mortgage insurance prior to the beginning of construction unless the construction of the dwelling was completed more than one year prior to the application for mortgage insurance or the dwelling was approved for guaranty, insurance, or direct loan under chapter 37 of title 38, United States Code, prior to the beginning of construction, 90 per centum) of \$15,000 of the appraised value of the property, as of the date the mortgage is accepted for insurance, (ii) 90 per centum of such value in excess of \$15,000 but not in excess of \$20,000, and (iii) 75 per centum of such value in excess of \$20,000. *If the mortgagor is a veteran (as defined in section 101(2) of title 38, United States Code) who has not received any direct, guaranteed, or insured loan under laws administered by the Veterans' Administration for the purchase, construction, or repair of a dwelling (including a farm dwelling) which was to be owned and occupied by him as his home, and the mortgage to be insured under this section covers property upon which there is located a dwelling designed principally for a one-family residence, the principal obligation may be in an amount equal to the sum of (i) 100 per centum of \$20,000 of the appraised value of the property as of the date the mortgage is accepted for insurance, and (ii) 85 per centum of such value in excess of \$20,000.*

* * * * *

(i) The Commissioner is authorized to insure under this section, any mortgage meeting the requirements of subsection (b) of this section, except as modified by this subsection, which involves a principal obligation not in excess of [\$11,000] \$12,500 and not in excess of 97 per centum (or, in any case where the dwelling is not approved for mortgage insurance prior to the beginning of construction, unless the construction of the dwelling was completed more than one year prior to the application for mortgage insurance or the dwelling was approved for guaranty, insurance, or direct loan under chapter 37 of title 38, United States Code, prior to the beginning of construction, 90 per centum) of the appraised value of a property located in an area where the Commissioner finds it is not practicable to obtain conformity with many of the requirements essential to the insurance of mortgages on housing in built-up urban areas, upon which there is located a dwelling designed principally for a single-family residence: *Provided*, That if the mortgagor is not the occupant of the property at the time of insurance, the principal obligation of the mortgage shall not exceed 85 per centum of the appraised value of the property: *Provided further*, That the Commissioner finds that the property with respect to which the mortgage is executed is an acceptable risk, giving consideration to the need for

providing adequate housing for families of low and moderate income particularly in suburban and outlying areas or small communities: *Provided further*, That under the foregoing provisions of this subsection the Commissioner is authorized to insure any mortgage issued with respect to a farm home on a plot of land five or more acres in size adjacent to a public highway.

(j) Loans secured by mortgages insured under this section shall not be taken into account in determining the amount of real estate loans which a national bank may make in relation to its capital and surplus or its time and savings deposits.

(k) To supplement the mortgage insurance provisions of this section in order to assist the conservation, improvement, and alteration of housing, the Commissioner is authorized to make commitments to insure and to insure a home improvement loan (including advances during construction or improvement) under this subsection in accordance with the provisions of section 220(h), except that (1) the structures improved shall be designed for occupancy by not more than four families and shall not be required to be located in the area of an urban renewal project, (2) the Commissioner shall find that the project with respect to which the loan is executed is an acceptable risk, (3) all funds received and all disbursements made shall be credited or charged, as appropriate, to [a separate Section 203 Home Improvement Account to be maintained as hereinafter provided under the Mutual Mortgage Insurance Fund] *the General Insurance Fund*, and (4) insurance benefits shall be paid in cash out of [the Section 203 Home Improvement Account or in debentures executed in the name of such Account] *the General Insurance Fund or in debentures executed in the name of such Fund*. For the purposes of this subsection, the Commissioner shall have all the authority provided in section 220(h). Insurance benefits paid with respect to loans insured under this subsection shall be paid in accordance with sections 220(h)(6) and 220(h)(7), except that as applied to those loans references in section 220(h) to "this subsection" shall be construed to refer to this section 203(k) [, references to the Section 220 Home Improvement Account shall be construed to refer to the Section 203 Home Improvement Account, and references to the Section 220 Housing Insurance Fund shall be construed to refer to the Mutual Mortgage Insurance Fund]. [All of the provisions in section 220(h)(4) relative to the Section 220 Home Improvement Account shall be equally applicable to the Section 203 Home Improvement Account. There is hereby created a separate Section 203 Home Improvement Account under the Mutual Mortgage Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this subsection, and the Commissioner is authorized to transfer to such Account the sum of \$1,000,000 from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this Act. The provisions of section 205(c) shall not be applicable to loans insured under this subsection.] If the insurance payment is made in cash, there shall be added to such payment an amount equivalent to the interest which the debentures would have earned, computed to a date to be established pursuant to regulations issued by the Commissioner.

PAYMENT OF INSURANCE

SEC. 204. (a) In any case in which the mortgagee under a mortgage insured under section 203 [or section 210] shall have foreclosed and taken possession of the mortgaged property in accordance with regulations of, and within a period to be determined by, the Commissioner, or shall, with the consent of the Commissioner, have otherwise acquired such property from the mortgagor after default, the mortgagee shall be entitled to receive the benefit of the insurance as hereinafter provided, upon (1) the prompt conveyance to the Commissioner of title to the property which meets the requirements of rules and regulations of the Commissioner in force at the time the mortgage was insured, and which is evidenced in the manner prescribed by such rules and regulations, and (2) the assignment to him of all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transaction or foreclosure proceedings, except such claims as may have been released with the consent of the Commissioner. Upon such conveyance and assignment the obligation of the mortgagee to pay the premium charges for insurance shall cease and the Commissioner shall, subject to the cash adjustment hereinafter provided, issue to the mortgagee debentures having a total face value equal to the value of the mortgage and (subject to subsection (e)(2)) a certificate of claim, as hereinafter provided. For the purposes of this subsection, the value of the mortgage shall be determined, in accordance with rules and regulations prescribed by the Commissioner, by adding to the amount of the original principal obligation of the mortgage which was unpaid on the date of the institution of foreclosure proceedings, or on the date of the acquisition of the property after default other than by foreclosure, the amount of all payments which have been made by the mortgagee for taxes, ground rents, and water rates, which are liens prior to the mortgage, special assessments which are noted on the application for insurance or which become liens after the insurance of the mortgage, charges for the administration, operation, maintenance and repair of community-owned property or the maintenance and repair of the mortgaged property, the obligation for which arises out of a covenant filed for record and approved by the Commissioner prior to the insurance of the mortgage, insurance on the mortgaged property, and any mortgage insurance premiums, and any tax imposed by the United States upon any deed or other instrument by which said property was acquired by the mortgagee and transferred or conveyed to the Commissioner, and by deducting from such total amount any amount received on account of the mortgage after either of such dates, and any amount received as rent or other income from the property, less reasonable expenses incurred in handling the property, after either of such dates: *Provided*, That with respect to mortgages which are accepted for insurance under section 203(b)(2)(B) of this Act, and which are foreclosed before there shall have been paid on account of the principal obligation of the mortgage a sum equal to 10 per centum of the appraised value of the property as of the date the mortgage was accepted for insurance, there may be included in the debentures issued by the Commissioner, on account of foreclosure costs actually paid by the mortgagee and approved by the Commissioner an amount not in excess of 2 per centum of the unpaid principal of the mortgage as of the date of the institution of foreclosure proceedings, but in no event in excess

of \$75: *And provided further*, That with respect to mortgages which are accepted for insurance under section 203(b)(2)(D) or under the second proviso of section 207(c)(2) of this Act, or under section 213 of this Act, or with respect to any mortgage accepted for insurance under section 203 on or after the effective date of the Housing Act of 1954, there may be included in the debentures issued by the Commissioner on account of the cost of foreclosure (or of acquiring the property by other means) actually paid by the mortgagee and approved by the Commissioner an amount, not in excess of two-thirds of such cost or \$75 whichever is the greater: *And provided further*, That with respect to a mortgage accepted for insurance pursuant to a commitment issued on or after the date of enactment of the Housing Act of 1964, the Commissioner may include in debentures or in the cash payment an amount not to exceed the foreclosure, acquisition, and conveyance costs actually paid by the mortgagee and approved by the Commissioner: *And provided further*, That with respect to a mortgage accepted for insurance pursuant to a commitment issued prior to the date of enactment of the Housing Act of 1964, the Commissioner may, with the consent of the mortgagee (in lieu of issuing a certificate of claim as provided in subsection (e)), include in debentures or in the cash payment, in addition to amounts otherwise allowed for such costs, an amount not to exceed one-third of the total foreclosure, acquisition, and conveyance costs actually paid by the mortgagee and approved by the Commissioner, but in no event may the total allowance for such costs exceed the amount actually paid by the mortgagee: *And provided further*, That with respect to mortgages to which the provisions of sections 302 and 306 of the Soldiers' and Sailors' Civil Relief Act of 1940, as now or hereafter amended, apply and which are insured under section 203 of the National Housing Act, as now or hereafter amended, and subject to such regulations and conditions as the Commissioner may prescribe, there shall be included in the debentures an amount which the Commissioner finds to be sufficient to compensate the mortgagee for any loss which it may have sustained on account of interest on debentures by reason of its having postponed the institution of foreclosure proceedings or the acquisition of the property by other means during any part or all of the period of such military service and three months thereafter: *And provided further*, That where the claim is paid in cash there shall be included in the cash payment an amount equivalent to the compensation for loss of debenture interest that would be included in computing debentures if such claim were being paid in debentures: *And provided further*, That with respect to any mortgage covering a one-, two-, three-, or four-family residence insured under this Act, if the Commissioner finds, after notice of default, that the default was due to circumstances beyond the control of the mortgagor, he may, upon such terms and conditions as he may prescribe, (1) approve the request of the mortgagee for an extension of the time for the curing of the default and of the time for commencing foreclosure proceedings or for otherwise acquiring title to the mortgaged property to such time as the Commissioner may determine is necessary and desirable to enable the mortgagor to complete the mortgage payments, including an extension of time beyond the stated maturity of the mortgage, and in the event of a subsequent foreclosure or acquisition of the property by other means the Commissioner is authorized to include in the debentures an amount equal to any unpaid mortgage

interest, or (2) approve a modification of the terms of the mortgage for the purpose of changing the amortization provisions by recasting, over the remaining term of the mortgage or over such longer period as may be approved by the Commissioner, the total unpaid amount then due, as determined by the Commissioner, with the modification to become effective currently or to become effective upon the termination of an agreed-upon extension of the period for curing the default; and the principal amount of the mortgage, as modified, shall be considered to be the "original principal obligation of the mortgage" as that term is used in this Act for the purpose of computing the total face value of the debentures to be issued or the cash payment to be made by the Commissioner to a mortgagee: *And provided further*, That, notwithstanding any requirement contained in this Act that debentures may be issued only upon acquisition of title and possession by the mortgagee and its subsequent conveyance and transfer to the Commissioner, and for the purpose of avoiding unnecessary conveyance expense in connection with payment of insurance benefits under the provisions of this Act, the Commissioner is authorized, subject to such rules and regulations as he may prescribe, to permit the mortgagee to tender to the Commissioner a satisfactory conveyance of title and transfer of possession direct from the mortgagor or other appropriate grantor and to pay the insurance benefits to the mortgagee which it would otherwise be entitled to if such conveyance had been made to the mortgagee and from the mortgagee to the Commissioner.

(b) The Commissioner may at any time, under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.

(c) Debentures issued under this section shall be in such form and denominations in multiples of \$50, shall be subject to such terms and conditions, and shall include such provisions for redemption, if any, as may be prescribed by the Commissioner with the approval of the Secretary of the Treasury, and may be in coupon or registered form. Any difference between the value of the mortgage determined as herein provided and the aggregate face value of the debentures issued, not to exceed \$350, shall be adjusted by the payment of cash by the Commissioner to the mortgagee [from the Fund as to mortgages insured under section 203 and from the Housing Fund as to mortgages insured under section 210] *from the Mutual Mortgage Insurance Fund.*

(d) The debentures issued under this section to any mortgagee with respect to mortgages insured under section 203 shall be executed in the name of the Mutual Mortgage Insurance Fund as obligor, shall be signed by the Commissioner by either his written or engraved signature, and shall be negotiable [and the debentures issued under this section to any mortgagee with respect to mortgages insured under section 210 shall be executed in the name of the Housing Insurance Fund as obligor, shall be signed by the Commissioner by either his written or engraved signature, and shall be negotiable]. All such debentures shall be dated as of the date foreclosure proceedings were instituted, or the property was otherwise acquired by the mortgagee after default: *Provided*, That debentures issued pursuant to claims for insurance filed on or after the date of enactment of the Housing Act of 1964 shall be dated as of the date of default or as of such later date as the Commissioner, in his discretion, may establish by regulation.

The debentures shall bear interest from such date at a rate established by the Commissioner pursuant to section 224, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature twenty years after the date thereof. Such debentures as are issued in exchange for property covered by mortgages insured under section 203 or section 207 prior to the date of enactment of the National Housing Act Amendments of 1938 shall be subject only to such Federal, State, and local taxes as the mortgages in exchange for which they are issued would be subject to in the hands of the holder of the debentures and shall be a liability of [the Fund] *the Mutual Mortgage Insurance Fund*, but such debentures shall be fully and unconditionally guaranteed as to principal and interest by the United States; but any mortgagee entitled to receive any such debentures may elect to receive in lieu thereof a cash adjustment and debentures issued as hereinafter provided and bearing the current rate of interest. Such debentures as are issued in exchange for property covered by mortgages insured after the date of enactment of the National Housing Act Amendments of 1938 shall be exempt, both as to principal and interest, from all taxation (except surtax, estate, inheritance, and gift taxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority; and such debentures shall be paid out of [the Fund, or the Housing Fund, as the case may be,] *the Mutual Mortgage Insurance Fund* which shall be primarily liable therefor, and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and such guaranty shall be expressed on the face of the debentures. In the event that [the Fund or the Housing Fund] *the Mutual Mortgage Insurance Fund* fails to pay upon demand, when due, the principal of or interest on any debentures issued under this section, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

(e)(1) Subject to paragraph (2), the certificate of claim issued by the Commissioner to any mortgagee shall be for an amount which the Commissioner determines to be sufficient, when added to the face value of the debentures issued and the cash adjustment paid to the mortgagee, to equal to the amount which the mortgagee would have received if, at the time of the conveyance to the Commissioner of the property covered by the mortgage, the mortgagor had redeemed the property and paid in full all obligations under the mortgage and a reasonable amount for necessary expenses incurred by the mortgagee in condition with the foreclosure proceedings, or the acquisition of the mortgaged property otherwise, and the conveyance thereof to the Commissioner. Each such certificate of claim shall provide that there shall accrue to the holder of such certificate with respect to the face amount of such certificate, an increment at the rate of 3 per centum per annum which shall not be compounded. The amount to which the holder of any such certificate shall be entitled shall be determined as provided in subsection (f).

(2) A certificate of claim shall not be issued and the provisions of paragraph (1) of this subsection shall not be applicable in the case of

a mortgage accepted for insurance pursuant to a commitment issued on or after the date of enactment of the Housing Act of 1964.

(f)(1) If, after deducting (in such manner and amount as the Commissioner shall determine to be equitable and in accordance with sound accounting practice) the expenses incurred by the Commissioner, the net amount realized from any property conveyed to the Commissioner under this section and the claims assigned therewith exceed the face value of the debentures issued and the cash paid in exchange for such property plus all interest paid on such debentures, such excess shall be divided as follows:

(i) If such excess is greater than the total amount payable under the certificate of claim issued in connection with such property, the Commissioner shall pay to the holder of such certificate the full amount so payable, and any excess remaining thereafter shall be paid to the mortgagor of such property if the mortgage was insured under section 203 [and shall be retained by the Commissioner and credited to the Housing Insurance Fund if the mortgage was insured under section 207]: *Provided*, That on and after the date of enactment of the Housing Act of 1964, any excess remaining after payment to the holder of the full amount of the certificate of claim, together with the accrued interest increment thereon, shall be retained by the Commissioner and credited to the applicable insurance fund; and

(ii) If such excess is equal to or less than the total amount payable under such certificate of claim, the Commissioner shall pay to the holder of such certificate the full amount of such excess.

* * * * *

RENTAL HOUSING INSURANCE

SEC. 207. (a) * * *

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(b) In addition to mortgages insured under section 203, the Commissioner is authorized to insure mortgages as defined in this section (including advances on such mortgages during construction) which cover property held by—

(1) Federal or State instrumentalities, municipal corporate instrumentalities of one or more States, or limited dividend or redevelopment or housing corporations restricted by Federal or State laws or regulations, of State banking or insurance departments as to rents, charges, capital structure, rate of return, or methods of operation; or

(2) any other mortgagor approved by the Commissioner which, until the termination of all obligations of the Commissioner under the insurance and during such further period of time as the Commissioner shall be the owner, holder, or reinsurer of the mortgage, is regulated or restricted by the Commissioner as to rents or sales, charges, capital structure, rate of return, and methods of operation to such extent and in such manner as to provide reasonable rentals to tenants and a reasonable return on the investment. The Commissioner may make such contracts with and acquire, for not to exceed \$100, such stock or interest in the mortgagor as he may deem necessary to render effective the regulations or restrictions. The stock or interest acquired by the Commissioner shall be paid for out of [the Housing Fund] *the General Insurance Fund*, and shall be redeemed by the mortgagor at par upon the

termination of all obligations of the Commissioner under the insurance.

The insurance of mortgages under this section is intended to facilitate particularly the production of rental accommodations, at reasonable rents, of design and size suitable for family living. The Commissioner is, therefore, authorized and directed in the administration of this section to take action, by regulation or otherwise, which will direct the benefits of mortgage insurance hereunder primarily to those projects which make adequate provision for families with children, and in which every effort has been made to achieve moderate rental charges.

Notwithstanding any other provisions of this section, no mortgage shall be insured hereunder unless the mortgagor certifies under oath in selecting tenants for the property covered by the mortgage he will not discriminate against any family by reason of the fact that there are children in the family, and that he will not sell the property while the insurance is in effect unless the purchaser so certifies, such certification to be filed with the Commissioner. Violation of any such certification shall be a misdemeanor punishable by a fine of not to exceed \$500.

(c) To be eligible for insurance under this section a mortgage on any property or project shall involve a principal obligation in an amount—

* * * * *

(3) not to exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), \$9,000 per family unit without a bedroom, \$12,500 per family unit with one bedroom, \$15,000 per family unit with two bedrooms, [and \$18,500 per family unit with three or more bedrooms] *\$18,500 per family unit with three bedrooms, and \$21,000 per family unit with four or more bedrooms* or not to exceed \$1,800 per space or \$500,000 per mortgage for trailer courts or parks; except that as to projects to consist of elevator-type structures the Commissioner may, in his discretion, increase the dollar amount limitations per family unit to not to exceed \$10,500 per family unit without a bedroom, \$15,000 per family unit with one bedroom, \$18,000 per family unit with two bedrooms, [and \$22,500 per family unit with three or more bedrooms] *\$22,500 per family unit with three bedrooms, and \$25,500 per family unit with four or more bedrooms*, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design; and except that the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed 45 per centum in any geographical area where he finds that cost levels so require.

* * * * *

(d) The Commissioner shall collect a premium charge for the insurance of mortgages under this section [and section 210] which shall be payable annually in advance by the mortgagee, either in cash or in debentures [of the Housing Insurance Fund issued by the Commissioner under this title] *issued by the Commissioner under any title and section of this Act, except debentures of the Mutual Mortgage Insurance Fund* at par plus accrued interest. In addition to the premium charge herein provided for, the Commissioner is authorized to charge

and collect such amounts as he may deem reasonable for the appraisal of a property or project offered for insurance and for the inspection of such property or project during construction: *Provided*, That such charges for appraisal and inspection shall not aggregate more than 1 per centum of the original principal face amount of the mortgage.

* * * * *

[(f) There is hereby created a Housing Insurance Fund (herein referred to as the "Housing Fund") which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section and sections 210, 213, 231, and 232 and the Commissioner is hereby directed to transfer immediately to such Housing Fund the sum of \$1,000,000 from that part of the Fund now held by him arising from appraisal fees heretofore collected by him. General expenses of operations of the Federal Housing Administration under this section and sections 210, 213, 231, and 232 may be charged to the Housing Fund.]

* * * * *

(h) The certificate of claim issued under this section shall be for an amount which the Commissioner determines to be sufficient, when added to the face value of the debentures issued and the cash adjustment paid to the mortgagee, to equal the amount which the mortgagee would have received if, on the date of the assignment, transfer and delivery to the Commissioner provided for in subsection (g), the mortgagor had extinguished the mortgage indebtedness by payment in full of all obligations under the mortgage and a reasonable amount for necessary expenses incurred by the mortgagee in connection with the foreclosure proceedings, or the acquisition of the mortgaged property otherwise, and the conveyance thereof to the Commissioner. Each such certificate of claim shall provide that there shall accrue to the holder of such certificate with respect to the face amount of such certificate, an increment at the rate of 3 per centum per annum which shall not be compounded. If the net amount realized from the mortgage, and all claims in connection therewith, so assigned, transferred, and delivered, and from the property covered by such mortgage and all claims in connection with such property after deducting all expenses incurred by the Commissioner in handling, dealing with, acquiring title to, and disposing of such mortgage and property and in collecting such claims, exceeds the face value of the debentures issued and the cash adjustment paid to the mortgagee plus all interest paid on such debentures, such excess shall be divided as follows:

(1) If such excess is greater than the total amount payable under the certificate of claim issued in connection with such property, the Commissioner shall pay to the holder of such certificate the full amount so payable, and any excess remaining thereafter shall be retained by the Commissioner and credited to [the Housing Insurance Fund] *the General Insurance Fund*; and

(2) If such excess is equal to or less than the total amount payable under such certificate of claim, the Commissioner shall pay to the holder of such certificate the full amount of such excess.

(i) Debentures issued under this section, except that debentures issued pursuant to the provisions of section 220(f), 221(g), and section 233 may be dated as of the date the mortgage is assigned (or the property is conveyed) to the Commissioner, shall be executed in the name of [the Housing Insurance Fund] *the General Insurance Fund*

as obligor, shall be signed by the Commissioner, by either his written or engraved signature, shall be negotiable, and shall be dated as of the date of default as determined in subsection (g) of this section and shall bear interest from such date. They shall bear interest at a rate established by the Commissioner pursuant to section 224, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature twenty years after the date thereof. Such debentures as are issued in exchange for mortgages insured after the date of enactment of the National Housing Act Amendments of 1938 shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. They shall be paid out of **[the Housing Fund]** *the General Insurance Fund* which shall be primarily liable therefor and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and such guaranty shall be expressed on the face of the debentures. In the event **[the Housing Fund]** *the General Insurance Fund* fails to pay upon demand, when due, the principal of or interest on any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon, to the extent of the amount so paid, the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

(j) Debentures issued under this section shall be in such form and denominations in multiples of \$50, shall be subject to such terms and conditions, and shall include such provision for redemption, if any, as may be prescribed by the Commissioner with the approval of the Secretary of the Treasury and may be in coupon or registered form. Any difference between the amount of debentures to which the mortgagee is entitled under this section, and the aggregate face value of the debentures issued, not to exceed \$50, shall be adjusted by the payment of cash by the Commissioner to the mortgagee from **[the Housing Fund]** *the General Insurance Fund*.

(k) The Commissioner is hereby authorized either to (1) acquire possession of and title to any property, covered by a mortgage insured under this section and assigned to him, by voluntary conveyance in extinguishment of the mortgage indebtedness, or (2) institute proceedings for foreclosure on the property covered by any such insured mortgage and prosecute such proceedings to conclusion. The Commissioner at any sale under foreclosure may, in his discretion, for the protection of **[the Housing Fund]**, *the General Insurance Fund*, bid any sum up to but not in excess of the total unpaid indebtedness secured by the mortgage, plus taxes, insurance, foreclosure costs, fees, and other expenses, and may become the purchaser of the property at such sale. The Commissioner is authorized to pay from **[the Housing Fund]** *the General Insurance Fund* such sums as may be necessary to defray such taxes, insurance, costs, fees, and other expenses in connection with the acquisition or foreclosure of property under this section. Pending such acquisition by voluntary conveyance or by foreclosure, the Commissioner is authorized, with respect to any mortgage assigned to him under the provisions of subsection (g), to exercise all the rights of a mortgagee under such mortgage, including the right to sell such mortgage, and to take such action and

advance such sums as may be necessary to preserve or protect the lien of such mortgage.

(l) Notwithstanding any other provisions of law relating to the acquisition, handling, or disposal of real and other property by the United States, the Commissioner shall also have power, for the protection of the interests of **[the Housing Fund]** *the General Insurance Fund* to pay out of **[the Housing Fund]** *the General Insurance Fund* all expenses or charges in connection with, and to deal with, complete, reconstruct, rent, renovate, modernize, insure, make contracts for the management of, or establish suitable agencies for the management of, or sell for cash or credit or lease in his discretion, any property acquired by him under this section; and notwithstanding any other provision of law, the Commissioner shall also have power to pursue to final collection by way of compromise or otherwise all claims assigned and transferred to him in connection with the assignment, transfer, and delivery provided for in this section, and at any time, upon default, to foreclose on any property secured by any mortgage assigned and transferred to or held by him: *Provided*, That section 3709 of the Revised Statutes shall not be construed to apply to any contract for hazard insurance, or to any purchase or contract for services or supplies on account of such property if the amount thereof does not exceed \$1,000.

[(m) Premium charges, adjusted premium charges, and appraisal and other fees, received on account of the insurance of any mortgage insured under this section or section 210, the receipts derived from any such mortgage or claim assigned to the Commissioner and from any property acquired by the Commissioner, and all earnings on the assets of the Housing Fund, shall be credited to the Housing Fund. The principal of and interest paid and to be paid on debentures issued in exchange for any mortgage or property insured under this section or section 210, cash adjustments, and expenses incurred in the handling of such mortgages or property and in the foreclosure and collection of mortgages and claims assigned to the Commissioner under this section or section 210, shall be charged to the Housing Fund.]

* * * * *

[(p) Moneys in the Housing Fund not needed for current operations of this section and section 210 shall be deposited with the Treasurer of the United States to the credit of the Housing Fund or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this section and section 204. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this subsection. Debentures so purchased shall be canceled and not reissued.]

* * * * *

STATISTICAL AND ECONOMIC SURVEYS

SEC. 209. The Commissioner shall cause to be made such statistical surveys and legal and economic studies as he shall deem useful to guide the development of housing and the creation of a sound mortgage market in the United States, and shall publish from time to time the results of such surveys and studies. Expenses of such studies and

surveys, and expenses of publication and distribution of the results of such studies and surveys, shall be charged as a general expense of such insurance fund or funds, [or account or accounts,] as the Commissioner shall determine.

* * * * *

COOPERATIVE HOUSING INSURANCE

SEC. 213. (a) In addition to mortgages insured under section 207 of this title, the Commissioner is authorized to insure mortgages as defined in section 207(a) of this title (including advances on such mortgages during construction), which cover property held by—

(1) a nonprofit cooperative ownership housing corporation or nonprofit cooperative ownership housing trust, the permanent occupancy of the dwellings of which is restricted to members of such corporation or to beneficiaries of such trust;

(2) a nonprofit corporation or nonprofit trust organized for the purpose of construction of homes for members of the corporation or for beneficiaries of the trust; or

(3) a mortgagor, approved by the Commissioner, which (A) has certified to the Commissioner, as a condition of obtaining the insurance of a mortgage under this section, that upon completion of the property or project covered by such mortgage it intends to sell such property or project to a nonprofit corporation or nonprofit trust of the character described in paragraph (1) of this subsection at the actual cost of such property or project as certified pursuant to section 227 of this Act and will faithfully and diligently make and carry out all reasonable efforts to consummate such sale, and (B) shall be regulated or restricted by the Commissioner as to rents, charges, capital structure, rate of return, and methods of operation during any period while it holds the mortgaged property or project; and for such purpose the Commissioner may make such contracts with, and acquire for not to exceed \$100 such stock or interest in, any such mortgagor as the Commissioner may deem necessary to render effective such restriction or regulation, such stock or interest to be paid for out of [the Housing Fund] *the General Insurance Fund* and to be redeemed by such mortgagor at par upon the sale of such property or project to such nonprofit corporation or nonprofit trust;

which corporations or trusts referred to in paragraphs (1) and (2) of this subsection are regulated or restricted for the purposes and in the manner provided in paragraphs numbered (1) and (2) of subsection (b) of section 207 of this title : *Provided, That as applied to mortgages the mortgage insurance for which is the obligation of the Management Fund, the reference to the General Insurance Fund in section 207(b)(2) shall be construed to refer to the Management Fund.*

(b) To be eligible for insurance under this section a mortgage on any property or project of a corporation or trust of the character described in paragraph numbered (1) of subsection (a) of this section shall involve a principal obligation in an amount—

(1) not to exceed \$20,000,000, or not to exceed \$25,000,000 if the mortgage is executed by a mortgagor regulated or supervised under Federal or State laws or by political subdivisions of States

or agencies thereof, as to rents, charges, and methods of operations; and

(2) not to exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), \$9,000 per family unit without a bedroom, \$12,500 per family unit with one bedroom, \$15,000 per family unit with two bedrooms, [and \$18,500 per family unit with three or more bedrooms], *\$18,500 per family unit with three bedrooms, and \$21,000 per family unit with four or more bedrooms* and not to exceed 97 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed physical improvements are completed: *Provided*, That as to projects to consist of elevator-type structures the Commissioner may, in his discretion, increase the dollar amount limitations per family unit to not to exceed \$10,500 per family unit without a bedroom, \$15,000 per family unit with one bedroom, \$18,000 per family unit with two bedrooms, [and \$22,500 per family unit with three or more bedrooms], *\$22,500 per family unit with three bedrooms, and \$25,500 per family unit with four or more bedrooms*, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design: *Provided further*, That the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed 45 per centum in any geographical area where he finds that cost levels so require. *Provided further*, That in the case of a mortgagor of the character described in paragraph (3) of subsection (a) the mortgage shall involve a principal obligation in an amount not to exceed 90 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed physical improvements are completed: *And provided further*, That upon the sale of a property or project by a mortgagor of the character described in paragraph (3) of subsection (a) to a nonprofit cooperative ownership housing corporation or trust within two years after the completion of such property or project the mortgage given to finance such sale shall involve a principal obligation in an amount not to exceed the maximum amount computed in accordance with this subsection without regard to the preceding proviso.

(c) To be eligible for insurance under this section a mortgage on any property or project of a corporation or trust of the character described in paragraph numbered (2) of subsection (a) of this section shall involve a principal obligation in an amount not to exceed \$12,500,000 [and not to exceed the greater of the following amounts:

[(1) A sum computed on the basis of a separate mortgage for each single family dwelling (irrespective of whether such dwelling has a party wall or is otherwise physically connected with another dwelling or dwellings) comprising the property or project, equal to the total of each of the maximum principal obligations of such mortgages which would meet the requirements of section 203(b)(2) of this Act if the mortgagor were the owner and occupant who had made any required payment on account of the property prescribed in such paragraph.

[(2) A sum equal to the maximum amount which does not exceed either of the limitations on the amount of the principal obligation of the mortgage prescribed by paragraph numbered (2) of subsection (b) of this section.]

and not to exceed a sum computed on the basis of a separate mortgage for each single-family dwelling (irrespective of whether such dwelling has a party wall or is otherwise physically connected with another dwelling or dwellings) comprising the property or project, equal to the total of each of the maximum principal obligations of such mortgages which would meet the requirements of section 203(b)(2) if the mortgagor were the owner and occupant who had made any required payment on account of the property prescribed in such paragraph.

* * * * *

(e) The provisions of subsections (d), (e), (g), (h), (i), (j), (k), [(l), (m), (n), and (p)] (l), and (n) of section 207 of this title shall be applicable to mortgages insured under this section except individual mortgages insured pursuant to subsection (d) of this section covering the individual dwellings in the project, and as to such individual mortgages the provisions of subsections (a), (c), (d), (e), (f), (g), (h), (j), and (k) of section 204 shall be applicable: *Provided, That as applied to mortgages or loans the insurance for which is the obligation of the Management Fund (1) all references to the General Insurance Fund shall be construed to refer to the Management Fund, and (2) all references to section 207 shall be construed to refer to subsections (a)(1), (a)(3) (if the project involved is acquired by a cooperative corporation), (i), and (j) of this section.*

* * * * *

(i) Nothing in this Act shall be construed to prevent the insurance of a mortgage executed by a mortgagor of the character described in paragraph (1) of subsection (a) of this section covering property upon which dwelling units and related facilities have been constructed prior to the filing of the application for mortgage insurance hereunder: *Provided, That the Commissioner determines that the consumer interest is protected and that the mortgagor will be a consumer cooperative.* In the case of properties other than new construction, the limitations in this section upon the amount of the mortgage shall be based upon the appraised value of the property for continued use as a cooperative rather than upon the Commissioner's estimate of the replacement cost. As to any project on which construction was commenced after the effective date of this subsection, the mortgage on such project shall be eligible for insurance under this section only in those cases where the construction was subject to inspection by the Commissioner and where there was compliance with the provisions of section 212 of this title. As to any project on which construction was commenced prior to the effective date of this subsection, such inspection, and compliance with the provisions of section 212 of this title, shall be a prerequisite.

(j) (1) With respect to any property covered by a mortgage insured under this section (or any cooperative housing project covered by a mortgage insured under section 207 as in effect prior to the enactment of the Housing Act of 1950), the Commissioner is authorized, upon such terms and conditions as he may prescribe, to make commitments to insure and to insure supplementary cooperative loans (including advances during construction or improvement) made by financial insti-

tutions approved by the Commissioner. As used in this subsection, "supplementary cooperative loan" means a loan, advance of credit, or purchase of an obligation representing a loan or advance of credit made for the purpose of financing any of the following:

(A) Improvements or repairs of the property covered by such mortgage;

(B) Community facilities necessary to serve the occupants of the property or

(C) Cooperative purchases and resales of memberships in order to provide necessary refinancing for resales of memberships which involve increases in equity; but in such sales by the cooperative the downpayment by the new members shall not be less than those made on the original sales of such memberships.

(2) To be eligible for insurance under this subsection, a supplementary cooperative loan shall—

(A) be limited to an amount which, when added to the outstanding mortgage indebtedness on the property, creates a total outstanding indebtedness which does not exceed the original principal obligation of the mortgage;

(B) have a maturity satisfactory to the Commissioner but not to exceed the remaining term of the mortgage;

(C) be secured in such manner as the Commissioner may require;

(D) contain such other terms, conditions, and restrictions as the Commissioner may prescribe; and

(E) represent the obligation of a borrower of the character described in paragraph (1) of subsection (a).

(k) *There is hereby created a Cooperative Management Housing Insurance Fund (hereinafter referred to as the "Management Fund"). The Management Fund shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section with respect to mortgages or loans insured, on or after the date of the enactment of this subsection, under subsections (a)(1), (a)(3) (if the project is acquired by a cooperative corporation), (i), and (j). The Management Fund shall also be used as a revolving fund for mortgages, loans, and commitments transferred to it pursuant to subsection (m). The Commissioner is directed to transfer to the Management Fund from the General Insurance Fund established pursuant to section 519 such amount as the Commissioner determines to be necessary and appropriate. General expenses of operation of the Federal Housing Administration relating to mortgages or loans which are the obligation of the Management Fund may be charged to the Management Fund.*

(l) *The Commissioner shall establish in the Management Fund, as of the date of the enactment of this subsection, a General Surplus Account and a Participating Reserve Account. The aggregate net income thereafter received or any net loss thereafter sustained by the Management Fund, in any semiannual period, shall be credited or charged to the General Surplus Account or the Participating Reserve Account or both in such manner and amounts as the Commissioner may determine to be in accord with sound actuarial and accounting practice. Upon termination of the insurance obligation of the Management Fund by payment of any mortgage or loan insured under this section, and at such time or times prior to such termination as the Commissioner may determine, the Commissioner is authorized to distribute to the mortgagor or borrower a share of the Participating Reserve Account in such manner and amount*

as the Commissioner shall determine to be equitable and in accordance with sound actuarial and accounting practice: Provided, That in no event shall the amount of the distributable share exceed the aggregate scheduled annual premiums of the mortgagor or borrower to the year of payment of the share less the total amount of any share or shares previously distributed by the Commissioner to the mortgagor or borrower: And provided further, That in no event may a distributable share be distributed until any funds transferred from the General Insurance Fund to the Management Fund pursuant to subsection (k) or (o) have been repaid in full to the General Insurance Fund. No mortgagor, mortgagee, borrower, or lender shall have any vested right in a credit balance in any such account or to be subject to any liability arising out of the mutuality of the Management Fund. The determination of the Commissioner as to the amount to be paid by him to any mortgagor or borrower shall be final and conclusive.

(m) The Commissioner is authorized to transfer to the Management Fund commitments for insurance issued under subsections (a)(1), (i), and (j) prior to the date of the enactment of this subsection, and to transfer to the Management Fund the insurance of any mortgage or loan insured prior to the date of the enactment of this subsection under subsection (a)(1), (a)(3) (if the project is acquired by a cooperative corporation), (i), or (j), but only in cases where the consent of the mortgagee or lender to the transfer is obtained or a request by the mortgagee or lender for the transfer is received by the Commissioner within such period of time after the date of the enactment of this subsection as the Commissioner shall prescribe: Provided, That the insurance of any mortgage or loan shall not be transferred under the provisions of this subsection if on the date of the enactment of this subsection the mortgage or loan is in default and the mortgagee or lender has notified the Commissioner in writing of its intention to file an insurance claim. Any insurance or commitment not so transferred shall continue to be an obligation of the General Insurance Fund.

(n) Notwithstanding the limitations contained in other provisions of this Act, premium charges for mortgages or loans insured under this section and sections 207, 231, and 232 may be payable in debentures issued in connection with mortgages or loans transferred to the Management Fund or in connection with mortgages or loans insured pursuant to commitments transferred to the Management Fund, as provided in subsection (m) of this section.

(o) Notwithstanding any other provision of this Act, the Commissioner is authorized to transfer funds between the Cooperative Management Housing Insurance Fund and the General Insurance Fund in such amounts and at such times as he may determine, taking into consideration the requirements of each such Fund, to assist in carrying out effectively the insurance programs for which such Funds were respectively established.

* * * * *

GENERAL MORTGAGE INSURANCE AUTHORIZATION

SEC. 217. Except with respect to the insurance of a loan or mortgage pursuant to section 2, section 221, or [title VIII] *title VIII*, or *title X* of this Act (subject to any limitations thereunder on the time of such insurance), no loan or mortgage shall be insured under any provision of this Act after October 1, [1965] 1969, except pursuant to a commitment to insure before that date.

SEC. 218. Repealed.

【SEC. 219. Notwithstanding any limitations contained in other sections of this Act as to the use of moneys credited to the Title I Insurance Account, the Title I Housing Insurance Fund, the Section 203 Home Improvement Account, the Housing Insurance Fund, the War Housing Insurance Fund, the Housing Investment Insurance Fund, the Armed Services Housing Mortgage Insurance Fund, the National Defense Housing Insurance Fund, the Section 220 Housing Insurance Fund, the Section 220 Home Improvement Account, the Section 221 Housing Insurance Fund, the Experimental Housing Insurance Fund, the Apartment Unit Insurance Fund, or the Servicemen's mortgage Insurance Fund, the Commissioner is hereby authorized to transfer funds from any one or more of such insurance funds or accounts to any other such fund or account in such amounts and at such times as the Commissioner may determine, taking into consideration the requirements of such funds or accounts, separately and jointly to carry out effectively the insurance programs for which such funds or accounts were established.】

REHABILITATION AND NEIGHBORHOOD CONSERVATION HOUSING INSURANCE

SEC. 220. (a) The purpose of this section is to aid in the elimination of slums and blighted conditions and the prevention of the deterioration of residential property by supplementing the insurance of mortgages under section 203 and 207 of this title with a system of loan and mortgage insurance designed to assist the financing required for the rehabilitation of existing dwelling accommodations and the construction of new dwelling accommodations where such dwelling accommodations are located in an area referred to in paragraph (1) of subsection (d) of this section.

* * * * *

(d) To be eligible for insurance under this section a mortgage shall meet the following conditions:

(1) The mortgaged property shall—

(A) be located in (i) the area of a slum clearance and urban redevelopment project covered by a Federal-aid contract executed or a prior approval granted, pursuant to title I of the Housing Act of 1949 before the effective date of the Housing Act of 1954, or (ii) an urban renewal area (as defined in title I of the Housing Act of 1949, as amended) in a community respecting which the Housing and Home Finance Administrator has made the certification to the Commissioner provided for by section 101(c) of the Housing Act of 1949, as amended, or (iii) the areas of an urban renewal project assisted under section 111 of the Housing Act of 1949, as amended: *Provided*, That in the case of an area within the purview of clause (i) or (ii) of this subparagraph, a redevelopment plan or an urban renewal plan (as defined in title I of the Housing Act of 1949, as amended), as the case may be has been approved for such area by the governing body of the locality involved and by the Housing and Home Finance Administrator, and the Administrator has certified to the Commissioner that such plan conforms to a general plan for the locality as a whole and that there exist the necessary authority and financial capacity to assure the

completion of such redevelopment or urban renewal plan: *And provided further*, That, in the case of an area within the purview of clause (iii) of this subparagraph, an urban renewal plan (as required for projects assisted under such section 111) has been approved for such area by such governing body and by the Administrator, and the Administrator has certified to the Commissioner that such plan conforms to definite local objectives respecting appropriate land uses, improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements, and that there exist the necessary authority and financial capacity to assure the completion of such urban renewal plan, and

(B) meet such standards and conditions as the Commissioner shall prescribe to establish the acceptability of such property for mortgage insurance under this section.

(2) The mortgaged property shall be held by—

(A) a mortgagor approved by the Commissioner, and the Commissioner may in his discretion require such mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return and methods of operation, and for such purpose the Commissioner may make such contracts with and acquire for not to exceed \$100 stock or interest in any such mortgagor as the Commissioner may deem necessary to render effective such restriction or regulations. Such stock or interest shall be paid for out of [the Section 220 Housing Insurance Fund] *the General Insurance Fund* and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance; or

(B) by Federal or State instrumentalities, municipal corporate instrumentalities of one or more States, or limited dividend or redevelopment or housing corporations restricted by Federal or State laws or regulations of State banking or insurance departments as to rents, charges, capital structure, rate of return, or methods of operation.

(3) The mortgage shall—

(A) (i) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed \$30,000 in the case of property upon which there is located a dwelling designed principally for a one-family residence; or \$32,500 in the case of a two-family residence; or \$32,500 in the case of a three-family residence; or \$37,500 in the case of a four-family residence; or in the case of a dwelling designed principally for residential use for more than four families (but not exceeding such additional number of family units as the Commissioner may prescribe) \$37,500 plus not to exceed \$7,000 for each additional family unit in excess of four located on such property; and not to exceed an amount equal to the sum of (1) 97 per centum (but, in any case where the dwelling is not approved for mortgage insurance prior to the beginning of construction, unless the construction of the dwelling was completed more than one year prior to the application for mortgage insurance, 90 per centum) of \$15,000 of the Commissioner's estimate of replacement cost of the property, as of the date the mortgage is accepted for insurance, (2) 90 per centum of such replacement cost in excess of \$15,000 but not in

excess of \$20,000, (3) 75 per centum of such replacement cost in excess of \$20,000: *Provided* That in the case of properties other than new construction, the foregoing limitations upon the amount of the mortgage shall be based upon the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation rather than upon the Commissioner's estimate of the replacement cost: **[Provided further, That in no case involving refinancing shall such mortgage exceed such estimated cost of repair and rehabilitation and the amount (as determined by the Commissioner) required to refinance existing indebtedness secured by the property or project];**

[(ii) in the case of a mortgagor who is not the occupant of the property, have a principal obligation not in excess of an amount equal to 85 per centum of the amount computed under the provisions of clause (i): *Provided*, That such 85 per centum limitation shall not be applicable if the mortgagor and mortgagee assume responsibility in a manner satisfactory to the Commissioner for the reduction of the mortgage by an amount not less than 15 per centum of the outstanding principal amount thereof in the event the mortgaged property is not, prior to the due date of the eighteenth amortization payment of the mortgage, sold to a purchaser acceptable to the Commissioner who is the occupant of the property and who assumes and agrees to pay the mortgage indebtedness; or]

(ii) in a case where the mortgagor is not the occupant of the property and intends to hold the property for rental purposes, have a principal obligation in an amount not to exceed 93 per centum of of the amount computed under the provisions of clause (i);

(iii) in a case where the mortgagor is not the occupant of the property and intends to hold the property for the purpose of sale, have a principal obligation in an amount not to exceed 85 per centum of the amount computed under the provisions of clause (i), or in the alternative, in an amount equal to the amount computed under the provisions of clause (i) if the mortgagor and mortgagee assumes responsibility in a manner satisfactory to the Commissioner for the reduction of the mortgage by an amount not less than 15 per centum of the outstanding principal amount thereof, or by such greater amount as may be required to meet the limitations of clause (iv), in the event the mortgaged property is not, prior to the due date of the eighteenth amortization payment of the mortgage, sold to a purchaser acceptable to the Commissioner who is the occupant of the property and who assumes and agrees to pay the mortgage indebtedness; and

(iv) in no case involving refinancing (except as provided in clause (iii)) have a principal obligation in an amount exceeding the sum of the estimated cost of repair and rehabilitation and the amount (as determined by the Commissioner) required to refinance existing indebtedness secured by the property or project, plus any existing indebtedness incurred in connection with improving, repairing, or rehabilitating the property; or

(B)(i) not exceed \$30,000,000 or, if executed by a mortgagor coming within the provisions of paragraph (2)(B) of this subsection (d), not exceed \$50,000,000; and

(ii) not exceed 90 per centum of the amount which the Commissioner estimates will be the replacement cost of the property

or project when the proposed improvements are completed (the replacement cost of the property or project may include the land, the proposed physical improvements, utilities within the boundaries of the property or project, architect's fees, taxes, and interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner, and shall include an allowance for builder's and sponsor's profit and risk of 10 per centum of all of the foregoing items except the land unless the Commissioner, after certification that such allowance is unreasonable, shall by regulation prescribe a lesser percentage): *Provided*, That in the case of properties other than new construction, the foregoing limitations upon the amount of the mortgage shall be based upon the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation rather than upon the Commissioner's estimate of the replacement cost: *Provided further*, That in no case involving refinancing shall such mortgage exceed such estimated cost of repair and rehabilitation and the amount (as determined by the Commissioner) required to refinance existing indebtedness secured by the property or project;

(iii) not exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), \$9,000 per family unit without a bedroom, \$12,500 per family unit with one bedroom, \$15,000 per family unit with two bedrooms, [and \$18,500 per family unit with three or more bedrooms] *\$18,500 per family unit with three bedrooms, and \$21,000 per family unit with four or more bedrooms*; except that as to projects to consist of elevator-type structures the Commissioner may, in his discretion, increase the dollar amount limitations per family unit to not to exceed \$10,500 per family unit without a bedroom, \$15,000 per family unit with one bedroom, \$18,000 per family unit with two bedrooms, [and \$22,500 per family unit with three or more bedrooms] *\$22,500 per family unit with three bedrooms, and \$25,500 per family unit with four or more bedrooms*, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design; and except that the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations contained in this clause by not to exceed 45 per centum in any geographical area where he finds that cost levels so require: *Provided*, That nothing contained in this subparagraph shall preclude the insurance of mortgages covering existing multifamily dwellings to be rehabilitated or reconstructed for the purposes set forth in subsection (a) of this section; and

[(iv) include such nondwelling facilities as the Commissioner deems adequate to serve the needs of the occupants of the property and of other housing in the neighborhood.]

(v) *include such nondwelling facilities as the Commissioner deems desirable and consistent with the urban renewal plan: Provided, That the project shall be predominantly residential and any nondwelling facility included in the mortgage shall be found by the Commissioner to contribute to the economic feasibility of the project.*

(f) The mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided—

(1) as to mortgages meeting the requirements of paragraph (3) (A) of subsection (d) of this section, as provided in section 204(a) of this Act with respect to mortgages insured under section 203; and the provisions of subsections (b), (c), (d), (e), (f), (g), (h), (j), and (k) of section 204 of this Act shall be applicable to such mortgages insured under this section, except that all references therein to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to [the Section 220 Housing Insurance Fund] *the General Insurance Fund* and all references therein to section 203 shall be construed to refer to this section;

(2) as to mortgages meeting the requirements of paragraph (3) (B) of subsection (d) of this section, as provided in section 207(g) of this Act with respect to mortgages insured under said section 207, and the provisions of subsections (h), (i), (j), (k), and (l) of section 207 of this Act shall be applicable to such mortgages insured under this section, and all references therein to the Housing Insurance Fund or the Housing Fund shall be construed to refer to [the Section 220 Housing Insurance Fund] *the General Insurance Fund*; or

(3) as to mortgages meeting the requirements of this section that are insured or initially endorsed for insurance on or after the date of enactment of the Housing Act of 1961, notwithstanding the provisions of paragraphs (1) and (2) of this subsection, the Commissioner in his discretion, in accordance with such regulations as he may prescribe, may make payments pursuant to such paragraphs in cash or in debentures (as provided in the mortgage insurance contract), or may acquire a mortgage loan that is in default and the security therefor upon payment to the mortgagee in cash or in debentures (as provided in the mortgage insurance contract) of a total amount equal to the unpaid principal balance of the loan plus any accrued interest and any advances approved by the Commissioner and made previously by the mortgagee under the provisions of the mortgage. After the acquisition of the mortgage by the Commissioner the mortgagee shall have no further rights, liabilities, or obligations with respect to the loan or the security for the loan. The appropriate provisions of sections 204 and 207 relating to the rights, liabilities, and obligations of a mortgagee shall apply with respect to the Commissioner when he has acquired an insured mortgage under this paragraph, in accordance with and subject to regulations (modifying such provisions to the extent necessary to render their application for such purposes appropriate and effective) which shall be prescribed by the Commissioner, except that as applied to mortgages so acquired (A) all references in section 204 to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to [the Section 220 Housing Insurance Fund,] *the General Insurance Fund*, and (B) all references in section 204 to section 203 shall be construed to refer to this section[, and (C) all references in section 207 to the Housing Insurance Fund, the Housing Fund, or the Fund shall be construed to refer to the Section 220 Housing Insurance Fund]. If the insurance payment is made in cash, there shall be added to such payment an amount equivalent to the interest which the debentures would have earned, computed

to a date to be established pursuant to regulations issued by the Commissioner.

[(g) There is hereby created a Section 220 Housing Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section, and the Commissioner is hereby authorized to transfer to such Fund the sum of \$1,000,000 from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this Act. General expenses of operation of the Federal Housing Administration under this section may be charged to the Section 220 Housing Insurance Fund.

[Moneys in the Section 220 Housing Insurance Fund not needed for the current operations of the Federal Housing Administration under this section shall be deposited with the Treasurer of the United States to the credit of such Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this section. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

[Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage accepted for insurance under this section, the receipts derived from the property covered by such mortgage and claims assigned to the Commissioner in connection therewith shall be credited to the Section 220 Housing Insurance Fund. The principal of, and interest paid and to be paid on, debentures issued under this section, cash adjustments, and expenses incurred in the handling, management, renovation, and disposal of properties acquired under this section shall be charged to such Fund.]

(h)(1) To assist further in the conservation, improvement, repair, and rehabilitation of property located in the area of an urban renewal project, as provided in paragraph (1) of subsection (d) of this section, the Commissioner is authorized upon such terms and conditions as he may prescribe to make commitments to insure and to insure home improvement loans (including advances during construction or improvement) made by financial institutions on and after the date of enactment of the Housing Act of 1961. As used in this subsection—

(A) the term "home improvement loan" means a loan, advance of credit, or purchase of an obligation representing a loan or advance of credit made—

(i) for the purpose of financing the improvement of an existing structure (or in connection with an existing structure) which was constructed not less than ten years prior to the making of such loan, advance of credit, or purchase, and which is used or will be used primarily for residential purposes: *Provided*, That a home improvement loan shall include a loan, advance, or purchase with respect to the improvement of a structure which was constructed less than ten years prior to the making of such loan, advance, or purchase if the proceeds are or will be used primarily for major structural improvements, or to correct defects which were not known at the time of the

completion of the structure or which were caused by fire, flood, windstorm, or other casualty; or

(ii) for the purpose of enabling the borrower to pay that part of the cost of the construction or installation of sidewalks, curbs, gutters, street paving, street lights, sewers, or other public improvements, adjacent to or in the vicinity of property owned by him and used primarily for residential purposes, which is assessed against him or for which he is otherwise legally liable as the owner of such property;

(B) the term "improvement" means conservation, repair, restoration, rehabilitation, conversion, alteration, enlargement, or remodeling; and

(C) the term "financial institution" means a lender approved by the Commissioner as eligible for insurance under section 2 or a mortgagee approved under section 203(b)(1).

(2) To be eligible for insurance under this subsection, a home improvement loan shall—

(i) not exceed the Commissioner's estimate of the cost of improvement, or \$10,000 per family unit, whichever is the lesser, and be limited as required by paragraph (11);

(ii) be limited to an amount which when added to any outstanding indebtedness related to the property (as determined by the Commissioner) creates a total outstanding indebtedness which does not exceed the limits provided in subsection (d)(3) for properties (of the same type) other than new construction;

(iii) bear interest at not to exceed a rate prescribed by the Commissioner, but not in excess of 6 per centum per annum of the amount of the principal obligation outstanding at any time, and such other charges (including such service charges, appraisal, inspection, and other fees) as may be approved by the Commissioner;

(iv) have a maturity satisfactory to the Commissioner, but not to exceed twenty years from the beginning of amortization of the loan or three-quarters of the remaining economic life of the structure, whichever is the lesser;

(v) comply with such other terms, conditions, and restrictions as the Commissioner may prescribe; and

(vi) represent the obligation of a borrower who is the owner of the property improved, or a lessee of the property under a lease for not less than 99 years which is renewable or under a lease having an expiration date in excess of 10 years later than the maturity date of the loan.

(3) Any home improvement loan insured under this subsection may be refinanced and extended in accordance with such terms and conditions as the Commissioner may prescribe, but in no event for an additional amount or term in excess of the maximum provided for in this subsection.

[(4) There is hereby created a separate Section 220 Home Improvement Account to be maintained under the Section 220 Housing Insurance Fund and to be used by the Commissioner as a revolving fund for carrying out the provisions of this subsection. The Commissioner is authorized to transfer to such Account the sum of \$1,000,000 from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this Act. Any premium charges, and appraisal and other fees received on account

of the insurance of any home improvement loan accepted for insurance under this subsection, and the receipts derived from the sale, collection, deposit, or compromise of any evidence of debt, contract, claim, property, or security assigned to or held by the Commissioner in connection with the payment of insurance under this subsection, shall be credited to the Section 220 Home Improvement Account. Insurance claims under this subsection and expenses incurred in the handling, management, renovation, and disposal of any properties acquired by the Commissioner under this subsection shall be charged to the Section 220 Home Improvement Account. General expenses of operation of the Federal Housing Administration and other expenses incurred under this subsection may be charged to the Section 220 Home Improvement Account. Moneys in the Account not needed for the current operation of the Federal Housing Administration under this subsection shall be deposited with the Treasurer of the United States to the credit of the Account, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. In order to protect the solvency of the Section 220 Home Improvement Account, adequate security shall be taken in connection with loans insured under this subsection in such manner as the Commissioner may require.】

(5) The Commissioner is authorized to fix a premium charge for the insurance of home improvement loans under this subsection but in the case of any such loan such charge shall not be less than an amount equivalent to one-half of 1 per centum per annum nor more than an amount equivalent to 1 per centum per annum of the amount of the principal obligation of the loan outstanding at any time, without taking into account delinquent payments or prepayments. Such premium charges shall be payable by the financial institution either in cash or in debentures (at par plus accrued interest) issued by the Commissioner as obligations of 【the Section 220 Home Improvement Account】 *the General Insurance Fund*, in such manner as may be prescribed by the Commissioner, and the Commissioner may require the payment of one or more such premium charges at the time the loan is insured, at such discount rate as he may prescribe not in excess of the interest rate specified in the loan. If the Commissioner finds upon presentation of a loan for insurance and the tender of the initial premium charge or charges so required that the loan complies with the provisions of this subsection, such loan may be accepted for insurance by endorsement or otherwise as the Commissioner may prescribe. In the event the principal obligation of any loan accepted for insurance under this subsection is paid in full prior to the maturity date, the Commissioner is authorized to refund to the financial institution for the account of the borrower all, or such portions as the shall determine to be equitable, of the current unearned premium charges theretofore paid.

(6) In cases of defaults on loans insured under this subsection, upon receiving notice of default, the Commissioner, in accordance with such regulations as he may prescribe, may acquire the loan and any security therefor upon payment of the financial institution in cash or in debentures (as provided in the loan insurance contract) of a total amount equal to the unpaid principal balance of the loan, plus any accrued interest, any advances approved by the Commissioner made previously by the financial institution under

the provisions of the loan instruments, and reimbursement for such collection costs, court costs, and attorney fees as may be approved by the Commissioner. If the insurance payment is made in cash, there shall be added to such payment an amount equivalent to the interest which the debentures would have earned, computed to a date to be established pursuant to regulations issued by the Commissioner.

(7) Debentures issued under this subsection shall be executed in the name of [the Section 220 Home Improvement Account] *the General Insurance Fund* as obligor, shall be signed by the Commissioner, by either his written or engraved signature, shall be negotiable, and shall be dated as of the date the loan is assigned to the Commissioner and shall bear interest from that date. They shall bear interest at a rate established by the Commissioner pursuant to section 224, payable semiannually on the 1st day of January and the 1st day of July of each year and shall mature ten years after their date of issuance. They shall be exempt from taxation as provided in section 207(i) with respect to debentures issued under that section. They shall be paid out of [the Section 220 Home Improvement Account] *the General Insurance Fund* which shall be primarily liable therefor and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and the guaranty shall be expressed on the face of the debentures. In the event [the Section 220 Home Improvement Account] *the General Insurance Fund* fails to pay upon demand, when due, the principal of or interest on any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon, to the extent of the amount so paid, the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures. Debentures issued under this subsection shall be in such form and denominations in multiples of \$50, shall be subject to such terms and conditions, and shall include such provisions for redemption, if any, as may be prescribed by the Commissioner with the approval of the Secretary of the Treasury, and they may be in coupon or registered form. Any difference between the amount of the debentures to which the financial institution is entitled, and the aggregate face value of the debentures issued, not to exceed \$50, shall be adjusted by the payment of cash by the Commissioner to the financial institution from [the Section 220 Home Improvement Account] *the General Insurance Fund*.

* * * * *

HOUSING FOR MODERATE INCOME AND DISPLACED FAMILIES

SEC. 221. (a) * * *

* * * * *

(d) To be eligible for insurance under this section, a mortgage shall—

(1) have been made to and be held by a mortgagee approved by the Commissioner as responsible and able to service the mortgage properly;

(2) be secured by property upon which there is located a dwelling conforming to applicable standards prescribed by the Commissioner under subsection (f) of this section, and meeting the requirements of all State laws, or local ordinances or regulations, relating

to the public health or safety, zoning, or otherwise, which may be applicable thereto, and shall involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount (A) not to exceed (i) \$11,000 in the case of a property upon which there is located a dwelling designed principally for a single-family residence, (ii) \$18,000 in the case of a property upon which there is located a dwelling designed principally for a two-family residence, (iii) \$27,000 in the case of a property upon which there is located a dwelling designed principally for a three-family residence, or (iv) \$33,000 in the case of a property upon which there is located a dwelling designed principally for a four-family residence: *Provided*, That a mortgage secured by property upon which there is located a dwelling designed principally for a two-, three-, or four-family residence shall not be insured under this section except in the case of a dwelling for occupancy by a family displaced from an urban renewal area or as a result of governmental action: *Provided further*, That the Commissioner may increase the foregoing amounts to not to exceed \$15,000, \$25,000, \$32,000, and \$38,000, respectively, in any geographical area where he finds that cost levels so require; and (B) not to exceed the appraised value of the property (as of the date the mortgage is accepted for insurance): *Provided*, That (i) if the mortgagor is the owner and an occupant of the property at the time of insurance, (1) in the case of a family displaced from an urban renewal area or as a result of Government action, he shall have paid on account of the property at least \$200 in the case of a single-family dwelling, \$400 in the case of a two-family dwelling, \$600 in the case of a three-family dwelling, and \$800 in the case of a four-family dwelling, or (2) in the case of any other family, he shall have paid on account of the property at least 3 per centum of the Commissioner's estimate of its acquisition cost; which amount in either instance may include amounts to cover settlement costs and initial payments for taxes, hazard insurance, mortgage insurance premium, and other prepaid expenses; or (ii) in the case of repair and rehabilitation, the amount of the mortgage shall not exceed the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation, except that in no case involving refinancing shall such mortgage exceed such estimated cost of repair and rehabilitation and the amount (as determined by the Commissioner) required to refinance existing indebtedness secured by the property: *Provided further*, That nothing contained herein shall preclude the Commissioner from issuing a commitment to insure, and insuring a mortgage pursuant thereto, where the mortgagor is not the owner and an occupant of the property, if the property is to be built or acquired and repaired or rehabilitated for sale, and the insured mortgage financing is required to facilitate the construction, or the repair or rehabilitation, of the dwelling and to provide financing pending the subsequent sale thereof to a qualified owner who is also an occupant thereof, but in such instances the mortgage shall not exceed 85 per centum of the appraised value; or

(3) if executed by a mortgagor which is a public body or agency (and which certifies that it is not receiving financial as-

sistance from the United States exclusively pursuant to the United States Housing Act of 1937), a cooperative (including an investor-sponsor who meets such requirements as the Commissioner may impose to assure that the consumer interest is protected) or a limited dividend corporation (as defined by the Commissioner), or a private nonprofit corporation or association, or other mortgagor approved by the Commissioner, and regulated or supervised under Federal or State laws or by political subdivisions of States, or agencies thereof, or by the Commissioner under a regulatory agreement or otherwise, as to rents, charges, and methods of operation, in such form and in such manner as in the opinion of the Commissioner will effectuate the purposes of this section—

(i) not exceed \$12,500,000;

(ii) not exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), \$8,000 per family unit without a bedroom, \$11,250 per family unit with one bedroom, \$13,500 per family unit with two bedrooms, [and \$17,000 per family unit with three or more bedrooms] *\$17,000 per family unit with three bedrooms, and \$19,250 per family unit with four or more bedrooms*; except that as to projects to consist of elevator-type structures the Commissioner may, in his discretion, increase the dollar amount limitations per family unit to not to exceed \$9,500 per family unit without a bedroom, \$13,500 per family unit with one bedroom, \$16,000 per family unit with two bedrooms, [and \$20,000 per family unit with three or more bedrooms] *\$20,000 per family unit with three bedrooms, and \$22,750 per family unit with four or more bedrooms*, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design; and except that the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations contained in this clause by not to exceed 45 per centum in any geographical area where he finds that cost levels so require; and

(iii) not exceed (1) in the case of new construction, the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner), or (2) in the case of repair and rehabilitation, the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation: *Provided*, That in no case involving refinancing shall such mortgage exceed such estimated cost of repair and rehabilitation and the amount (as determined by the Commissioner) required to refinance existing indebtedness secured by the property or project: *Provided further*, That in the case of any mortgagor other than a nonprofit corporation or association, cooperative (including an investor-sponsor), or public body, or a mortgagor meeting the

special requirements of subsection (e)(1), the amount of the mortgage shall not exceed 90 per centum of the amount otherwise authorized under this section: *Provided further*, That such property or project, when constructed, or repaired and rehabilitated, shall be for use as a rental or cooperative project, and low and moderate income families or families displaced by urban renewal or other governmental action shall be eligible for occupancy in accordance with such regulations and procedures as may be prescribed by the Commissioner and the Commissioner may adopt such requirements as he determines to be desirable regarding consultation with local public officials where such consultation is appropriate by reason of the relationship of such project to projects under other local programs; or

(4) if executed by a mortgagor other than a mortgagor referred to in subsection (d)(3), and which is approved by the Commissioner—

(i) not exceed \$12,500,000;

(ii) not exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), \$8,000 per family unit without a bedroom, \$11,250 per family unit with one bedroom, \$13,500 per family unit with two bedrooms, [and \$17,000 per family unit with three or more bedrooms] *\$17,000 per family unit with three bedrooms, and \$19,250 per family unit with four or more bedrooms*; except that as to projects to consist of elevator-type structures the Commissioner may, in his discretion, increase the dollar amount limitations per family unit to not to exceed \$9,500 per family unit without a bedroom, \$13,500 per family unit with one bedroom, \$16,000 per family unit with two bedrooms, [and \$20,000 per family unit with three or more bedrooms] *\$20,000 per family unit with three bedrooms, and \$22,750 per family unit with four or more bedrooms*, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures or sound standards of construction and design; and except that the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations contained in this clause by not to exceed 45 per centum in any geographical area where he finds that cost levels so require;

(iii) not exceed (in the case of a property or project approved for mortgage insurance prior to the beginning of construction) 90 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner, and shall include an allowance for builder's and sponsor's profit and risk of 10 per centum of all of the foregoing items, except the land, unless the Commissioner, after certification that such

allowance is unreasonable, shall by regulation prescribe a lesser percentage); and

(iv) not exceed 90 per centum of the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation if the proceeds of the mortgage are to be used for the repair and rehabilitation of a property or project: *Provided*, That in no case involving refinancing shall such mortgage exceed such estimated cost of repair and rehabilitation and the amount (as determined by the Commissioner) required to refinance existing indebtedness secured by the property or project: *Provided further*, That the Commissioner may, in his discretion, require the mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return, and methods of operation, and for such purpose the Commissioner may make such contracts with and acquire for not to exceed \$100 such stock or interest in any such mortgagor as the Commissioner may deem necessary to render effective such restrictions or regulations, with such stock or interest being paid for out of [the Section 221 Housing Insurance Fund] *the General Insurance Fund* and being required to be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance;

(5) bear interest (exclusive of premium charges for insurance and service charge, if any) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed such per centum per annum not in excess of 6 per centum as the Commissioner finds necessary to meet the mortgage market; and contain such terms and provisions with respect to the application of the mortgagor's periodic payment to amortization of the principal of the mortgage, insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Commissioner may in his discretion prescribe: *Provided*, That a mortgage insured under the provisions of subsection (d)(3) shall bear interest (exclusive of any premium charges for insurance and service charge, if any) at [not less than the annual rate of interest determined] *not less than the lower of (A) 3 per centum per annum, or (B) the annual rate of interest determined*, from time to time by the Secretary of the Treasury at the request of the Commissioner, by estimating the average market yield to maturity on all outstanding marketable obligations of the United States, and by adjusting such yield to the nearest one-eighth of 1 per centum, and there shall be no differentiation in the rate of interest charged under this proviso as between mortgagors under subsection (d)(3) on the basis of differences in the types or classes of such mortgagors; and

* * * * *

(f) The property or project shall comply with such standards and conditions as the Commissioner may prescribe to establish the acceptability of such property for mortgage insurance and may include such commercial and community facilities as the Commissioner deems

adequate to serve the occupants. A property or project covered by a mortgage insured under the provisions of subsection (d)(3) or (d)(4) shall include five or more family units. The Commissioner is authorized to adopt such procedures and requirements as he determines are desirable to assure that the dwelling accommodations provided under this section are available to families displaced from urban renewal areas or as a result of governmental action. Notwithstanding any provision of this Act, the Commissioner, in order to assist further the provision of housing for low and moderate income families, in his discretion and under such conditions as he may prescribe, may insure a mortgage which meets the requirements of subsection (d)(3) of this section as in effect after the date of enactment of the Housing Act of 1961, with no premium charge, with a reduced premium charge, or with a premium charge for such period or periods during the time the insurance is in effect as the Commissioner may determine, and there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to reimburse [the Section 221 Housing Insurance Fund] *the General Insurance Fund* for any net losses in connection with such insurance. No mortgage shall be insured under [subsection (d)(2) or (d)(4) after September 30, 1965, or under subsection (d)(3) after September 30, 1965,] *this section after October 1, 1969*, except pursuant to a commitment to insure before that date, or except a mortgage covering property which the Commissioner finds will assist in the provision of housing for families displaced from urban renewal areas or as a result of governmental action.

Any person who is sixty-two years of age or over, or who is a handicapped person within the meaning of section 202 of the Housing Act of 1959, shall be deemed to be a family within the meaning of the terms "family" and "families" as those terms are used in this section.

(g) The mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided—

(1) as to mortgages meeting the requirements of paragraph (2) of subsection (d) of this section, as provided in section 204 (a) of this Act with respect to mortgages insured under section 203, and the provisions of subsections (b), (c), (d), (e), (f), (g), (h), (j), and (k) of section 204 of this Act shall be applicable to such mortgages insured under this section, except that all references therein to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to [the Section 221 Housing Insurance Fund] *the General Insurance Fund* and all references therein to section 203 shall be construed to refer to this section; or

(2) as to mortgages meeting the requirements of paragraph (3) of (4) of subsection (d) of this section, as provided in section 207 (g) of this Act with respect to mortgages insured under said section 207, and the provisions of subsections (h), (i), (j), (k), and (1) of section 207 of this Act shall be applicable to such mortgages insured under this section[, and all references therein to the Housing Insurance Fund or the Housing Fund shall be construed to refer to the Section 221 Housing Insurance Fund]; or

(3) as to mortgages meeting the requirements of this section which are insured or initially endorsed for insurance on or after the date of enactment of the Housing Act of 1961, notwithstanding the provisions of paragraphs (1) and (2) of this subsection, the Commissioner in his discretion, in accordance with such regulations

as he may prescribe, may make payments pursuant to such paragraphs in cash or in debentures (as provided in the mortgage insurance contract), or may acquire a mortgage loan that is in default and the security therefor upon payment to the mortgagee in cash or in debentures (as provided in the mortgage insurance contract) of a total amount equal to the unpaid principal balance of the loan plus any accrued interest and any advances approved by the Commissioner and made previously by the mortgagee under the provisions of the mortgage, and after the acquisition of any such mortgage by the Commissioner the mortgagee shall have no further rights, liabilities, or obligations with respect to the loan or the security for the loan. The appropriate provisions of sections 204 and 207 relating to the issuance of debentures shall apply with respect to debentures issued under this paragraph, and the appropriate provisions of sections 204 and 207 relating to the rights, liabilities, and obligations of a mortgagee shall apply with respect to the Commissioner when he has acquired an insured mortgage under this paragraph, in accordance with and subject to regulations (modifying such provisions to the extent necessary to render their application for such purposes appropriate and effective) which shall be prescribed by the Commissioner, except that as applied to mortgages so acquired (A) all references in section 204 to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to [the Section 221 Housing Insurance Fund,] *the General Insurance Fund*, and (B) all references in section 204 to section 203 shall be construed to refer to this section[, and (C) all references in section 207 to the Housing Insurance Fund, the Housing Fund, or the Fund shall be construed to refer to the Section 221 Housing Insurance Fund. If the insurance is paid in cash, there shall be added to such payment an amount equivalent to the interest which the debentures would have earned, computed to a date to be established pursuant to regulations issued by the Commissioner].

* * * * *

[(h) There is hereby created a Section 221 Housing Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section, and the Commissioner is hereby authorized to transfer to such Fund the sum of \$1,000,000 from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this Act. General expenses of operation of the Federal Housing Administration under this section may be charged to the Section 221 Housing Insurance Fund.

[Moneys in the Section 221 Housing Insurance Fund not needed for the current operations of the Federal Housing Administration under this section shall be deposited with the Treasurer of the United States to the credit of such Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this section. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

【Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage accepted for insurance under this section, the receipts derived from the property covered by such mortgage and claims assigned to the Commissioner in connection therewith shall be credited to the Section 221 Housing Insurance Fund. The principal of, and interest paid and to be paid on, debentures issued under this section, cash adjustments, cash payments, and expenses incurred in the handling, management, renovation, and disposal of properties acquired under this section shall be charged to such Fund.】

MORTGAGE INSURANCE FOR SERVICEMEN

SEC. 222. (a) The purpose of this section is to aid in the provision of housing accommodations for servicemen in the Armed Forces of the United States and their families, and servicemen in the United States Coast Guard and their families, by supplementing the insurance of mortgages under section 203 of this title with a system of mortgage insurance specially designed to assist the financing required for the construction or purchase of dwellings by those persons. As used in this section, a "serviceman" means a person to whom the Secretary of Defense (or any officer or employee designated by him), or the Secretary of the Treasury (or any officer or employee designated by him), as the case may be, has issued a certificate hereunder indicating that such person requires housing, is serving on active duty in the Armed Forces of the United States or in the United States Coast Guard and has served on active duty for more than two years, but a certificate shall not be issued hereunder to any person ordered to active duty for training purposes only. The Secretary of Defense and the Secretary of the Treasury, respectively, are authorized to prescribe rules and regulations governing the issuance of such certificates and may withhold issuance of more than one such certificate to a serviceman whenever in his discretion issuance is not justified due to circumstances resulting from military assignment, or, in the case of the United States Coast Guard, other assignment.

(b) To be eligible for insurance under this section a mortgage shall—

(1) meet the requirements of section 203(b) or 203(i), or 221 (d)(2), except as such requirements are modified by this section;

(2) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed **【\$20,000】** *\$30,000* except that in the case of a mortgage meeting the requirements of section 203(i) or section 221(d)(2) such principal obligation shall not exceed the maximum limits prescribed for such section.

【(3) have a principal obligation in an amount not in excess of 95 per centum of the appraised value of the property or such higher amount as may be derived by applying the maximum ratio of loan to value prescribed in section 203(b)(2); and】 *(3) have a principal obligation not in excess of the amount derived by applying the maximum ratio of loan to value prescribed in the first sentence of section 203(b)(2); and*

(4) be executed by a mortgagor who at the time of application for insurance is certified as a "serviceman" and who at the time

of insurance is the owner of the property and either occupies the property or certifies that his failure to do so is the result of his military assignment, or, in the case of the United States Coast Guard, other assignment.

* * * * *

(e) The provisions of subsections (b), (c), (d), (e), (f), (g), (h), (j), and (k) of section 204 shall apply to mortgages insured under this section, except that as applied to those mortgages (1) all references to the "Fund", or "Mutual Mortgage Insurance Fund", shall refer to the ["Servicemen's Mortgage Insurance Fund"] "*General Insurance Fund*", and (2) all references to "section 203" shall refer to this section.

[(f) There is hereby created a Servicemen's Mortgage Insurance Fund to be used by the Commissioner as a revolving fund to carry out the provisions of this section, and the Commissioner is directed to transfer the sum of \$1,000,000 to such Fund from the War Housing Insurance Fund created by section 602 of this Act. Any premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage accepted for insurance under this section, the receipts derived from the property covered by such mortgage and claims assigned to the Commissioner in connection therewith shall be credited to the Servicemen's Mortgage Insurance Fund. The principal of, and interest paid and to be paid on, debentures issued under this section, and cash adjustments and expenses incurred in the handling, management, renovation, and disposal of properties acquired under this section shall be charged to the Servicemen's Mortgage Insurance Fund. General expenses of operation of the Federal Housing Administration incurred under this section may be charged to the Servicemen's Mortgage Insurance Fund. Moneys in that Fund not needed for the current operation of the Federal Housing Administration under this section shall be deposited with the Treasurer of the United States to the credit of that Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under this section. Those purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.]

MISCELLANEOUS HOUSING INSURANCE

SEC. 223. (a) Notwithstanding any of the provisions of this title, and without regard to limitations upon eligibility contained in section 203, 207, 213, 220, 221, 222, 231, 232, or 233 the Commissioner is authorized, upon application by the mortgagee, to insure or make commitments to insure under section 203, 207, 213, 220, 221, 222, 231, 232, or 233 of this title any mortgage—

(1) * * *

* * * * *

(7) given to refinance an existing mortgage insured under [section 608 of title VI prior to the effective date of the Housing Act

of 1954 or under section 220, 221, 903 or section 908] *this Act: Provided*, That the principal amount of any such refinancing mortgage shall not exceed the original principal amount or the unexpired term of such existing mortgage and shall bear interest at a rate not in excess of the maximum rate applicable to loans insured under section 203, 207, 213, 220, 221, 222, 231, 232, or 233, as the case may be, except that in any case involving the refinancing of a loan in which the Commissioner determines that the insurance of a mortgage for an additional term will inure to the benefit of the applicable insurance fund, taking into consideration the outstanding insurance liability under the existing insured mortgage, such refinancing mortgage may have a term not more than twelve years in excess of the unexpired term of such existing insured mortgage: *Provided further*, That a mortgage of the character described in paragraphs (1) through (6) of this subsection shall have a maturity, a principal obligation, and an interest rate not in excess of the maximums applicable to loans insured under section 203, 207, 213, 220, 221, 222, 231, 232, or 233, as the case may be, except that in no case may the principal obligation of a mortgage referred to in paragraph (5) of this subsection exceed 90 per centum of the appraised value of the mortgaged property.

* * * * *

VOLUNTARY TERMINATION OF INSURANCE

SEC. 229. Notwithstanding any other provision of this Act and with respect to any loan or mortgage heretofore or hereafter insured under this Act, except under section 2, the Commissioner is authorized to terminate any insurance contract upon request by the borrower or mortgagor and the financial institution or mortgagee and upon payment of such termination charge as the Commissioner determines to be equitable, taking into consideration the necessity of protecting the various insurance Funds [and Accounts]. Upon such termination, borrowers and mortgagors and financial institutions and mortgagees shall be entitled to the rights, if any, to which they would be entitled under this Act if the insurance contract were terminated by payment in full of the insured loan or mortgage.

* * * * *

HOUSING FOR ELDERLY PERSONS

SEC. 231. (a) The purpose of this section is to assist in relieving the shortage of housing for elderly persons and to increase the supply of rental housing for elderly persons.

For the purposes of this section—

(1) the term "housing" means eight or more new or rehabilitated living units, not less than 50 per centum of which are specially designed for the use and occupancy of elderly persons;

(2) the term "elderly person" means any person, married or single, who is sixty-two years of age or over; and

(3) the terms, "mortgage," "mortgagee," "mortgager," and "maturity date" shall have the meanings respectively set forth in section 207 of this Act.

* * * * *

(c) To be eligible for insurance under this section, a mortgage to provide housing for elderly persons shall—

(1) involve a principal obligation in an amount not to exceed \$12,500,000 or, if executed by Federal or State instrumentalities, municipal corporate instrumentalities of one or more States, or nonprofit development or housing corporations restricted by Federal or State laws or regulations of State banking or insurance departments as to rents, charges, capital structure, rate of return, or methods of operation, not to exceed \$50,000,000;

(2) not exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), \$8,000 per family unit without a bedroom, \$11,250 per family unit with one bedroom, \$13,500 per family unit with two bedrooms, [and \$17,000 per family unit with three or more bedrooms] *\$17,000 per family unit with three bedrooms, and \$19,250 per family unit with four or more bedrooms*, except that as to projects to consist of elevator-type structures the Commissioner may, in his discretion, increase the dollar amount limitations per family unit to not to exceed \$9,500 per family unit without a bedroom, \$13,500 per family unit with one bedroom, \$16,060 per family unit with two bedrooms, [and \$20,000 per family unit with three or more bedrooms] *\$20,000 per family unit with three bedrooms, and \$22,750 per family unit with four or more bedrooms*, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design; and except that the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed 45 per centum in any geographical area where he finds that cost levels so require;

* * * * *

(4) if executed by a mortgagor which is approved by the Commissioner but is not a public instrumentality or a private nonprofit organization, involve a principal obligation not in excess (in the case of a property or project approved for mortgage insurance prior to the beginning of construction) of 90 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement costs may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner, and shall include an allowance for builder's and sponsor's profit and risk of 10 per centum of all of the foregoing items except the land unless the Commissioner, after certification that such allowance is unreasonable, shall by regulation prescribe a lesser percentage): *Provided*, That in the case of properties other than new construction the principal obligation shall not exceed 90 per centum of the Commissioner's estimate of the value of the property or project: *And provided further*, That the Commissioner may in his discretion require such mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return, and methods of operation, and for such purpose the Commissioner may make contracts

with and acquire for not to exceed \$100 such stock or interest in any such mortgagor as the Commissioner may deem necessary to render effective such restrictions or regulations; such stock or interest shall be paid for out of the [Section 207 Housing Insurance Fund] *General Insurance Fund* and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance;

* * * * *

(e) The provisions of subsections (d), (e), [(f), (g), (h), (i), (j), (k), (l), (m), (n), and (p)] (g), (h), (i), (j), (k), (l), and (n) of section 207 shall apply to mortgages insured under this section and all references therein to section 207 shall refer to this section.

* * * * *

MORTGAGE INSURANCE FOR NURSING HOMES

SEC. 232. (a) The purpose of this section is to assist the provision of urgently needed nursing homes for the care and treatment of convalescents and other persons who are not acutely ill and do not need hospital care but who require skilled nursing care and related medical services.

* * * * *

(d) In order to carry out the purpose of this section, the Commissioner is authorized to insure any mortgage which covers a new or rehabilitated nursing home, subject to the following conditions:

(1) The mortgage shall be executed by a mortgagor approved by the Commissioner. The Commissioner may in his discretion require any such mortgagor to be regulated or restricted as to charges and methods of financing, and, in addition thereto, if the mortgagor is a corporate entity, as to capital structure and rate of return. As an aid to the regulation or restriction of any mortgagor with respect to any of the foregoing matters, the Commissioner may make such contracts with and acquire for not to exceed \$100 such stock or interest in such mortgagor as he may deem necessary. Any stock or interest so purchased shall be paid for out of [the Section 207 Housing Insurance Fund] *the General Insurance Fund*, and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance.

* * * * *

(f) The provisions of subsections (d), (e), [(f), (g), (h), (i), (j), (k), (l), (m), (n), and (p)] (g), (h), (i), (j), (k), (l), and (n) of section 207 shall apply to mortgages insured under this section and all references therein to section 207 shall refer to this section.

* * * * *

EXPERIMENTAL HOUSING

SEC. 233. (a) In order to assist in lowering housing costs and improving housing standards, quality, livability, or durability or neighborhood design through the utilization of advanced housing technology, or experimental property standards, the Commissioner is authorized to insure and to make commitments to insure, under this section, mortgages (including home improvement loans, and including advances on mortgages during construction) secured by properties

including dwellings involving the utilization and testing of advanced technology in housing design, materials, or construction, or experimental property standards for neighborhood design if the Commissioner determines that (1) the property is an acceptable risk, giving consideration to the need for testing advanced housing technology or experimental property standards, (2) the utilization and testing of the advanced technology or experimental property standards involved will provide data or experience which the Commissioner deems to be significant in reducing housing costs or improving housing standards, quality, livability, or durability, or improving neighborhood design, and (3) the mortgages are eligible for insurance under the provisions of this section and under any further terms and conditions which may be prescribed by the Commissioner to establish the acceptability of the mortgages for insurance.

* * * * *

(f) Notwithstanding the provisions of subsection (e) of this section, in the case of default on any mortgage insured under this section, the Commissioner in his discretion, in accordance with such regulations as he may prescribe, may make payments pursuant to such subsections in cash or in debentures (as provided in the mortgage insurance contract), or may acquire the mortgage loan and the security therefor upon payment to the mortgagee in cash or in debentures (as provided in the mortgage insurance contract) of a total amount equal to the unpaid principal balance of the loan plus any accrued interest and any advances approved by the Commissioner made previously by the mortgagee under the provisions of the mortgage. After the acquisition of the mortgage by the Commissioner the mortgagee shall have no further rights, liabilities, or obligations with respect to the mortgage. The appropriate provisions of sections 204 and 207 relating to the issuance of debentures shall apply with respect to debentures issued under this subsection, and the appropriate provisions of sections 204 and 207 relating to the rights, liabilities, and obligations of a mortgagee shall apply with respect to the Commissioner when he has acquired an insured mortgage under this subsection, in accordance with and subject to regulations (modifying such provisions to the extent necessary to render their application for such purposes appropriate and effective) which shall be prescribed by the Commissioner, except that as applied to mortgages insured under this section (1) all references in section 204 to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to **[the Experimental Housing Insurance Fund,]** *the General Insurance Fund*, and (2) all references in section 204 to section 203 shall be construed to refer to this section**[,** and (3) all references in section 207 to the Housing Insurance Fund, the Housing Fund, or the Fund shall be construed to refer to the Experimental Housing Insurance Fund**]**. If the insurance payment is made in cash, there shall be added to such payment an amount equivalent to the interest which the debentures would have earned, computed to a date to be established pursuant to regulations issued by the Commissioner.

[(g) There is hereby created an Experimental Housing Insurance Fund to be used by the Commissioner as a revolving fund to carry out the provisions of this section, and the Commissioner is directed to transfer the sum of \$1,000,000 to the Fund from the War Housing Insurance Fund created by section 602 of this Act, General expenses of operation of the Federal Housing Administration and other ex-

penses incurred under this section may be charged to the Experimental Housing Insurance Fund.】

MORTGAGE INSURANCE FOR CONDOMINIUMS

SEC. 234. (a) The purpose of this section is to provide an additional means of increasing the supply of privately owned dwelling units where, under the laws of the State in which the property is located, real property title and ownership are established with respect to a one-family unit which is part of a multifamily project.

* * * * *

(d) In addition to individual mortgages insured under subsection (c), the Commissioner is authorized, in his discretion and under such terms and conditions as he may prescribe, to insure blanket mortgages (including advances on such mortgages during construction) which cover multifamily projects to be constructed or rehabilitated in cases where the mortgage is held by a mortgagor, approved by the Commissioner, which—

(1) has certified to the Commissioner, as a condition of obtaining the insurance of a blanket mortgage under this subsection, that upon completion of the multifamily project covered by such mortgage it intends to commit the ownership of the multifamily project to a plan of family unit ownership under which each family unit would be eligible for individual mortgage insurance under subsection (c) and will faithfully and diligently make and carry out all reasonable efforts to establish such plan of family unit ownership and to sell such family units to purchasers approved by the Commissioner; and

(2) shall be regulated or restricted by the Commissioner as to rents, charges, capital structure, rate of return, and methods of operation until the termination of all obligations of the Commissioner under the insurance and during such further period of time as the Commissioner shall be the owner, holder, or reinsurer of the mortgage. The Commissioner may make such contracts with and acquire for not to exceed \$100 such stock or interest in such mortgagor as he may deem necessary to render effective the regulation and restriction of such mortgagor. The stock or interest acquired by the Commissioner shall be paid for out of [the Apartment Unit Insurance Fund], the *General Insurance Fund* and shall be redeemed by the mortgagor at par at any time upon the request of the Commissioner after the termination of all obligations of the Commissioner under the insurance.

(e) To be eligible for insurance, a blanket mortgage on any multifamily project of a mortgagor of the character described in subsection (d) shall involve a principal obligation in an amount—

(1) not to exceed \$20,000,000, or not to exceed \$25,000,000 if the mortgage is executed by a mortgagor regulated or supervised, under Federal or State law or by a political subdivision of a State or any agency thereof, as to rents, charges, and methods of operation;

(2) not to exceed 90 per centum of the amount which the Commissioner estimates will be the replacement cost of the project when the proposed physical improvements are completed;

(3) not to exceed, for such part of the project as may be attributable to dwelling use (excluding exterior land improvements as

defined by the Commissioner), \$9,000 per family unit without a bedroom, \$12,500 per family unit with one bedroom, \$15,000 per family unit with two bedrooms, [and \$18,500 per family unit with three or more bedrooms] *\$18,500 per family unit with three bedrooms, and \$21,000 per family unit with four or more bedrooms*; except that as to projects to consist of elevator-type structures the Commissioner may, in his discretion, increase the dollar amount limitations per family unit to not to exceed \$10,500 per family unit without a bedroom, \$15,000 per family unit with one bedroom, \$18,000 per family unit with two bedrooms, [and \$22,500 per family unit with three or more bedrooms] *\$22,500 per family unit with three bedrooms, and \$25,500 per family unit with four or more bedrooms*, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design; and except that the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed 45 per centum in any geographical area where he finds that cost levels so require; and

(4) not to exceed an amount equal to the sum of the unit mortgage amounts determined under the provisions of subsection (c) assuming the mortgagor to be the owner and occupant of each family unit.

(f) Any blanket mortgage insured under subsection (d) shall provide for complete amortization by periodic payments within such term as the Commissioner may prescribe but not to exceed forty years from the beginning of amortization of the mortgage, and shall bear interest (exclusive of premium charges for insurance) at not to exceed $5\frac{1}{4}$ per centum per annum on the amount of the principal obligation outstanding at any time. The Commissioner may consent to the release of a part or parts of the mortgaged property from the lien of the blanket mortgage upon such terms and conditions as he may prescribe and the blanket mortgage may provide for such release. The project covered by the blanket mortgage may include five or more family units and such commercial and community facilities as the Commissioner deems adequate to serve the occupants.

(g) Any mortgagee under a mortgage insured under subsection (c) of this section is entitled to receive the benefits of the insurance as provided in section 204(a) of this Act with respect to mortgages insured under section 203, and the provisions of subsections (b), (c), (d), (e), (f), (g), (h), (j), and (k) of section 204 shall be applicable to the mortgages insured under subsection (c) of this section, except that (1) all references in section 204 to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to [the Apartment Unit Insurance Fund] *the General Insurance Fund*, (2) all references therein to section 203 shall be construed to refer to subsection (e) of this section, and (3) the excess remaining, referred to in section 204(f)(1), shall be retained by the Commissioner and credited to [the Apartment Unit Insurance Fund] *the General Insurance Fund*.

[(h) The provisions of subsections (d), (e), (g), (h), (i), (j), (k), (l), (m), (n), and (p) of section 207 shall be applicable to mortgages insured under subsection (d) of this section, except that all references to the Housing Insurance Fund, or Housing Fund, shall be construed to refer to the Apartment Unit Insurance Fund.]

(h) *The provisions of subsections (d), (e), (g), (h), (i), (j), (k), (l), and (n) of section 207 shall be applicable to mortgages insured under subsection (d) of this section.*

[(i) There is hereby created the Apartment Unit Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section. The Commissioner is authorized to transfer to the Fund the sum of \$1,000,000 from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this Act. General expenses of operation of the Federal Housing Administration under this section may be charged to the Apartment Unit Insurance Fund. The provisions of the second and third paragraphs of section 220(g) shall be applicable to the Apartment Unit Insurance Fund and to this section, all references therein to the Section 220 Housing Insurance Fund or the Fund shall be construed to refer to the Apartment Unit Insurance Fund, and all references therein to "this section" shall be construed to refer to this section 234.]

[(j)](i) The provisions of sections 225 and 230 shall be applicable to the mortgages insured under subsection (c) of this section.

TITLE III—FEDERAL NATIONAL MORTGAGE ASSOCIATION

PURPOSES

SEC. 301. The Congress hereby declares that the purposes of this title are to establish in the Federal Government a secondary market facility for home mortgages, to provide that the operations of such facility shall be financed by private capital to the maximum extent feasible, and to authorize such facility to—

(a) provide supplementary assistance to the secondary market for home mortgages by providing a degree of liquidity for mortgage investments, thereby improving the distribution of investment capital available for home mortgage financing;

(b) provide special assistance (when, and to the extent that, the President has determined that it is in the public interest) for the financing of (1) selected types of home mortgages (pending the establishment of their marketability) originated under special housing programs designed to provide housing of acceptable standards at full economic costs for segments of the national population which are unable to obtain adequate housing under established home financing programs, and (2) home mortgages generally as a means of retarding or stopping a decline in mortgage lending and home building activities which threatens materially the stability of a high level national economy; and

(c) manage and liquidate the existing mortgage portfolio of the Federal National Mortgage Association in an orderly manner, with a minimum of adverse effect upon the home mortgage market and minimum loss to the Federal Government.

CREATION OF ASSOCIATION

SEC. 302. (a) There is hereby created a body corporate to be known as the "Federal National Mortgage Association" (hereinafter referred to as the "Association"), which shall be a constituent agency of the Housing and Home Finance Agency. The Association shall have suc-

cession until dissolved by Act of Congress. It shall maintain its principal office in the District of Columbia and shall be deemed, for purposes of venue in civil actions, to be a resident thereof. Agencies or offices may be established by the Association in such other place or places as it may deem necessary or appropriate in the conduct of its business.

(b) For the purposes set forth in section 301 and subject to the limitations and restrictions of this title, the Association is authorized, pursuant to commitments or otherwise, to purchase, lend (under section 304) on the security of, service, sell, or otherwise deal in any mortgages which are insured under the National Housing Act or title V of the Housing Act of 1949, or which are insured or guaranteed under the Servicemen's Readjustment Act of 1944 or chapter 37 of title 38, United States Code: *Provided*, That (1) no mortgage may be purchased at a price exceeding 100 per centum of the unpaid principal amount thereof at the time of purchase, with adjustments for interest and any comparable items; (2) the Association may not purchase any mortgage, *except a mortgage insured under title V of the Housing Act of 1949*, if it is offered by, or covers property held by, a Federal, State, territorial, or municipal instrumentality; and (3) the Association may not purchase any mortgage under section 305, except a mortgage insured under section 220 or title VIII, or insured under section 213 and covering property located in an urban renewal area, or a mortgage covering property located in Alaska, Guam, or Hawaii, if the original principal obligation thereof exceeds or exceeded \$17,500 for each family residence or dwelling unit covered by the mortgage (*plus an additional \$2,500 for each such family residence or dwelling unit which has four or more bedrooms*). For the purposes of this title, [the term "mortgages"] *the terms "mortgages" and "home mortgages"* shall be inclusive of any mortgages or other loans insured under any of the provisions of the National Housing Act or title V of the Housing Act of 1949.

(c) Notwithstanding any other provision of this Act or of any other law, the Association is authorized under section 306 to create, accept, execute, and otherwise administer in all respects such trusts, receiverships, conservatorships, liquidating or other agencies, or other fiduciary and representative undertakings and activities as might be appropriate for financing purposes; and in relation thereto the Association may acquire, hold and manage, dispose of, and otherwise deal in any first mortgages in which the United States or any agency or instrumentality thereof may have a financial interest. The Association may join in any such undertakings and activities notwithstanding that it is also serving in a fiduciary or representative capacity; and is authorized, consistent with section 307, to guarantee any participations or other instruments, whether evidence of property rights or debt, issued for such financing purposes. Any participations or other instruments so guaranteed shall to the same extent as securities issued or guaranteed by the United States or its instrumentalities be deemed to be exempt securities within the meaning of laws administered by the Securities and Exchange Commission. *If there shall be included within one or more of the trusts or other agencies created pursuant to the authority of this subsection any mortgages bearing a below-market interest rate and insured under section 221(d)(3) after the date of the enactment of the Housing and Urban Development Act of 1965, there are authorized to be appropriated from time to time such amounts as may be necessary to*

reimburse the Association for the amount of the differential (including interest, other costs, and a fair proportion of administrative expense) between (1) the total outlay with respect to outstanding participations or other instruments in an amount not to exceed the dollar amount of such below-market interest rate mortgages, and (2) the total receipts from such mortgages. The amounts of any mortgages acquired by the Association under section 306, pursuant to this subsection, shall not be included in the total amounts set forth in section 306(c).

CAPITALIZATION

SEC. 303. (a) The Association shall have nonvoting common stock; and initially shall also have nonvoting preferred stock to which the Secretary of the Treasury shall subscribe as provided in subsections (d) and (e) of this section. All stock of the Association shall have a par value of \$100 per share, and shall not be transferable except on the books of the Association. At the option of the Association all such stock shall be retirable at par value at any time, except that retirements of common stock shall not be made if, as a consequence, the amount thereof remaining outstanding would be less than \$100,000,000. With respect to the preferred stock held by him, the Secretary of the Treasury shall be entitled to cumulative dividends for each fiscal year or portion thereof, from the date or dates the capital represented by such preferred stock is initially utilized until such preferred stock is retired, at rates determined by him at the beginning of each such fiscal year, taking into consideration the current average interest rate on outstanding marketable obligations of the United States as of the last day of the preceding fiscal year. The Secretary of the Treasury shall permit the retirement of the preferred stock held by him in the manner provided in this section. Funds of the capital surplus and the general surplus accounts of the Association shall be available to retire the preferred stock held by the Secretary of the Treasury as rapidly as the Association shall deem feasible. Concurrently with the retirement of the last of such outstanding shares of preferred stock, the Association shall pay to the Secretary of the Treasury for covering into miscellaneous receipts an amount equal to that part of the general surplus and reserves of the Association (other than reserves established to provide for any depreciation in value of its assets, including mortgages) which shall be deemed to have been earned through the use of the capital represented by the shares held by him from time to time. The amount of such payment shall be determined by applying to such surplus and reserves that percentage which is equivalent to the proportion borne by the employed capital represented by the Secretary's stock to the total employed capital of the Association, computed monthly for the period from the cutoff date determined pursuant to section 303(d) of this title to the aforesaid retirement of the last of the outstanding shares of preferred stock of the Association.

(b) The Association shall accumulate funds for its capital surplus account from private *and other* sources by requiring each mortgage seller to make payments of nonrefundable capital contributions, equal to not more than 2 per centum nor less than 1 per centum of the unpaid principal amounts of mortgages purchased or to be purchased by the Association from such seller under section 304, as determined from time to time by the Association, taking into consideration con-

ditions in the mortgage market and the general economy; and by requiring each borrower to make such payments, equal to not more than one-half of 1 per centum of the amount lent by the Association to such borrower under section 304. In addition, the Association may impose charges or fees for its services with the objective that all costs and expenses of its operations should be within its income derived from such operations and that such operations should be fully self-supporting. All earnings from the operations of the Association shall annually be transferred to its general surplus account. At any time, funds of the general surplus account may, in the discretion of the board of directors, be transferred to reserves. All dividends shall be charged against the general surplus account. This subsection (b) shall be subject to the exceptions set forth in section 307 of this title.

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SPECIAL ASSISTANCE FUNCTIONS

SEC. 305. (a) To carry out the purposes set forth in paragraph (b) of section 301, the President, after taking into account (1) the conditions in the building industry and the national economy and (2) conditions affecting the home mortgage investment market, generally, or affecting various types or classifications of home mortgages, or both, and after determining that such action is in the public interest, may under this section authorize the Association, for such period of time and to such extent as he shall prescribe, to exercise its powers to make commitments to purchase and to purchase such types, classes, or categories of home mortgages (including participations therein) as he shall determine.

* * * * *

(c) The total amount of purchases and commitments authorized by the President pursuant to subsection (a) of this section shall not exceed \$1,700,000,000 outstanding at any one time, *which limit shall be increased by \$100,000,000 on the date of the enactment of the Housing and Urban Development Act of 1965, by \$450,000,000 on July 1, 1966, by \$550,000,000 on July 1, 1967, and by \$525,000,000 on July 1, 1968.*

* * * * *

(f) Notwithstanding any other provision of this Act, the Association is authorized to make commitments to purchase and to purchase, service, or sell, any mortgage (or participation therein) which is insured under title VIII of this Act, as amended on or after August 11, 1955: *Provided*, That the total amount of purchases and commitments authorized by this subsection shall not exceed \$500,000,000 outstanding at any one time: *Provided further*, That of the amount authorized in the preceding proviso not less than \$58,750,000 shall be available for such purchases and commitments with respect to mortgages insured under section 809: *Provided further*, That any portion of the total amount of authority set forth in the first proviso of this subsection which, on the date of the enactment of the Housing and Urban Development Act of 1965 and on each July 1 thereafter, would otherwise be available for making purchases and commitments pursuant to this subsection, shall be transferred to and merged with the authority granted by subsection (a) and added to the amount of such authority as set forth in subsection (c); and the total amount of authority set forth in the first proviso of this

subsection shall progressively be reduced by the amount of each such transfer.

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TITLE V—MISCELLANEOUS

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EXPENDITURES TO CORRECT OR COMPENSATE FOR SUBSTANTIAL DEFECTS IN MORTGAGED HOMES

SEC. 518. (a) The Commissioner is authorized, with respect to any property improved by a one- to four-family dwelling approved for mortgage insurance prior to the beginning of construction which he finds to have structural defects, to make expenditures for (1) correcting such defects, (2) paying the claims of the owner of the property arising from such defects, or (3) acquiring title to the property: *Provided*, That such authority of the Commissioner shall exist only (A) if the owner has requested assistance from the Commissioner not later than four years (or such shorter time as the Commissioner may prescribe) after insurance of the mortgage, and (B) if the property is encumbered by a mortgage which is insured under this Act after the date of enactment of the Housing Act of 1964.

(b) The Commissioner shall by regulations prescribe the terms and conditions under which expenditures and payments may be made under the provisions of this section, and his decisions regarding such expenditures or payments, and the terms and conditions under which the same are approved or disapproved, shall be final and conclusive and shall not be subject to judicial review.

ESTABLISHMENT OF GENERAL INSURANCE FUND

SEC. 519. (a) *There is hereby created a General Insurance Fund which shall be used by the Commissioner, on and after the date of the enactment of the Housing and Urban Development Act of 1965, as a revolving fund for carrying out all the insurance provisions of this Act with the exception of those specified in subsection (e). All mortgages or loans insured under this Act pursuant to commitments issued on or after the date of the enactment of the Housing and Urban Development Act of 1965, except those specified in subsection (e), and all loans reported for insurance under section 2 on or after the date of the enactment of the Housing and Urban Development Act of 1965, shall be insured under the General Insurance Fund. The Commissioner shall transfer to the General Insurance Fund—*

(1) the assets and liabilities of all insurance accounts and funds, except the Mutual Mortgage Insurance Fund, existing under this Act immediately prior to the enactment of the Housing and Urban Development Act of 1965;

(2) all outstanding commitments for insurance issued prior to the date of the enactment of the Housing and Urban Development Act of 1965, except those specified in subsection (e);

(3) the insurance on all mortgages and loans insured prior to the date of the enactment of the Housing and Urban Development Act of 1965, except insurance specified in subsection (e); and

(4) the insurance of all loans made by approved financial institutions pursuant to section 2 prior to the date of the enactment of the Housing and Urban Development Act of 1965.

(b) The general expenses of the operations of the Federal Housing Administration relating to mortgages and loans which are the obligation of the General Insurance Fund may be charged to the General Insurance Fund.

(c) Moneys in the General Insurance Fund not needed for the current operations of the Federal Housing Administration with respect to mortgages and loans which are the obligation of the General Insurance Fund shall be deposited with the Treasurer of the United States to the credit of such Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued as obligations of the General Insurance Fund or issued prior to the enactment of the Housing and Urban Development Act of 1965 under other provisions of this Act, except debentures issued under the Mutual Mortgage Insurance Fund. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

(d) Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage or loan which is the obligation of the General Insurance Fund, the receipts derived from the property covered by such mortgages and loans and from the claims, debts, contracts, property, and security assigned to the Commissioner in connection therewith, and all earnings on the assets of the Fund shall be credited to the General Insurance Fund. The principal of, and interest paid and to be paid on, debentures which are the obligation of such Fund, and cash insurance payments and adjustments, and expenses incurred in the handling, management, renovation, and disposal of properties acquired, in connection with mortgages and loans which are the obligation of such Fund, shall be charged to such Fund.

(e) The General Insurance Fund shall not be used for carrying out the provisions of sections 203(b), 203(h), and 203(i), or the provisions of section 213 to the extent that they involve mortgages the insurance for which is the obligation of the Cooperative Management Housing Insurance Fund created by section 213(k); and nothing in this section shall apply to or affect any mortgages, loans, commitments, or insurance under such provisions.

OPTIONAL CASH PAYMENT OF INSURANCE BENEFITS

SEC. 520. (a) Notwithstanding any other provisions of this Act with respect to the payment of insurance benefits, the Commissioner is authorized, in his discretion, to pay in cash or in debentures any insurance claim or part thereof which is paid on or after the date of the enactment of the Housing and Urban Development Act of 1965 on a mortgage or a loan which was insured under any section of this Act either before or after such date. If payment is made in cash, it shall be in an amount equivalent to the face amount of the debentures that would otherwise be issued plus an amount equivalent to the interest which the debentures would have earned, computed to a date to be established pursuant to regulations issued by the Commissioner.

(b) *The Commissioner is authorized to borrow from the Treasury from time to time such amounts as the Commissioner shall determine are necessary to make payments in cash (in lieu of issuing debentures guaranteed by the United States, as provided in this Act) pursuant to the provisions of this section. Notes or other obligations issued by the Commissioner in borrowing under this subsection shall be subject to such terms and conditions as the Secretary of the Treasury may prescribe. Each sum borrowed pursuant to this subsection shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of such notes or other obligations.*

TITLE VI—WAR HOUSING INSURANCE

SEC. 601. As used in this title—

(a) The term “mortgage” means a first mortgage on real estate, in fee simple, or on a leasehold (1) under a lease for not less than ninety-nine years which is renewable; or (2) under a lease having a period of not less than fifty years to run from the date the mortgage was executed; and the term “first mortgage” means such classes of first liens as are commonly given to secure advances on, or the unpaid purchase price of, real estate, under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby.

(b) The term “mortgagee” includes the original lender under a mortgage, and his successors and assigns approved by the Commissioner; and the term “mortgagor” includes the original borrower under a mortgage and his successors and assigns.

(c) The term “maturity date” means the date on which the mortgage indebtedness would be extinguished if paid in accordance with periodic payments provided for in the mortgage.

(d) The term “State” includes the several States, and Puerto Rico, the District of Columbia, Guam, and the Virgin Islands.

【SEC. 602. There is hereby created a War Housing Insurance Fund which shall be used by the Commissioner as a revolving fund for the carrying out of the provisions of this title, and mortgages insured under this title shall be known and referred to as “war housing insured mortgages.” There shall be allocated immediately to the War Housing Insurance Fund the sum of \$5,000,000 out of funds made available to the Commissioner for this purpose. General expenses of operation of the Federal Housing Administration under this title may be charged to the War Housing Insurance Fund.】

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SEC. 604. (a) * * *

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(c) Debentures issued under this title shall be in such form and denominations in multiples of \$50, shall be subject to such terms and conditions, and shall include such provisions for redemption, if any, as may be prescribed by the Commissioner with the approval of the Secretary of the Treasury, and may be in coupon or registered form. Any difference between the value of the mortgage determined as herein provided and the aggregate face value of the debentures issued, not to exceed \$350, shall be adjusted by the payment of cash by the Commis-

sioner to the mortgagee from [the War Housing Insurance Fund] *the General Insurance Fund*.

(d) The debentures issued under this section to any mortgagee shall be executed in the name of [the War Housing Insurance Fund] *the General Insurance Fund* as obligor, shall be signed by the Commissioner by either his written or engraved signature, and shall be negotiable. All such debentures shall be dated as of the date foreclosure proceedings were instituted, or the property was otherwise acquired by the mortgagee after default, except that debentures issued pursuant to claims for insurance filed on or after the date of enactment of the Housing Act of 1964, shall be dated as of the date of default or as of such later date as the Commissioner, in his discretion, may establish by regulation. The debentures shall bear interest from such date at a rate determined by the Commissioner, with the approval of the Secretary of the Treasury, at the time the mortgage was accepted for insurance, but not to exceed 3 per centum per annum, payable semi-annually on the 1st day of January and the 1st day of July of each year. Such debentures as are issued in exchange for property covered by mortgages accepted for insurance under this section on or after the date of enactment of the National Housing Act Amendments of 1942, shall mature ten years after the date thereof. Such debentures as are issued in exchange for property covered by mortgages accepted for insurance under this section prior to the date of the enactment of the National Housing Act Amendments of 1942, shall mature three years after the 1st day of July following the maturity date of the mortgage on the property in exchange for which the debentures were issued: *Provided*, That any mortgagee entitled to receive such debentures may elect to receive in lieu thereof debentures which shall mature ten years after the date thereof. Such debentures shall be exempt, both as to principal and interest, from all taxation (except (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by any Territory, dependency, or possession of the United States, or by the District of Columbia, or by any State, county, municipality, or local taxing authority, and shall be paid out of [the War Housing Insurance Fund] *the General Insurance Fund* which shall be primarily liable therefor, and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and such guaranty shall be expressed on the face of the debentures. In the event that [the War Housing Insurance Fund] *the General Insurance Fund* fails to pay upon demand, when due, the principal of or interest on any debentures issued under this title, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

* * * * *

(f)(1) If, after deducting (in such manner and amount as the Commissioner shall determine to be equitable and in accordance with sound accounting practice) the expenses incurred by the Commissioner, the net amount realized from any property conveyed to the Commissioner under this section and the claims assigned therewith exceed the face value of the debentures issued and the cash paid in

exchange for such property plus all interest paid on such debentures, such excess shall be divided as follows:

(i) If such excess is greater than the total amount payable under the certificate of claim issued in connection with such property, the Commissioner shall pay to the holder of such certificate the full amount so payable, and any excess remaining thereafter shall be paid to the mortgagor of such property: *Provided*, That on and after the date of enactment of the Housing Act of 1964, any excess remaining after payment to the holder of the full amount of the certificate of claim shall be retained by the Commissioner and credited to [the War Housing Insurance Fund] *the General Insurance Fund*; and

(ii) If such excess is equal to or less than the total amount payable under such certificate of claim, the Commissioner shall pay to the holder of such certificate the full amount of such excess.

* * * * *

[SEC. 605. (a) Moneys in the War Housing Insurance Fund not needed for the current operations of the Federal Housing Administration under this title shall be deposited with the Treasurer of the United States to the credit of the War Housing Insurance Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this title. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

[(b) Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage accepted for insurance under this title, the receipts derived from the property covered by such mortgage and claims assigned to the Commissioner in connection therewith shall be credited to the War Housing Insurance Fund. The principal of, and interest paid and to be paid on debentures issued under this title, cash adjustments, and expenses incurred in the handling, management, renovation, and disposal of properties acquired under this title shall be charged to the War Housing Insurance Fund.]

* * * * *

SEC. 608. (a) In addition to mortgages insured under section 603 of this title, the Commissioner is authorized to insure mortgages as defined in section 601 of this title (including advances on such mortgages during construction) which are eligible for insurance as hereinafter provided.

(b) To be eligible for insurance under this section a mortgage shall meet the following conditions:

(1) The mortgaged property shall be held by a mortgagor approved by the Commissioner. The Commissioner may, in his discretion, require such mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return, and methods of operation. The Commissioner may make such contracts with, and acquire for not to exceed \$100 stock or interest in any such mortgagor, as the Commissioner may deem necessary to render effective such restriction or regulation. Such stock or interest shall be paid for out of [the War

Housing Insurance Fund] *the General Insurance Fund*, and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance.

* * * * *

(d) The certificate of claim issued by the Commissioner to any mortgagee in connection with the insurance of mortgages under this section shall be for an amount determined in accordance with subsections (e) and (f) of section 604 of this title, except that any amount remaining after the payment of the full amount under the certificate of claim shall be retained by the Commissioner and credited to [the War Housing Insurance Fund] *the General Insurance Fund*.

* * * * *

[(f) The provisions of section 207(k) of this Act shall be applicable to mortgages insured under this section, except that as applied to such mortgages (1) all references in such section 207(k) to the "Housing Fund" shall be construed to refer to the "War Housing Insurance Fund", and (2) the reference therein to "subsection (g)" shall be construed to refer to "subsection (c)" of this section.]

(f) The provisions of section 207(k) of this Act shall be applicable to mortgages insured under this section, except that, as applied to such mortgages, the reference therein to subsection (g) shall be construed to refer to subsection (c) of this section.

* * * * *

SEC. 609. (a) In order to assist in relieving the acute shortage of housing which now exists and to promote the production of housing for veterans of World War II at moderate prices or rentals within their reasonable ability to pay, through the application of modern industrial processes, the Commissioner is authorized to insure loans to finance the manufacture of housing (including advances on such loans) when such loans are eligible for insurance as hereinafter provided.

* * * * *

(f) The provisions of sections 207(k) and 603(a) of this Act shall be applicable to loans insured under this section, except that as applied to such loans [(1) all references in section 207(k) to the "Housing Fund" shall be construed to refer to the "War Housing Insurance Fund" and] [(2)](1) the reference in section 207(k) to "subsection (g)" shall be construed to refer to "subsection (d)" of this section; [(3)](2) the references in section 207(k) to insured mortgages shall be construed to refer to the assignment or other security for loans insured under this section; and [(4)](3) the references in section 603(a) to a mortgage or mortgages shall be construed to include a loan or loans under this section. The provisions of section 603(d) shall also be applicable to loans insured under this section and the reference in said section 603(d) to a mortgage shall be construed to include a loan or loans with respect to which a contract of insurance is issued pursuant to this section.

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TITLE VII—INSURANCE FOR INVESTMENTS IN RENTAL
HOUSING FOR FAMILIES OF MODERATE INCOME

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PAYMENT OF CLAIMS

SEC. 707. If in any operating year the net income of a project insured under this title is less than the aggregate of the minimum annual amortization charge and the insured annual return, the Commissioner, upon submission by the investor of a claim for the payment of the amount of the difference between such net income and the aggregate of the minimum annual amortization charge and the insured annual return and after proof of the validity of such claim, shall pay to the investor, in cash from [the Housing Investment Insurance Fund] *the General Insurance Fund*, the amount of such difference, as determined by the Commissioner, but not exceeding, in any event, an amount equal to the aggregate of the minimum annual amortization charge and the insured annual return. Nothing contained in this title or any other provision of law shall be construed as preventing or restricting an investor from assigning, pledging, or otherwise transferring or disposing of, subject to rules and regulations of the Commissioner, any or all rights, claims, or other benefits under any insurance contract made pursuant to this title to an assignee, pledgee, or other transferee, including the holders (or the trustee for such holders) of any debentures issued by the investor in connection with the project to which such insurance contract relates, and the Commissioner is authorized to pay claims or issue debentures in accordance with the provisions of this section and section 708 of this title to any such assignee, pledgee, or other transferee.

DEBENTURES

SEC. 708. (a) If the aggregate of the amounts paid to the investor pursuant to section 707 hereof with respect to a project insured under this title shall at any time equal or exceed 15 per centum of the established investment, the Commissioner thereafter shall have the right, after written notice to the investor of his intentions so to do, to acquire, as of the first day of any operating year, such project in consideration of the issuance and delivery to the investor of debentures having a total face value equal to 90 per centum of the outstanding investment for such operating year. In any such case the investor shall be obligated to convey to said Commissioner title to the project which meets the requirements of the rules and regulations of the Commissioner in force at the time the insurance contract was executed and which is evidenced in the manner prescribed by such rules and regulations, and, in the event that the investor fails so to do, said Commissioner may, at his option, terminate the insurance contract.

(b) If in any operating year the aggregate of the differences between the operating expenses (exclusive of any premium charges previously waived hereunder) and the gross income for the preceding operating years, less the aggregate of any deficits in such operating expenses reimbursed from excess earnings as hereinbefore provided, shall at any time equal or exceed 5 per centum of the established investment, the investor shall thereafter have the right, after written notice to the Com-

missioner of his intention so to do, to convey to the Commissioner, as of the first day of any operating year, title to the project which meets the requirements of the rules and regulations of the Commissioner in force at the time the insurance contract was executed and which is evidenced in the manner prescribed by such rules and regulations, and to receive from the Commissioner debentures having a total face value equal to 90 per centum of the outstanding investment for such operating year.

(c) Any difference, not exceeding \$50, between 90 per centum of the outstanding investment for the operating year in which a project is acquired by the Commissioner pursuant to this section and the total face value of the debentures to be issued and delivered to the investor pursuant to this section shall be adjusted by the payment of cash by the Commissioner to the investor from [the Housing Investment Insurance Fund] *the General Insurance Fund*.

(d) Upon the acquisition of a project by the Commissioner pursuant to this section, the insurance contract shall terminate.

(e) Debentures issued under this title to any investor shall be executed in the name of [the Housing Investment Insurance Fund] *the General Insurance Fund* as obligor, shall be signed by the Commissioner, by either his written or engraved signature, and shall be negotiable. Such debentures shall be dated as of the first day of the operating year in which the project for which such debentures were issued was acquired by the Commissioner, shall bear interest at a rate to be determined by the Commissioner, with the approval of the Secretary of the Treasury, at the time the insurance contract was executed, but not to exceed $2\frac{3}{4}$ per centum per annum, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature on the 1st day of July in such calendar year or years, not later than the fortieth following the date of the issuance thereof, as shall be determined by the Commissioner and stated on the face of such debentures.

(f) Such debentures shall be in such form and in such denominations in multiples of \$50, shall be subject to such terms and conditions, and may include such provisions for redemption as shall be prescribed by the Commissioner, with the approval of the Secretary of the Treasury, and may be issued in either coupon or registered form.

(g) Such debentures shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by any Territory, dependency, or possession of the United States, or by the District of Columbia, or by any State, county, municipality, or local taxing authority, shall be payable out of [the Housing Investment Insurance Fund] *the General Insurance Fund*, which shall be primarily liable therefor, and shall be fully and unconditionally guaranteed, as to both the principal thereof and the interest thereon, by the United States, and such guaranty shall be expressed on the face thereof. In the event that [the Housing Investment Insurance Fund] *the General Insurance Fund* fails to pay upon demand, when due, the principal of or the interest on any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof, which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon, to the extent of the amount so paid, the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

(h) Notwithstanding any other provisions of law relating to the acquisition, handling, or disposal of real and other property by the United States, the Commissioner shall have power, for the protection of [the Housing Investment Insurance Fund] *the General Insurance Fund*, to pay out of said Fund all expenses or charges in connection with, and to deal with, complete, reconstruct, rent, renovate, modernize, insure, make contracts for the management of, or establish suitable agencies for the management of, or sell for cash or credit or lease in his discretion, in whole or in part, any project acquired pursuant to this title; and, notwithstanding any other provisions of law, the Commissioner shall also have power to pursue to final collection by way of compromise or otherwise all claims acquired by, or assigned or transferred to, him in connection with the acquisition or disposal of any project pursuant to this title: *Provided*, That section 3709 of the Revised Statutes shall not be construed to apply to any contract for hazard insurance, or to any purchase or contract for services or supplies on account of any project acquired pursuant to this title if the amount of such purchase or contract does not exceed \$1,000.

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[INSURANCE FUND]

[SEC. 710. There is hereby created a Housing Investment Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this title and for administrative expenses in connection therewith. For this purpose, the Secretary of the Treasury shall make available to the Commissioner such funds as the Commissioner shall deem necessary, but not to exceed \$10,000,000, which amount is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated. Premium charges adjusted premium charges, inspection and other fees, service charges, and any other income received by the Commissioner under this title, together with all earnings on the assets of such Housing Investment Insurance Fund, shall be credited to said Fund. All payments made pursuant to claims of investors with respect to projects insured under this title, cash adjustments, and principal of and interest on debentures issued under this title, expenses incurred in connection with or as a consequence of the acquisition and disposal of projects acquired under this title, and all administrative expenses in connection with this title, shall be paid from said Fund. The faith of the United States is solemnly pledged to the payment of all approved claims of investors with respect to projects insured under this title, and, in the event said Fund fails to make any such payment when due, the Secretary of the Treasury shall pay to the investor the amount thereof, which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated. Moneys in the Housing Investment Insurance Fund not needed for current operations under this title shall be deposited with the Treasurer of the United States to the credit of said Fund or invested in bonds or other obligations of, or in bonds or other obligations guaranteed by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under this title. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized

by this section. Debentures so purchased shall be canceled and not reissued.】

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TITLE VIII—ARMED SERVICES HOUSING MORTGAGE INSURANCE

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【SEC. 802. The Military Housing Insurance Fund created by this section prior to amendment thereto shall hereafter be known as the Armed Services Housing Mortgage Insurance Fund. General expenses of operation of the Federal Housing Administration under this title (including operations with respect to mortgages insured or to be insured pursuant to this title prior to enactment of the Housing Amendments of 1955) may be charged to the Armed Services Housing Mortgage Insurance Fund.】

SEC. 803. (a) In order to assist in relieving the acute shortage and urgent need for family housing which now exists at or in areas adjacent to military installations because of uncertainty as to the permanency of such installations and to increase the supply of necessary family housing accommodations for personnel at such installations, the Commissioner is authorized, upon application of the mortgagee to insure mortgages (including advances on such mortgages during construction) which are eligible for insurance as hereinafter provided, and, upon such terms as the Commissioner may prescribe, to make commitments for so insuring such mortgages prior to the date of their execution or disbursement thereon; *Provided*, That the aggregate amount of principal obligations of all mortgages insured under this title (except mortgages insured pursuant to the provisions of this title in effect prior to the enactment of the Housing Amendments of 1955) shall not exceed \$2,300,000,000: *And provided further*, That the limitation in section 217 of this Act shall not apply to this title: *And provided further*, That no more mortgages shall be insured under this section after October 1, 1962, except pursuant to a commitment to insure before such date, and not more than twenty-eight thousand family housing units shall be contracted for after June 30, 1959, pursuant to any mortgage insured under this section after such date.

(b) To be eligible for insurance under this title a mortgage shall meet the following conditions:

(1) The mortgaged property shall be held by a mortgagor approved by the Commissioner. The Commissioner may, in his discretion, require such mortgagor to be regulated or restricted as to capital structure, and methods of operation. The Commissioner may make such contracts with, and acquire for not to exceed \$100 stock or interest in, any such mortgagor, as the Commissioner may deem necessary to render effective such restriction or regulation. Such stock or interest shall be paid for out of 【the Armed Services Housing Mortgage Insurance Fund】 *the General Insurance Fund*, and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance.

(2) The mortgaged property shall be designed for use for residential purposes by personnel of the armed services and situated at or near a military installation, and the Secretary or his designee shall have certified that there is no intention, so far as can reasonably be foreseen, to substantially curtail the personnel assigned or to be assigned to

such installation, and (i) shall have determined that for reasons of safety, security, or other essential military requirements, it is necessary that the personnel involved reside in public quarters: *Provided, however,* That for the purposes of this subsection housing covered by a mortgage insured, or for which a commitment to insure has been issued, under section 803 prior to the enactment of the "Housing Amendments of 1955" may be considered the same as available quarters), and (ii) with the approval of the Commissioner, shall have determined that adequate housing is not available for such personnel at reasonable rentals within reasonable commuting distance of the installation and that the mortgaged property will not, so far as can reasonably be foreseen, substantially curtail occupancy in existing housing covered by mortgages insured under this Act. The housing accommodations shall comply with such standards and conditions as the Commissioner may prescribe to establish the acceptability of such property for mortgage insurance, except that the certification of the Secretary of Defense or his designee shall (for purposes of mortgage insurance under this title) be conclusive evidence to the Commissioner of the existence of the need for such housing. However, if the Commissioner does not concur in the housing needs as certified by the Secretary, the Commissioner may require the Secretary to guarantee [the Armed Services Housing Mortgage Insurance Fund] *the General Insurance Fund* against loss with respect to the mortgage covering such housing. The Commissioner shall report to the Committees on Banking and Currency of the Senate and the House of Representatives each instance in which he has required the Secretary to guarantee [the Armed Services Housing Mortgage Insurance Fund] *the General Insurance Fund*, with reasons therefor. There are hereby authorized to be appropriated such sums as may be necessary to provide for payment to meet losses arising from such guaranty.

* * * * *

(e) Debentures issued under this title shall be in such form and denominations in multiples of \$50, shall be subject to such terms and conditions, and shall include such provisions for redemption, if any, as may be prescribed by the Commissioner with the approval of the Secretary of the Treasury, and may be in coupon or registered form. Any difference between the value of the mortgage determined as herein provided and the aggregate face value of the debentures issued, not to exceed \$50, shall be adjusted by the payment of cash by the Commissioner to the mortgagee from [the Armed Services Housing Mortgage Insurance Fund] *the General Insurance Fund*.

(f) Debentures issued under this title shall be executed in the name of [the Armed Services Housing Mortgage Insurance Fund] *the General Insurance Fund* as obligor, shall be signed by the Commissioner, by either his written or engraved signature, and shall be negotiable. All such debentures shall be dated as of the date of default as determined in accordance with subsection (d) of this section, and shall bear interest from such date at a rate established by the Commissioner pursuant to section 224, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature twenty years after the date thereof. Such debentures shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by any Territory, dependency, or possession of the United

States or by the District of Columbia, or by any State, county, municipality, or local taxing authority. They shall be paid out of **the Armed Services Housing Mortgage Insurance Fund** *the General Insurance Fund*, which shall be primarily liable therefor, and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and such guaranty shall be expressed on the face of the debentures. In the event **the Armed Services Housing Mortgage Insurance Fund** *the General Insurance Fund* fails to pay upon demand, when due, the principal of or interest on any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

(g) The certificate of claim issued by the Commissioner to any mortgagee in connection with the insurance of mortgages under this title shall be for an amount determined in accordance with subsections (e) and (f) of section 604 of this Act, except that any amount remaining after the payment of the full amount under the certificate of claim shall be retained by the Commissioner and credited to **the Armed Services Housing Mortgage Insurance Fund** *the General Insurance Fund*.

[(h) The provisions of section 207 (k) and section 207 (l) of this Act shall be applicable to mortgages insured under this title and to property acquired by the Commissioner hereunder, except that as applied to such mortgages and property (1) all references in such sections to the "Housing Fund" shall be construed to refer to the "Armed Services Housing Mortgage Insurance Fund", and (2) the reference in section 207 (k) to "subsection (g)" shall be construed to refer to "subsection (d)" of this section.]

(h) The provisions of section 207 (k) and section 207 (l) of this Act shall be applicable to mortgages insured under this title and to property acquired by the Commissioner hereunder, except that, as applied to such mortgages and property, the reference in section 207 (k) to subsection (g) shall be construed to refer to subsection (d) of this section.

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[SEC. 804. (a) Moneys in the Armed Services Housing Mortgage Insurance Fund not needed for current operations under this title shall be deposited with the Treasurer of the United States to the credit of the Armed Services Housing Mortgage Insurance Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this title. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

[(b) Premium charges, adjusted premium charges, and appraisal and other fees, received on account of the insurance of any mortgage insured under this title, the receipts derived from any such mortgage or claim assigned to the Commissioner and from any property acquired by the Commissioner, and all earnings on the assets of the Armed Services Housing Mortgage Insurance Fund, shall be credited to the

Armed Services Housing Mortgage Insurance Fund. The principal of and interest paid and to be paid on debentures issued in exchange for any mortgage or property insured under this title, cash adjustments, and expenses incurred in the handling of such mortgages or property and in the foreclosure and collection of mortgages and claims assigned to the Commissioner under this title, shall be charged to the Armed Services Housing Mortgage Insurance Fund.】

* * * * *

SEC. 809. (a) Notwithstanding any other provisions of this title and in addition to mortgages insured under section 803, the Commissioner may insure any mortgage under this section which meets the eligibility requirements set forth in section 203(b) of this Act: *Provided*, That a mortgage insured under this section shall have been executed by a mortgagor who at the time of insurance is the owner of the property and either occupies the property or certifies that his failure to do so is the result of a change in his employment by the Armed Forces or a contractor thereof and to whom the Secretary or his designee has issued a certificate indicating that such person requires housing and is at the date of the certificate a civilian employee at a research or development installation of one of the military departments of the United States or a contractor thereof and is considered by such military department to be an essential, nontemporary employee at such date. Such certificate shall be conclusive evidence to the Commissioner of the employment status of the mortgagor and of the mortgagor's need for housing.

(b) No mortgage shall be insured under this section unless the Secretary or his designee shall have certified to the Commissioner that the housing is necessary to provide adequate housing for such civilians employed in connection with such a research or development installation and that there is no present intention to substantially curtail the number of such civilian personnel assigned or to be assigned to such installation. Such certification shall be conclusive evidence to the Commissioner of the need for such housing but if the Commissioner determines that insurance of mortgages on such housing is not an acceptable risk, he may require the Secretary to guarantee [the Armed Services Housing Mortgage Insurance Fund] the *General Insurance Fund* from loss with respect to mortgages insured pursuant to this section. There are hereby authorized to be appropriated such sums as may be necessary to provide for payment to meet losses arising from such guaranty.

(c) The Commissioner may accept any mortgage for insurance under this section without regard to any requirement in any other section of this Act, that the project or property be economically sound or an acceptable risk.

(d) Any mortgagee under a mortgage insured under this section is entitled to the benefits of insurance as provided in section 204(a) with respect to mortgages insured under section 203.

(e) The provisions of subsections (b), (c), (d), (e), (f), (g), (h), (j), and (k) of section 204 shall apply to mortgages insured under this section except that as applicable to those mortgages: (1) all references to the "Fund" or "Mutual Mortgage Insurance Fund" shall refer to [the "Armed Services Housing Mortgage Insurance Fund"] the *"General Insurance Fund"* and (2) all references to section 203 shall refer to this section.

(f) The provisions of sections 801, 802, 803(c), 803(i), 803(j), 804(a), 804(b), and 807 and the provisions of section 803(a) relating to the aggregate amount of all mortgages insured under this title, shall be applicable to mortgages insured under this section. No more mortgages shall be insured under this section after October 1, [1965] 1969, except pursuant to a commitment to insure before such date.

(g)(1) A mortgage secured by property which is intended to provide housing for a person (i) employed or assigned to duty at or in connection with any research or development installation of the National Aeronautics and Space Administration and which is located at or near such installation, or (ii) employed at any research or development installation of the Atomic Energy Commission and which is located at or near such installation, may (if the mortgage otherwise meets the requirements of this section) be insured by the Commissioner under the provisions of this section.

The Administrator of the National Aeronautics and Space Administration (or his designee), in the case of any mortgage secured by property intended to provide housing for any person employed or assigned to duty at any such installation of the National Aeronautics and Space Administration, or the Chairman of the Atomic Energy Commission (or his designee), in the case of any mortgage secured by property intended to provide housing for any person employed at such installation of the Atomic Energy Commission, is authorized to guarantee and indemnify [the Armed Services Housing Mortgage Insurance Fund] *the General Insurance Fund* against loss to the extent required by the Commissioner, in accordance with the provisions of subsection (b) of this section.

(2) For purposes of this subsection—

(i) The terms “Armed Forces,” “one of the military departments of the United States,” “military department,” “Secretary or his designee,” and “Secretary,” when used in subsections (a) and (b) of this section, shall be deemed to refer to the National Aeronautics and Space Administration (or the Administrator thereof), or the Atomic Energy Commission (or the Chairman thereof), as may be appropriate;

(ii) The term “Secretary of the Army, Navy, or Air Force,” when used in section 805, shall be deemed to refer to the National Aeronautics and Space Administration or the Administrator thereof, as may be appropriate;

(iii) The terms “civilian employee,” “civilians,” and “civilian personnel,” as used in this section, shall be deemed to refer to (A) employees of such Administration or a contractor thereof or to military personnel assigned to duty at an installation of such Administration, or (B) persons employed at or in connection with any research or development installation of the Atomic Energy Commission, as the case may be; and

(iv) The term “military installation” when used in section 805 shall be deemed to refer to an installation of the National Aeronautics and Space Administration.

SEC. 810. (a) Notwithstanding any other provision of this title, the Commissioner may insure and make commitments to insure any mortgage under this section which meets the eligibility requirements hereinafter set forth.

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(e) For the purpose of providing multifamily rental housing projects or housing projects consisting of individual single-family dwellings for sale, the Commissioner is authorized to insure mortgages (including advances on such mortgages during construction) which cover property held by a private corporation, association, cooperative society, or trust. Any such mortgagor shall possess powers necessary therefor and incidental thereto and shall until the termination of all obligations of the Commissioner under such insurance be regulated or restricted as to rents or sales, charges, capital structure, rate of return, and methods of operation to such extent and in such manner as to provide reasonable rentals to tenants and a reasonable return on the investment. The Commissioner may make such contracts with, and acquire for not to exceed \$100 such stock or interest in, any such corporation, association, cooperative society, or trust as he may deem necessary to render effective such restriction or regulation. Such stock or interest shall be paid for out of **[the Armed Services Housing Mortgage Insurance Fund]** *the General Insurance Fund*, and shall be redeemed by the corporation, association, cooperative society, or trust at par upon the termination of all obligations of the Commissioner under the insurance.

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(j) The provisions of subsections (d), (e), (g), (h), (i), (j), (k), **[(l), (m), (n), and (p),]** *(l), and (n)* of section 207 of this title shall be applicable to mortgages insured under this section except individual mortgages of the character described in subsection (g) of this section covering the individual dwellings in the project, and as to such individual mortgages the provisions of subsections (a), (c), (d), (e), (f), (g), (h), (j), and (k) of section 204 shall be applicable: *Provided, [That wherever the words "Fund", "Mutual Mortgage Insurance Fund", or "Housing Insurance Fund" appear in section 204 or 207, such reference shall refer to the Armed Services Housing Mortgage Insurance Fund with respect to mortgages insured under this section] That wherever the words "Fund" or "Mutual Mortgage Insurance Fund" appear in section 204, such reference shall refer to the General Insurance Fund with respect to mortgages insured under this section.*

(k) The provisions of sections 801, 802, 803(c), 803(i), 803(j), 804(a), 804(b), and 807 and the provisions of section 803(a) relating to the aggregate amount of all mortgages insured under this title shall be applicable to mortgages insured under this section. No more mortgages shall be insured under this section after October 1, **[1965]** *1969*, except pursuant to a commitment to insure before such date.

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TITLE IX—NATIONAL DEFENSE HOUSING INSURANCE

SEC. 901. As used in this title, the terms "mortgage", "first mortgage", "mortgagee", "mortgagor", "maturity date", and "State" shall have the same meaning as in section 201 of this Act.

[SEC. 902. There is hereby created a National Defense Housing Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this title, and mortgages insured under this title shall be known and referred to as "national defense housing insured mortgages". The Commissioner is hereby authorized and directed to transfer to such fund the sum of \$10,000,000 from the War Housing Insurance Fund established

pursuant to the provisions of section 602 of this Act. General expenses of operation of the Federal Housing Administration under this title may be charged to the National Defense Housing Insurance Fund: *Provided*, That no moneys in said fund shall be expended for administrative expenses of the Federal Housing Administration under this title except pursuant to such specific authorization therefor as may hereafter be enacted by the Congress.】

SEC. 903. (a) This title is designed to supplement systems of mortgage insurance under other provisions of the National Housing Act in order to assist in providing adequate housing in areas which the President, pursuant to section 101 of the Defense Housing and Community Facilities and Services Act of 1951, shall have determined to be critical defense housing areas. The Commissioner is authorized, upon application by the mortgagee, to insure under this section or section 908 as hereinafter provided any mortgage which is eligible for insurance as hereinafter provided and upon such terms as the Commissioner may prescribe to make commitments for the insuring of such mortgages prior to the date of their execution or disbursement thereon: *Provided*, That the property covered by the mortgage is in an area which the President, pursuant to section 101 of the Defense Housing and Community Facilities and Services Act of 1951, shall have determined to be a critical defense housing area, and that the total number of dwelling units in properties covered by mortgages insured under this title in any such area does not exceed the number authorized by the Housing and Home Finance Administrator from time to time as needed in such area for defense purposes and to be insured pursuant to this title: *Provided further*, That in the event the Commissioner has issued a commitment to insure a mortgage under section 903 of this title, which commitment was in force and effect on June 1, 1953, and the Commissioner determines that, because of changes in defense requirements, there is reasonable doubt that such housing is needed for defense purposes and that it is probable that the mortgage would become immediately in default and claim made for payment under the mortgage insurance contract if the unit or units are completed and the mortgage insured, the Commissioner is authorized, in the interest of conserving [the National Defense Housing Insurance Fund] *the General Insurance Fund*, to pay (in cash from [the National Defense Housing Insurance Fund] *the General Insurance Fund*) to the mortgagee for the account of the mortgagor such amount as the Commissioner shall determine to be necessary to reimburse the mortgagor the amounts paid or to be paid by the mortgagor on account of labor performed and materials in place, less the Commissioner's estimate of the reasonable salvage value of such materials, plus an allowance for development costs equal to 4 per centum of the principal amount of the mortgage specified in such commitment, and no payments shall be made pursuant to this proviso unless a claim therefor is filed not later than six months from date of the determination of lack of need and the claim is in such form and contains such supporting information, documents, and data as the Commissioner may require: *Provided further*, That the aggregate amount of principal obligations of all mortgages insured under this title shall not exceed such sum as may be authorized by the President from time to time for the purposes of this title pursuant to his authority under section 217 hereof: *Provided further*, That the Commissioner shall have power to require properties covered by mortgages insured under this title to be held for

rental for such periods of time and at such rentals or other charges as he may prescribe; and, with respect to such properties being held for rental, (1) to require that the property be held by a mortgagor approved by him, and (2) to prescribe such requirements as he deems to be reasonable governing the method of operation and prohibiting or restricting sales of such properties or interests therein or agreements relating to such sales: *Provided further*, That the Commissioner shall require each dwelling covered by a mortgage insured under this section, for which a commitment to insure is issued after the effective date of the Housing Act of 1954, to be held for rental for a period of not less than three years after the dwelling is made available for initial occupancy: *And provided further*, That no mortgage shall be insured under this title unless the mortgagor certifies under oath that in selecting tenants for any property covered by the mortgage he will not discriminate against any family by reason of the fact that there are children in the family, and that he will not sell the property while the insurance is in effect unless the purchaser so certifies, such certification to be filed with the Commissioner. Violation of any such certification shall be a misdemeanor punishable by a fine of not to exceed \$500.

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SEC. 904. (a) * * *

* * * * *

(c) Debentures issued under this title shall be in such form and denominations in multiples of \$50, shall be subject to such terms and conditions, and shall include such provisions for redemption, if any, as may be prescribed by the Commissioner with the approval of the Secretary of the Treasury, and may be in coupon or registered form. Any difference between the amount of debentures to which the mortgagee is entitled under this section or section 908 of this Act and the aggregate face value of the debentures issued, not to exceed \$350, shall be adjusted by the payment of cash by the Commissioner to the mortgagee from [the National Defense Housing Insurance Fund] *the General Insurance Fund*.

(d) The debentures issued under this section to any mortgagee shall be executed in the name of [the National Defense Housing Insurance Fund] *the General Insurance Fund* as obligor, shall be signed by the Commissioner by either his written or engraved signature, and shall be negotiable. All such debentures shall be dated as of the date foreclosure proceedings were instituted, or the property was otherwise acquired by the mortgagee after default, except that debentures issued pursuant to claims for insurance filed on or after the date of enactment of the Housing Act of 1964 shall be dated as of the date of default or as of such later date as the Commissioner, in his discretion, may establish by regulation. The debentures shall bear interest from such date at a rate determined by the Commissioner, with the approval of the Secretary of the Treasury, at the time the mortgage was accepted for insurance, but not to exceed 3 per centum per annum, payable semiannually on the 1st day of January and the 1st day of July of each year. Such debentures shall mature twenty years after the date thereof. Such debentures shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, or gift taxes) now or hereafter imposed by any Territory, dependency, or possession of the United States, or by the District of Columbia, or by any State, county,

municipality, or local taxing authority, and shall be paid out of [the National Defense Housing Insurance Fund] *the General Insurance Fund*, which shall be primarily liable therefor, and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and such guaranty shall be expressed on the face of the debentures. In the event that [the National Defense Housing Insurance Fund] *the General Insurance Fund* fails to pay upon demand, when due, the principal of or interest on any debentures issued under this title, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon to the extent of the amounts so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

(e) The certificate of claim issued by the Commissioner to any mortgagee under this section shall be for an amount determined in accordance with, and shall contain provisions and shall be paid in accordance with, the provisions of section 204(e) and section 204(f) of this Act [which are applicable to mortgages insured under section 207, except that the reference in section 204(f) to "the Housing Insurance Fund" shall be deemed for the purposes of this section to be a reference to the National Defense Housing Insurance Fund].

* * * * *

【SEC. 905. (a) Moneys in the National Defense Housing Insurance Fund not needed for the current operations of the Federal Housing Administration under this title shall be deposited with the Treasurer of the United States to the credit of the National Defense Housing Insurance Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this title. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

【(b) Premium charges, adjusted premium charges, and appraisal and other fees, received on account of the insurance of any mortgage insured under this title, the receipts derived from any such mortgage or claim assigned to the Commissioner and from any property acquired by the Commissioner, and all earnings on the assets of the National Defense Housing Insurance Fund, shall be credited to the National Defense Housing Insurance Fund. The principal of and interest paid and to be paid on debentures issued in exchange for any mortgage or property insured under this title, cash adjustments, and expenses incurred in the handling of such mortgages or property and in the foreclosure and collection of mortgages and claims assigned to the Commissioner under this title, shall be charged to the National Defense Housing Insurance Fund.】

* * * * *

SEC. 908. (a) In addition to mortgages insured under section 903 of this title, the Commissioner is authorized to insure mortgages as defined in section 901 of this title (including advances on such mortgages during construction) which are eligible for insurance as hereinafter provided.

(b) To be eligible for insurance under this section a mortgage shall meet the following conditions:

(1) The mortgaged property shall be held by a mortgagor approved by the Commissioner. The Commissioner may, in his discretion, require such mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return, and methods of operation. The Commissioner may make such contracts with, and acquire for not to exceed \$100 stock or interest in any such mortgagor, as the Commissioner may deem necessary to render effective such restriction or regulation. Such stock or interest shall be paid for out of [the National Defense Housing Insurance Fund] *the General Insurance Fund*, and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance.

* * * * *

(d) The certificate of claim issued by the Commissioner to any mortgagee under this section shall be for an amount determined in accordance with, and shall contain provisions and shall be paid in accordance with, the provisions of section 207(h) of this Act[, except that the reference in section 207(h) to "the Housing Insurance Fund" shall be deemed for the purposes of this section to be a reference to the National Defense Housing Insurance Fund].

* * * * *

[(f) The provisions of section 207(k) and section 207(l) of this Act shall be applicable to mortgages insured under this section and to property acquired by the Commissioner hereunder, except that as applied to such mortgages and property (1) all references in such sections 207(k) and 207(l) to the "Housing Fund" shall be construed to refer to the National Defense Housing Insurance Fund, and (2) the reference therein to "subsection (g)" shall be construed to refer to subsection (c) of this section.]

(f) *The provisions of section 207(k) and section 207(l) of this Act shall be applicable to mortgages insured under this section and to property acquired by the Commissioner hereunder, except that, as applied to such mortgages and property, the reference therein to subsection (g) shall be construed to refer to subsection (c) of this section.*

* * * * *

TITLE X—MORTGAGE INSURANCE FOR LAND DEVELOPMENT

DEFINITIONS

SEC. 1001. As used in this title—

(a) *the term "mortgage" means a lien or liens on real estate in fee simple, or on a leasehold (1) under a lease for not less than ninety-nine years which is renewable or (2) under a lease having a period of not less than fifty years to run from the date the mortgage was executed;*

(b) *the term "first mortgage" includes such classes of first liens as are commonly given to secure advances (including but not limited to advances during construction) on, or the unpaid purchase price of, real estate under the laws of the State in which the real estate is located, together with the credit instrument or instruments, if any,*

secured thereby, and may be in the form of trust mortgages or mortgage indentures or deeds of trusts securing notes, bonds, or other credit instruments;

(c) the terms "mortgagee", "mortgagor", and "State" have the same meaning as in section 207 of this Act;

(d) the term "improvements" means waterlines and water supply installations, sewerlines and sewage disposal installations, roads, streets, curbs, gutters, sidewalks, storm drainage facilities,; and other installations or work, whether on or off the site, which the Commissioner deems necessary or desirable to prepare land primarily for residential and related uses or to provide, for public or common use, facilities which (1) shall include only such buildings as are needed in connection with water supply or sewage disposal installations and such buildings, other than schools, as the Commissioner considers appropriate, and (2) are to be owned and maintained jointly by the property owners; and

(e) the term "land development" means the process of making, installing, or constructing improvements.

BASIC CONDITIONS FOR INSURANCE

SEC. 1002. The Commissioner is authorized (1) to insure, upon such terms and conditions as he may prescribe, any first mortgage (including advances on such mortgage) in accordance with the provisions of this title and (2) to make a commitment for the insurance of such mortgage prior to the date of execution of such mortgage or prior to the date of disbursement of the mortgage proceeds. No mortgage shall be insured under this title after October 1, 1969, except pursuant to a commitment to insure issued before such date.

SEC. 1003. The mortgage shall—

(a) be executed by a mortgagor, other than a public body, approved by the Commissioner;

(b) be made to and held by a mortgagee approved by the Commissioner; and

(c) cover the land to be developed and the improvements to be made with the assistance of the mortgage insurance under this title, except facilities intended for public use and in public ownership.

SEC. 1004. The principal obligation of the mortgage shall (1) not exceed 75 per centum of the Commissioner's estimate of the value of the property upon completion of the land development, and (2) not exceed the sum of 50 per centum of the Commissioner's estimate of the value of the land before development and 90 per centum of his estimate of the cost of such development. The outstanding principal obligations of mortgages involving a single land development undertaking, as defined by the Commissioner, shall at no time exceed \$12,500,000.

SEC. 1005. The mortgage shall—

(a) have a maturity, not to exceed seven years, and contain repayment provisions satisfactory to the Commissioner;

(b) bear interest at a rate satisfactory to the Commissioner, and such interest shall be exclusive of premium charges for mortgage insurance and such service charges and fees as may be approved by the Commissioner; and

(c) contain such terms and provisions with respect to protection of the security, payment of taxes, delinquency charges, prepayment,

additional and secondary liens, and other matters as the Commissioner may in his discretion prescribe.

SEC. 1006. A property or project to be financed by a mortgage insured under this title shall—

- (a) represent a good mortgage insurance risk; and*
- (b) involve improvements that comply with all applicable State and local governmental requirements and with minimum standards approved by the Commissioner.*

LAND PLANNING

SEC. 1007. (a) The land development covered by a mortgage insured under this title shall be undertaken pursuant to a schedule, conforming to such requirements and procedures as the Commissioner may prescribe, that will assure the use of the land for the purposes for which it is to be developed within the shortest reasonable period consistent with the objectives of sound and economic community growth or urban development.

(b) The land development shall be undertaken in accordance with an overall development plan, appropriate to the scope and character of the undertaking, which—

(1) has received all governmental approvals required by State or local law or by the Commissioner;

(2) is acceptable to the Commissioner as providing reasonable assurance that the land development will contribute to good living conditions in the area being developed, which area (i) will have a sound economic base and a long economic life, (ii) will be characterized by sound land-use patterns, and (iii) will include or be served by such shopping, school, recreational, transportation, and other facilities as the Commissioner deems adequate or necessary; and

(3) is consistent with a comprehensive plan which covers, or with comprehensive planning being carried on for, the area in which the land is situated, and which meets criteria established by the Housing and Home Finance Administrator for such plans or planning.

ENCOURAGEMENT OF SMALL BUILDERS AND MODERATE COST HOUSING

Sec. 1008. The Commissioner shall adopt such requirements as he deems necessary in land development covered by mortgages insured under this title to encourage the maintenance of a diversified local homebuilding industry, broad participation by builders, and the inclusion of a proper balance of housing for families of moderate or low income.

WATER AND SEWERAGE FACILITIES

Sec. 1009. After development of the land it shall be served by public systems for water and sewerage which are consistent with other existing or prospective systems within the area. If the Commissioner determines that public ownership of such a system is not feasible, he may approve an adequate privately or cooperatively owned system which will be regulated, during the period of such ownership, in a manner acceptable to him with respect to user rates and charges, capital structure, methods of operation, and rate of return. Approval of such system shall be given only where the Commissioner receives assurances, satisfactory to him, with respect to eventual public ownership and operation of the system and with respect to the conditions and terms of any sale or transfer.

RELEASES

SEC. 1010. The Commissioner may, on such terms and conditions as he may prescribe, consent to the release or subordination of a part or parts of the mortgaged property from the lien of the mortgage.

PREMIUMS AND FEES

SEC. 1011. The Commissioner shall collect reasonable premiums for the insurance of any mortgage under this title and make such charges as he determines are reasonable for the analysis of the land development plan and the appraisal and inspection of the property and improvements. On or before January 1, 1967, the Commissioner shall make a report to the Congress concerning the premium rates and other charges under this title that he estimates will be adequate to provide income sufficient for a self-supporting program.

INSURANCE BENEFITS

SEC. 1012. The provisions of subsections (e), (g), (h), (i), (j), (k), (l), and (n) of section 207 of this Act shall be applicable to mortgages insured under this title, except that as applied to such mortgages (1) any reference therein to section 207 shall be deemed to refer to this title, and (2) any reference to an annual premium shall be deemed to refer to such premiums as the Commissioner may designate under this title.

INCONTESTABILITY PROVISIONS

SEC. 1013. Any contract of insurance executed by the Commissioner under this title shall be conclusive evidence of the eligibility of the mortgage for insurance, and the validity of any contract of insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of such contract, except for fraud or material misrepresentation on the part of such approved mortgagee.

RULES AND REGULATIONS

SEC. 1014. The Commissioner is authorized to make such rules and regulations and to require such agreements as he may deem necessary or desirable to carry out the provisions of this title.

TAXATION PROVISIONS

SEC. 1015. Nothing in this title shall be construed to exempt any real property acquired and held by the Commissioner under this title from taxation by any State or political subdivision thereof to the same extent, according to its value, as other real property is taxed.

COST CERTIFICATION

SEC. 1016. (a) The Commissioner shall adopt such requirements as he determines necessary to assure, at reasonable intervals of time during land development and upon completion of such development, that the amount of the mortgage loan outstanding at each such interval does not exceed with respect to that portion of the land remaining under the lien of the mortgage (1) 50 per centum of the Commissioner's estimate of the

value of such remaining land before development, plus (2) 90 per centum of the actual costs of the development allocated by the Commissioner to such remaining land.

(b) From time to time during, and upon completion of, the development, the Commissioner shall require the mortgagor to certify as to the actual costs of development of the land.

(c) Certifications required pursuant to this section shall be accompanied by such data and records as the Commissioner shall prescribe.

(d) A mortgagor's certification approved by the Commissioner shall be final and incontestable except for fraud or material misrepresentation on the part of the mortgagor.

(e) As used in this section, the term "actual costs" means the costs (exclusive of kickbacks, rebates, or trade discounts) to the mortgagor of the improvements involved. These costs may include amounts paid for labor, materials, construction contracts, land planning, engineers' and architects' fees, surveys, taxes, and interest during development, organizational and legal expenses, such allocation of general overhead expenses as are acceptable to the Commissioner, and other items of expense incidental to development which may be approved by the Commissioner. If the Commissioner determines there is an identity of interest between the mortgagor and the contractor, there may be included an allowance for contractor's profit in an amount deemed reasonable by the Commissioner.

UNITED STATES HOUSING ACT OF 1937

* * * * *

DEFINITIONS

SEC. 2. When used in this Act—

(1) The term "low-rent housing" means decent, safe, and sanitary dwellings within the financial reach of families of low income, and developed and administered to promote serviceability, efficiency, economy, and stability, and embraces all necessary appurtenances thereto. The dwellings in low-rent housing shall be available solely for families of low income. **[Income limits for occupancy and rents]** Except as otherwise provided in section 23, income limits for occupancy and rents shall be fixed by the public housing agency and approved by the Authority after taking into consideration (A) the family size, composition, age, physical handicaps, and other factors which might affect the rent-paying ability of the family, and (B) the economic factors which affect the financial stability and solvency of the project.

[(2)] The term "families of low income" means families (including elderly and displaced families) who are in the lowest income group and who cannot afford to pay enough to cause private enterprise in their locality or metropolitan area to build an adequate supply of decent, safe, and sanitary dwellings for their use. The term "families" includes families consisting of a single person in the case of elderly families and displaced families, and includes a single person who is handicapped within the meaning of section 202 of the Housing Act of 1959 or who is the remaining member of a tenant family. The term "elderly families" means families whose heads (or their spouses), or whose sole members, have attained the age at which an individual may elect to receive an old age benefit under title II of the Social

Security Act, or who are under a disability as defined in section 223 of that Act. The term "displaced families" means families displaced by urban renewal or other governmental action.】

(2) The term "families of low income" means families (including elderly and displaced families) who are in the lowest income group and who cannot afford to pay enough to cause private enterprise in their locality or metropolitan area to build an adequate supply of decent, safe, and sanitary dwellings for their use. The term "families" includes families consisting of a single person in the case of elderly families and displaced families, and includes the remaining member of a tenant family. The term "elderly families" means families whose heads (or their spouses), or whose sole members, have attained the age at which an individual may elect to receive an old-age benefit under title II of the Social Security Act, or are under a disability as defined in section 223 of that Act, or are handicapped within the meaning of section 202 of the Housing Act of 1959. The term "displaced families" means families displaced by urban renewal or other governmental action.

* * * * *

ANNUAL CONTRIBUTIONS IN ASSISTANCE OF LOW RENTALS

SEC. 10. (a) * * *

* * * * *

(c) Every contract for annual contributions shall provide that whenever in any year the receipts of a public housing agency in connection with a low-rent housing project exceed its expenditures (including debt service, administration, maintenance, establishment of reserves, and other costs and charges), an amount equal to such excess shall be applied, or set aside for application, to purposes which, in the determination of the Authority, will effect a reduction in the amount of subsequent annual contributions. In no case shall any contract for annual contributions be made for a period exceeding sixty years: *Provided*, That, in the case of projects initiated after March 1, 1949, contracts for annual contributions shall not be made for a period exceeding forty years from the date the first annual contribution for the project is paid: *【And provided further】* *Provided further*, That, in the case of such projects or any other projects with respect to which the contracts for annual contributions (including contracts which amend or supersede contracts previously made) provide for annual contributions for a period not exceeding forty years from the date the first annual contribution for the project is paid, the fixed contribution may exceed the amount provided in the first proviso of subsection (b) of this section by 1 per centum of development or acquisition cost: *And provided further*, That the amount of the fixed annual contribution which would be established under this Act for a newly constructed project by a public housing agency designed to accommodate a number of families of a given size and kind may be established, as a maximum annual contribution in lieu of any other guaranteed contribution authorized under this section, for a project by such public housing agency which would provide housing for the comparable number, sizes, and kinds of families through the acquisition, acquisition and rehabilitation, or use under lease of existing structures which are suitable for low-rent housing use and obtainable in the local market.

* * * * *

(e) The Authority is authorized to enter into contracts for annual contributions aggregating not more than \$366,250,000 per annum, *which limit shall be increased by \$47,000,000 on the date of the enactment of the Housing and Urban Development Act of 1965, and by further amounts of \$47,000,000 on July 1 in each of the years 1966, 1967, and 1968, respectively*, but any such contracts for additional units for any one State shall not, after the date of enactment of the Housing Act of 1961, be entered into for more than 15 per centum of the aggregate amount not already guaranteed under contracts for annual contributions on such date: *Provided*, That no such new contract for additional units shall be entered into after the date of enactment of the Housing Act of 1961 except with respect to low-rent housing for a locality respecting which the Administrator has made the determination and certification relating to a workable program as prescribed in section 101(c) of the Housing Act of 1949, and the Authority shall enter into only such new contracts for preliminary loans as are consistent with the number of dwelling units for which contracts for annual contributions may be entered into. Without further authorization from Congress, no new contracts for annual contributions beyond those herein authorized shall be entered into by the Authority. The faith of the United States is solemnly pledged to the payment of all annual contributions contracted for pursuant to this section, and there is hereby authorized to be appropriated in each fiscal year, out of any money in the Treasury not otherwise appropriated, the amounts necessary to provide for such payments.

* * * * *

SEC. 15. In order to insure that the low-rent character of housing projects will be preserved, and that the other purposes of this Act will be achieved, it is hereby provided that—

* * * * *

(7) In recognition that there should be local determination of the need for low-rent housing to meet needs not being adequately met by private enterprise—

(a) * * *

(b) the Authority shall not make any contract for loans (other than preliminary loans) or for annual contributions pursuant to this Act with respect to any low-rent housing project initiated after March 1, 1949, (i) unless the governing body of the locality involved has entered into an agreement with the public housing agency providing for the local cooperation required by the Authority pursuant to this Act; [(ii) unless the public housing agency has demonstrated to the satisfaction of the Authority that a gap of at least 20 per centum (except in the case of a displaced family or an elderly family) has been left between the upper rental limits for admission to the proposed low-rent housing and the lowest rents at which private enterprise unaided by public subsidy is providing (through new construction and available existing structures) a substantial supply of decent, safe, and sanitary housing toward meeting the need of an adequate volume thereof; and (iii)] and (ii) unless the public housing agency has demonstrated to the satisfaction of the Authority that there is a feasible method for the temporary relocation of the individuals and families displaced from the project site, and that there are or are being provided, in the project area or in other areas not generally less

desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of such individuals and families, decent, safe, and sanitary dwellings equal in number to the number of and available to such individuals and families and reasonably accessible to their places of employment.

(8) The Authority may authorize the cost of relocation payments made by public housing agencies to be included with the development or acquisition cost of any project for purposes of determining the amount of loans and annual contributions authorized to be made with respect to such project under sections 9 and 10, but such costs shall be separately stated as relocation costs. For purposes of this paragraph, a "relocation payment" is a payment (i) which is made to an individual, family, business concern, or nonprofit organization displaced on or after January 27, 1964, from a low-rent housing project site as a result of the acquisition of real property by a public housing agency, (ii) which is not otherwise authorized under any Federal law, and (iii) which is made only on such terms and conditions, and subject to such limitations, as are authorized (as of the time such payment is approved) under [section 114 (b) or (c)] section 114 (b), (c), and (d) of the Housing Act of 1949 for relocation payments made to individuals, families, business concerns, or nonprofit organizations, as the case may be.

* * * * *

LOW-RENT HOUSING IN PRIVATE ACCOMMODATIONS

SEC. 23. (a) For the purpose of providing a supplementary form of low-rent housing which will aid in assuring a decent place to live for every citizen and promote efficiency and economy in the program under this Act by taking full advantage of vacancies or potential vacancies in the private housing market, each public housing agency shall, to the maximum extent consistent with the achievement of the objectives of this Act, provide low-rent housing under this Act in the form of low-rent housing in private accommodations in accordance with this section where such housing in private accommodations can be provided at a cost equal to or less than housing in projects assisted under other provisions of this Act. As used in this section the term "low-rent housing in private accommodations" means dwelling units in an existing structure, leased from a private owner which provide decent, safe, and sanitary dwelling accommodations and related facilities effectively supplementing the accommodations and facilities in low-rent housing assisted under the other provisions of this Act in a manner calculated to meet the total housing needs of the community in which they are located. As used in this section, the term "owner" means any person or entity having the legal right to lease or sublease property containing one or more dwelling units as described in this section.

(b) Beginning as soon as practicable after the date of the enactment of this section, each public housing agency shall conduct a continuing survey and listing of the available dwelling units within the community or communities under its jurisdiction which provide decent, safe, and sanitary dwelling accommodations and related facilities and are, or may be made, suitable for use as low-rent housing in private accommodations under this section.

(c) Each public housing agency, by notification to the owners of housing listed under subsection (b), or by publication or advertisement, or other-

wise, shall from time to time make known to the public in the community or communities under its jurisdiction the anticipated need for dwelling units in such community or communities to be used as low-rent housing in private accommodations under this section, inviting the owners of such dwelling units to make available for purposes of this section one or more of such units (not exceeding 10 per centum of the units in any single structure except to the extent that the agency, because of the limited number units in the structure or for any other reason, determines that such limit should not be applied). The public housing agency shall conduct appropriate inspections of the units offered to be made available in any residential structure by the owner thereof in response to such invitation, and if—

(1) it finds that such units are, or may be made, suitable for use as low-rent housing in private accommodations within the meaning of subsection (a), and

(2) the rentals to be charged for such units, as negotiated and agreed to by the agency and the owner of the structure in a manner consistent with subsection (d)(2), are within the financial range of families of low income,

such agency may approve such units for use as low-rent housing in private accommodations in accordance with (and subject to the applicable limitations contained in) this section. Each public housing agency shall maintain and keep current a list of units approved by it under this subsection, including such information with respect to each such unit as it may consider necessary or appropriate.

(d) To the extent of contracts for annual contributions entered into by the Authority with a public housing agency under section 10(e), such agency may enter into contracts with the owners of structures containing dwelling units approved under subsection (c) for the use of such units in accordance with this section. Each such contract with an owner shall provide (with respect to any unit) that—

(1) the selection of tenants for such unit shall be the function of the owner, subject to the provisions of the contract between the Authority and the agency;

(2) the rental and other charges to be received by the owner shall be negotiated and agreed to by the agency and the owner, and the rental and other charges to be paid by the tenant shall be determined in accordance with the standards applicable to units in low-rent housing projects assisted under the other provisions of this Act;

(3) the agency shall have the sole right to give notice to vacate, with the owner having the right to make representations to the agency for termination of a tenancy;

(4) maintenance and replacements (including redecoration) shall be in accordance with the standard practice for the building concerned, as established by the owner and agreed to by the agency; and

(5) the agency and the owner shall carry out such other appropriate terms and conditions as may be mutually agreed to by them.

Each contract between a public housing agency and an owner entered into under this subsection shall be for a term of not less than twelve months nor more than thirty-six months, and shall be renewable by such agency and owner at the expiration of such term.

(e) The annual contribution under this Act for a project of a public housing agency for low-rent housing in private accommodations under this section in lieu of any other guaranteed contribution authorized by section 10 shall not exceed the amount of the fixed annual contribution which would be established under this Act for a newly constructed project by

such public housing agency designed to accomodate the comparable number, sizes, and kinds of families. The period over which payments will be made to a public housing agency for a project of low-rent housing in private accomodations under this section, and the aggregate amount of such payments, under a contract for annual contributions, shall be determined on the basis of the number of units in the community or communities under the jurisdiction of such agency which are in use (or can reasonably be expected to be placed in use) as low-rent housing in private accomodations under this section, taking into account the terms of the leases under which such units are (or will be) so used. In addition, contracts for financial assistance entered into by the Authority with a public housing agency pursuant to this section shall provide for reimbursement of reasonable and necessary expenses incurred by such agency in conducting surveys, listings, and inspections described in subsections (b) and (c).

(f) On or before January 1, 1968, the Authority shall submit to the Congress a full report of operations under this section, together with its recommendations with respect thereto.

PENALTIES

SEC. [23] 24. All general penal statutes relating to the larceny, embezzlement, or conversion or to the improper handling, retention, use, or disposal of public moneys or property of the United States shall apply to the moneys and property of the Authority and to moneys and properties of the United States entrusted to the Authority.

HOUSING ACT OF 1949

TITLE I—SLUM CLEARANCE AND URBAN RENEWAL

* * * * *

LOCAL RESPONSIBILITIES

SEC. 101. (a) * * *

* * * * *

(c) No contract shall be entered into for any loan or capital grant under this title, or for annual contributions or capital grants pursuant to the United States Housing Act of 1937, as amended, for any project or projects not constructed or covered by a contract for annual contributions prior to August 1, 1956, and no mortgage shall be insured, and no commitment to insure a mortgage shall be issued, under section 220 or section 221(d)(3) of the National Housing Act, as amended, unless (1) there is presented to the Administrator by the locality a workable program for community improvement (which shall include an official plan of action, as it exists from time to time, for effectively dealing with the problem of urban slums and blight within the community and for the establishment and preservation of a well-planned community with well-organized residential neighborhoods of decent homes and suitable living environment for adequate family life) for utilizing appropriate private and public resources to eliminate, and prevent the development or spread of, slums and urban blight, to encourage needed urban rehabilitation, to provide for the redevelopment of blighted, deteriorated,

or slum areas, or to undertake such of the aforesaid activities or other feasible community activities as may be suitably employed to achieve the objectives of such a program, and (2) on the basis of his review of such program, the Administrator determines that such program meets the requirements of this subsection and certifies to the constituent agencies affected that the Federal assistance may be made available in such community: *Provided*, That this sentence shall not apply to the insurance of, or commitment to insure, a mortgage under (i) section 220 of the National Housing Act, as amended, if the mortgaged property is in an area referred to in clause (A)(i) of paragraph (1) of section 220(d) of the National Housing Act, or (ii) section 221(d)(3) of the National Housing Act if payments with respect to the mortgaged property are made or are to be made under section 101 of the Housing and Urban Development Act of 1965, except that no such mortgage shall be insured, and no commitment to insure such a mortgage shall be issued, with respect to property in any community for which a workable program for community improvement was required and in effect at the time a contract for a loan or capital grant was entered into under this title, or a contract for annual contributions or capital grants was entered into pursuant to the United States Housing Act of 1937, unless there is a workable program for community improvement which meets the requirements of this subsection in effect in such community at the time of such insurance or commitment: *And provided further*, That, notwithstanding any other provisions of law which would authorize such delegation or transfer, there shall not be delegated or transferred to any other official (except an officer or employee of the Housing and Home Finance Agency serving as Acting Administrator during the absence or disability of the Administrator or in the event of a vacancy in that office) the final authority vested in the Administrator (i) to determine whether any such workable program meets the requirements of this subsection, (ii) to make the certification that Federal assistance of the types enumerated in this subsection may be made available in such community, or (iii) to determine that the relocation requirements of section 105(c) of this title have been met: *Provided further*, That commencing three years after the date of enactment of the Housing Act of 1964, no workable program shall be certified or re-certified unless (A) the locality has had in effect, for at least six months prior to such certification or re-certification, a minimum standards housing code, related but not limited to health, sanitation, and occupancy requirements, which is deemed adequate by the Administrator, and (B) the Administrator is satisfied that the locality is carrying out an effective program of enforcement to achieve compliance with such housing code.

* * * * *

(e) No loan or grant contract may be entered into by the Administrator for an urban renewal project unless he determines that (A) the workable program for community improvement presented by the locality pursuant to subsection (c) is of sufficient scope and content to furnish a basis for evaluation of the need for the urban renewal project; and (B) such project is in accord with the program.

LOANS

SEC. 102. (a) * * *

* * * * *

(d) The Administrator may make advances of funds to local public agencies for surveys of urban areas to determine whether the under-

taking of urban renewal projects therein may be feasible and for surveys and plans for urban renewal projects which may be assisted under this title, including, but not limited to, (i) plans for carrying out a program of voluntary repair and rehabilitation of buildings and improvements, (ii) plans for the enforcement of State and local laws, codes, and regulations relating to the use of land and the use and occupancy of buildings and improvements, and to the compulsory repair, rehabilitation, demolition, or removal of buildings and improvements, and (iii) appraisals, title searches, and other preliminary work necessary to prepare for the acquisition of land in connection with the undertaking of such projects. The contract for any such advance of funds shall be made upon the condition that such advance of funds shall be repaid, with interest at not less than the applicable going Federal rate, out of any moneys which become available to the local public agency for the undertaking of the project involved. No contract for any such advances of funds for surveys and plans for urban renewal projects which may be assisted under this title shall be made unless the governing body of the locality involved has by resolution or ordinance approved the undertaking of such surveys and plans and the submission by the local public agency of an application for such advance of funds. Notwithstanding section 110(h) or the use in any other provision of this title of the term "local public agency" or "local public agencies" the Administrator may make advances of funds under this subsection for surveys and plans for an urban renewal project (including General Neighborhood Renewal Plans as hereinafter defined) to a single local public body which has the authority to undertake and carry out a substantial portion, as determined by the Administrator, of the surveys and plans or the project respecting which such surveys and plans are to be made: *Provided*, That the application for such advances shows, to the satisfaction of the Administrator, that the filing thereof has been approved by the public body or bodies authorized to undertake the other portions of the surveys and plans or of the project which the applicant is not authorized to undertake.

[In order to facilitate proper preliminary planning for the attainment of the urban renewal objectives of this title, the Administrator may also make advances of funds (in addition to those authorized above) to local public agencies for the preparation of General Neighborhood Renewal Plans (as herein defined) for urban renewal areas of such scope that the urban renewal activities therein may have to be carried out in stages, consistent with the capacity and resources of the respective local public agency, over an estimated period of not more than ten years.**]** *In order to facilitate proper preliminary planning for the attainment of the urban renewal objectives of this title, the Administrator may also make advances of funds (in addition to those authorized above) to local public agencies for the preparation of General Neighborhood Renewal Plans (as herein defined). A General Neighborhood Renewal Plan may be prepared for an area which consists of an urban renewal area or areas together with any adjoining areas, and which is of such size that the urban renewal activities in the urban renewal area or areas may have to be carried out in stages, consistent with the capacity and resources of the respective local public agency or agencies, over an estimated period of not more than ten years. No contract for advances for the prepara-*

tion of a General Neighborhood Renewal Plan may be made unless the Administrator has determined that:

【(1) in the interest of sound community planning, it is desirable that the urban renewal area be planned for urban renewal purposes in its entirety;】

(1) in the interest of sound community planning, it is desirable that the urban renewal activities proposed for the area be planned in their entirety;

(2) the local public agency proposes to undertake promptly an urban renewal project embracing at least 10 per centum of such area, upon completion of the General Neighborhood Renewal Plan and the preparation of an urban renewal plan for such project; and

(3) the governing body of the locality has by resolution or ordinance (i) approved the undertaking of the General Neighborhood Renewal Plan and the submission of an application for such advance and (ii) represented that such plan will be used to the fullest extent feasible as a guide for the provision of public improvements in such area and that the plan will be considered in formulating codes and other regulatory measures affecting property in the area and in undertaking other local governmental activities pertaining to the development, redevelopment, rehabilitation, and conservation of the area.

The contract for any such advance of funds for a General Neighborhood Renewal Plan shall be made upon the condition that such advance shall be repaid, with interest at not less than the applicable going Federal rate, out of any moneys which become available to the local public agency for the undertaking of the first urban renewal project in such area: *Provided*, That in the event of the undertaking of any other project or projects in such area an appropriate allocation of the amount of the advance, with interest, may be effected to the end that each such project may bear its proper allocable part, as determined by the Administrator, of the cost of the General Neighborhood Renewal Plan. As used herein, a General Neighborhood Renewal Plan means a preliminary plan (conforming, in the determination of the governing body of the locality, to the general plan of the locality as a whole and to the workable program of the community meeting the requirements of section 101) which outlines the urban renewal activities proposed for the area involved, provides a framework for the preparation of urban renewal plans and indicates generally, to the extent feasible in preliminary planning, the land uses, population density, building coverage, prospective requirements for rehabilitation and improvement of property, and any portions of the area contemplated for clearance and redevelopment.

* * * * *

CAPITAL GRANTS

SEC. 103. (a)(1) The Administrator may make capital grants to local public agencies in accordance with the provisions of this title for urban renewal projects: *Provided*, That the Administrator shall not make any contract for capital grant with respect to a project which consists of open land.

(2) The aggregate of such capital grants with respect to all of the projects of a local public agency (or of two or more local public

agencies in the same municipality) on which contracts for capital grants have been made under this title shall not exceed the total of—

(A) two-thirds of the aggregate net project costs of all such projects to which neither subparagraph (B) nor subparagraph (C) applies, and

[(B) three-fourths of the aggregate net project costs of any of such projects which are located in a municipality having a population of fifty thousand or less (one hundred fifty thousand or less in the case of a municipality situated in an area which, at the time the contract or contracts involved are entered into or at such earlier time as the Administrator may specify in order to avoid hardship, is designated as a redevelopment area under the second sentence of section 5(a) of the Area Redevelopment Act) according to the most recent decennial census, and]

(B) three-fourths of the aggregate net project costs of any such projects which are located in (i) a municipality having a population of fifty thousand or less according to the most recent decennial census, or (ii) a municipality situated in a labor market area which, at the time the contract or contracts involved are entered into or at such earlier time as the Administrator may specify in order to avoid hardship, is designated as a redevelopment area under the second sentence of section 5(a) of the Area Redevelopment Act or any other legislation enacted after the date of the enactment of the Housing and Urban Development Act of 1965 containing standards for designation as a redevelopment area generally comparable to those set forth in the second sentence of section 5(a) of the Area Redevelopment Act, and

(C) three-fourths of the aggregate net project costs of any of such projects (not falling within subparagraph (B)) which the Administrator, upon request, may approve on a three-fourths capital grant basis.

(3) A capital grant with respect to any individual project shall not exceed the difference between the net project cost and the local grants-in-aid actually made with respect to the project.

(b) The Administrator may, with the approval of the President, contract to make grants under this title aggregating not to exceed [4,725,000,000] \$4,700,000,000, which amount shall be increased by \$675,000,000 on the date of the enactment of the Housing and Urban Development Act of 1965, by \$725,000,000 on July 1, 1966, and by \$750,000,000 on July 1 in each of the years 1967 and 1968[: Provided, That of such sum the Administrator may, without regard to other provisions of this title, contract to make grants aggregating not to exceed \$25,000,000 for mass transportation demonstration projects which he determines will assist in carrying out urban transportation plans and research, including but not limited to the development of data and information of general applicability on the reduction of urban transportation needs, the improvement of mass transportation service, and the contribution of such service toward meeting total urban transportation needs at minimum cost]. Such grants shall not be used for major long-term capital improvement; shall not exceed two-thirds of the cost, as determined or estimated by the Administrator, of the project for which the grant is made; and shall be subject to such other terms and conditions as he may prescribe. The Administrator is authorized, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended, to make advance or progress

payments on account of any grant contracted to be made pursuant to this section. The faith of the United States is solemnly pledged to the payment of all grants contracted for under this title, and there are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the amounts necessary to provide for such payments: *Provided*, That any amounts so appropriated shall also be available for repaying to the Secretary of the Treasury, for application to notes of the Administrator, the principal amounts of any funds advanced to local public agencies under this title which the Administrator determines to be uncollectible because of the termination of activities for which such advances were made, together with the interest paid or accrued to the Secretary (as determined by him) attributable to notes given by the Administrator in connection with such advances, but all such repayments shall constitute a charge against the authorization to make contracts for grants contained in this section: *Provided further*, That no such determination of the Administrator shall be construed to prejudice the rights of the United States with respect to any such advance.

* * * * *

LOCAL DETERMINATIONS

SEC. 105. Contracts for loans or capital grants shall be made only with a duly authorized local public agency and shall require that—
(a) * * *

* * * * *

[(c) There be a feasible method for the temporary relocation of individuals and families displaced from the urban renewal area, and that there are or are being provided, in the urban renewal area or in other areas not generally less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the individuals and families displaced from the urban renewal area, decent, safe, and sanitary dwellings equal in number to the number of and available to such displaced individuals and families and reasonably accessible to their places of employment: *Provided*, That the Administrator shall issue rules and regulations to aid in implementing the requirements of this subsection and in otherwise achieving the objectives of this title which shall require that there be established, at the earliest practicable time, for each urban renewal project involving the displacement of families, individuals, or business concerns occupying property in an urban renewal area, a relocation assistance program which shall include such measures, facilities, and services as may be necessary or appropriate in order (1) to determine the needs of such families, individuals, and business concerns for relocation assistance, (2) to provide information and assistance to aid in relocation and otherwise minimize the hardships of displacement, and (3) to assure the necessary coordination of relocation activities with other project activities and other planned or proposed governmental actions in the community which may affect the carrying out of the relocation program.]

(c) There shall be a feasible method for the temporary relocation of individuals and families displaced from the urban renewal area, and there are or are being provided, in the urban renewal area or in other areas not generally less desirable in regard to public utilities and public

and commercial facilities and at rents or prices within the financial means of the individuals and families displaced from the urban renewal area, decent, safe, and sanitary dwellings equal in number to the number of and available to such displaced individuals and families and reasonably accessible to their places of employment. The Administrator shall issue rules and regulations to aid in implementing the requirements of this subsection and in otherwise achieving the objectives of this title. Such rules and regulations shall require that there be established, at the earliest practicable time, for each urban renewal project involving the displacement of individuals, families, and business concerns occupying property in the urban renewal area, a relocation assistance program which shall include such measures, facilities, and services as may be necessary or appropriate in order (A) to determine the needs of such individuals, families, and business concerns for relocation assistance; (B) to provide information and assistance to aid in relocation and otherwise minimize the hardships of displacement, including information as to real estate agencies, brokers, and boards in or near the urban renewal area which deal in residential or business property that might be appropriate for the relocating of displaced individuals, families, and business concerns; and (C) to assure the necessary coordination of relocation activities with other project activities and other planned or proposed governmental actions in the community which may affect the carrying out of the relocation program, particularly planned or proposed low-rent housing projects to be constructed in or near the urban renewal area. As a condition to further assistance after the enactment of this sentence with respect to each urban renewal project involving the displacement of individuals and families, the Administrator shall require, within a reasonable time prior to actual displacement, satisfactory assurance by the local public agency that decent, safe, and sanitary dwellings as required by the first sentence of this subsection are available for the relocation of each such individual or family.

* * * * *

GENERAL PROVISIONS

SEC. 106. (a) * * *

* * * * *

(h) Notwithstanding any other provision of this title, no contract shall be entered into for any loan or capital grant under this title with any local public agency unless the local public agency establishes, by evidence satisfactory to the Administrator, that any urban renewal project with respect to which such local public agency has received a loan or capital grant under this title has been, or will be, undertaken and carried out in substantial accordance with the urban renewal plan, and any amendments thereto, approved with respect to such project, and the terms of the contract for loan or capital grant covering such project.

* * * * *

DEFINITIONS

SEC. 110. The following terms shall have the meanings, respectively, ascribed to them below, and, unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

* * * * *

(c) "Urban renewal project" or "project" may include undertakings and activities of a local public agency in an urban renewal area for the elimination and for the prevention of the development or spread of slums and blight, and may involve slum clearance and redevelopment in an urban renewal area, or rehabilitation or conservation in an urban renewal area, or a program of code enforcement in an urban renewal area, or any combination or part thereof, in accordance with such urban renewal plan. Such undertakings and activities may include—

(1) acquisition of (i) a slum area or a deteriorated or deteriorating area, or (ii) land which is predominantly open and which because of obsolete platting, diversity of ownership, deterioration of structures or of site improvements, or otherwise, substantially impairs or arrests the sound growth of the community, or (iii) open land necessary for sound community growth which is to be developed for predominantly residential uses, or (iv) air rights in an area consisting principally of land in highways, railway or subway tracks, bridge or tunnel entrances, or other similar facilities which have a blighting influence on the surrounding area and over which air rights sites are to be developed for the elimination of such blighting influences and for the provision of housing (and related facilities and uses) designed specifically for, and limited to, families and individuals of low or moderate income: *Provided*, That the requirement in paragraph (a) of this section that the area be a slum area or a blighted, deteriorated or deteriorating area shall not be applicable in the case of projects under clauses (iii) and (iv) hereof: *Provided further*, That the aggregate amount of capital grants for projects under clause (iv) shall not exceed 5 per centum of the aggregate amount of grants authorized by this title to be contracted for after the date of enactment of the Housing Act of 1964;

(2) demolition and removal of buildings and improvements;

(3) installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out in the urban renewal area the urban renewal objectives of this title in accordance with the urban renewal plan;

(4) disposition of any property acquired in the urban renewal area (including sale, leasing or retention by the local public agency itself) at its fair value for uses in accordance with the urban renewal plan or as provided in section 107;

(5) carrying out plans for programs of code enforcement or voluntary repair and rehabilitation of buildings or other improvements in accordance with the urban renewal plan: *Provided*, That no program of code enforcement shall be included as part of an urban renewal project unless the locality shall agree to increase its total expenditures with respect to code enforcement, during the period such project is under contract for a loan or capital grant, by an amount equal to the required local grants-in-aid with respect to the code enforcement included as part of such project;

(6) acquisition of any other real property in the urban renewal area where necessary to eliminate unhealthful, insanitary or unsafe conditions, lessen density, eliminate obsolete or other uses detrimental to the public welfare, or otherwise to remove or prevent the spread of blight or deterioration, or to provide land for needed public facilities;

(7) construction of foundations and platforms necessary for the provision on air rights sites of housing (and related facilities and uses) designed specifically for, and limited to, families and individuals of low or moderate income; and

(8) acquisition and repair or rehabilitation for guidance purposes, and resale by the local public agency, of structures which are located in the urban renewal area and which, under the urban renewal plan, are to be repaired or rehabilitated for dwelling use or related facilities: *Provided*, That the local public agency shall not acquire for such purposes, in any urban renewal area, structures which contain or will contain more than (A) one hundred dwelling units, or (B) 5 per centum of the total number of dwelling units in such area which, under the urban renewal plan, are to be repaired or rehabilitated, whichever is the lesser.

Notwithstanding any other provision of this title, (A) no contract shall be entered into for any loan or capital grant under this title for any project which provides for demolition and removal of buildings and improvements unless the Administrator determines that the objectives of the urban renewal plan could not be achieved through rehabilitation of the project area, and (B) *not less than 10 per centum of the aggregate amount of (i) grants authorized to be contracted for under this title by the Housing and Urban Development Act of 1965 and subsequent Acts, and (ii) loans authorized to be made under section 312 of the Housing Act of 1964, shall be available for projects assisted with such grants or loans which involve primarily code enforcement and rehabilitation.*

* * * * *

(d) "Local grants-in-aid" shall mean assistance by a State, municipality, or other public body, or (in the case of cash grants or donations of land or other real property) any other entity, in connection with any project on which a contract for capital grant has been made under this title, in the form of (1) cash grants to defray expenditures within the purview of section 110(e)(1) hereof; (2) donations, at cash value, of land or other real property (exclusive of land in streets, alleys, and other public rights-of-way which may be vacated in connection with the project, or of air rights over streets, alleys, and other public rights-of-way) in the urban renewal area, and demolition, removal, or other work or improvements in the urban renewal area, at the cost thereof, of the types described in clause (2) and clause (3) of the second sentence of section 110(c); and (3) the provision, at their cost, of public buildings or other public facilities (other than publicly owned housing [and], revenue producing public utilities the capital cost of which is wholly financed with local bonds or obligations payable solely out of revenues derived from service charges, and *publicly owned parking facilities to the extent that the cost thereof is anticipated to be recovered from revenues*) which are necessary for carrying out in the area the urban renewal objectives of this title in accordance with the urban renewal plan: *Provided*, That in any case where, in the determination of the Administrator, any park, playground, public building, or other public facility is of direct benefit both to the urban renewal area and to other areas, and the approximate degree of the benefit to such other areas is estimated by the Administrator at 20 per centum or more of the total benefits, the Administrator shall provide that, for the purpose of computing the amount of the local grants-

in-aid for the project, there shall be included only such portion of the cost of such facility as the administrator estimates to be proportionate to the approximate degree of the benefit of such facility to the urban renewal area: *And provided further*, That for the purpose of computing the amount of local grants-in-aid under this section 110(d) with respect to any project covered by a Federal-aid contract under this title, the estimated cost (as determined by the Administrator) of parks, playgrounds, public buildings, or other public facilities may be deemed to be the actual cost thereof if (i) the construction or provision thereof is not completed at the time of final disposition of land in the project to be acquired and disposed of under the urban renewal plan, and (ii) the Administrator has received assurance satisfactory to him that such park, playground, public building, or other public facility will be constructed or completed when needed and within a time prescribed by him: *And provided further*, That in any case where a public facility furnished as a local grant-in-aid is financed in whole or in part by special assessments against real property in the project area acquired by the local public agency as part of the project, an amount equal to the total special assessments against such real property (or, in the case of a computation pursuant to the proviso immediately preceding, the estimated amount of such total special assessments) shall be deducted from the cost of such facility for the purpose of computing the amount of the local grants-in-aid for the project. With respect to any demolition or removal work, improvement or facility for which a State, municipality, or other public body has received or has contracted to receive any grant or subsidy from the United States, or any agency or instrumentality thereof, the portion of the cost thereof defrayed or estimated by the Administrator to be defrayed with such subsidy or grant shall not be eligible for inclusion as a local grant-in-aid.

Notwithstanding any other provision of this subsection, no donation or provision of a public improvement or public facility of a type falling within the purview of this subsection shall be deemed to be ineligible as a local grant-in-aid for any project solely on the basis that the construction of such improvement or facility was commenced without notification to the Administrator or prior to Federal recognition of such project, if such construction was commenced not more than three years prior to the authorization by the Administrator of a contract for loan or capital grant for the project.

* * * * *

RELOCATION

SEC. 114. (a) * * *

(b) A local public agency may pay to any displaced business concern or nonprofit organization—

(1) its reasonable and necessary moving expenses and any actual direct losses of property except goodwill or profit (which are incurred on and after August 7, 1956, and for which reimbursement or compensation is not otherwise made): *Provided*, That such payment shall not exceed \$3,000 (or, if greater, the total certificate actual moving expenses); and

(2) an additional **[\$1,500]** \$2,500 in the case of a private business concern with average annual net earnings of less than \$10,000 per year which (A) was doing business in a location in urban renewal area on the date of local approval of the urban

renewal plan (or of acquisition of real property under the third sentence of section 102(a)), (B) is displaced on or after January 27, 1964, and (C) is not part of an enterprise having establishments outside the urban renewal area.

Notwithstanding the provisions of clause (1) of the preceding sentence, a business concern which is not being displaced from an urban renewal area shall be eligible for payments under such clause (1) of its certified actual moving expenses with respect to its outdoor advertising displays being removed from the urban renewal area in the same manner as though such business concern were being displaced.

* * * * *

(c)(1) A local public agency may pay to any displaced individual or family his or its reasonable and necessary moving expenses and any actual direct losses of property (which are incurred on and after August 7, 1956, and for which reimbursement or compensation is not otherwise made): *Provided*, That such payment shall not exceed \$200: *And provided further*, That the Administrator may authorize payment to individuals and families of fixed amounts (not to exceed \$200 in any case) in lieu of their respective reasonable and necessary moving expenses and actual direct losses of property.

(2) A local public agency may pay (in addition to any amount under paragraph (1)), on behalf of any displaced family or any displaced individual sixty-two years of age or over, during the first five months after displacement, a relocation adjustment payment, not to exceed \$500, to assist such displaced individual or family to acquire a decent, safe, and sanitary dwelling. The relocation adjustment payment shall be an amount which, when added to 20 per centum of the annual income of the displaced individual or family at the time of displacement, equals the average rental required, for a 12-month period, for such a decent, safe, and sanitary dwelling of modest standards adequate in size to accommodate the displaced individual or family (in the urban renewal area or in other areas not generally less desirable in regard to public utilities and public and commercial facilities): *Provided*, That such payment shall be made only to an individual or family who is unable to secure a dwelling unit in a low-rent housing project assisted under the United States Housing Act of 1937, or under a State or local program found by the Administrator to have the same general purposes as the Federal program under such Act, or a dwelling unit assisted under section 101 of the Housing and Urban Development Act of 1965: *Provided further*, That payments under this paragraph shall be available only in the case of families, and individuals sixty-two years of age or over, displaced on or after January 27, 1964.

(d) *In addition to payments authorized to be made under subsections (b) and (c), a local public agency may pay to any displaced individual, family, business concern, or nonprofit organization reasonable and necessary expenses incurred for (1) recording fees, transfer taxes, and similar expenses incidental to conveying real property to a project assisted under this title, (2) penalty costs for prepayment of any mortgage encumbering such real property, and (3) the pro rata portion of real property taxes allocable to a period subsequent to the date of vesting of title or the effective date of the acquisition of such real property by such agency, whichever is earlier.*

[(d)] (e) The Administrator is authorized to establish such rules and regulations as he may deem appropriate in carrying out the provi-

sions of this section and may provide in any contract with a local public agency, or in regulations promulgated by the Administrator, that determinations of any duly designated officer or agency as to eligibility for and the amount of relocation assistance authorized by this section shall be final and conclusive for any purposes and not subject to re-determination by any court or any other officer. Such regulations shall include provisions to assure that relocation payments, as authorized by this section, shall be made as promptly as possible to all families, individuals, business concerns, and nonprofit organizations found to be eligible for such payments by reason of their having been displaced from property in the urban renewal area, without regard to any subsequent proceedings, determinations, or events relating to such property which do not bear upon whether such displacement in fact occurred.

REHABILITATION GRANTS

SEC. 115. (a) Notwithstanding any other provision of this title, the Administrator may authorize a local public agency to make grants (and the urban renewal project may include the making of such grants) as prescribed in this section. Any such grant may be made only to an individual or family, as described in subsection (b), who owns and occupies a structure in an urban renewal area, and only for the purpose of covering the cost of repairs and improvements necessary to make such structure conform to public standards for decent, safe, and sanitary housing as required by applicable codes or other requirements of the urban renewal plan for the area. Any contract for financial assistance under this title shall provide that the capital grant otherwise payable for the project shall be increased by an amount equal to the total amount of the grants under this section and that no part of the total amount of such grants shall be required to be contributed as part of the local grant-in-aid.

(b) A grant authorized by this section may be made to an individual or family whose income does not exceed \$2,000 a year, and such grant may be in an amount which does not exceed the lesser of (1) the actual (and approved) cost of the repairs and improvements involved, or (2) \$1,500. In case the income of the individual or family exceeds \$2,000 a year, a grant may be made under this section, subject to the limitations specified in clauses (1) and (2) of the preceding sentence, but only in an amount not to exceed that portion of the cost of the repairs and improvements which cannot be paid for with any available loan that can be amortized as part of such individual's or family's monthly housing expense without requiring such monthly housing expense to exceed 25 per centum of such individual's or family's monthly income.

* * * * *

TITLE V.—FARM HOUSING

SEC. 501. (a) The Secretary of Agriculture (hereinafter referred to as the "Secretary") is authorized, subject to the terms and conditions of this title, to extend financial assistance, through the Farmers Home Administration, (1) to owners of farms in the United States and in Puerto Rico and the Virgin Islands, to enable them to construct, improve, alter, repair, or replace dwellings and other farm buildings on their farms, and to purchase previously occupied buildings and land constituting a minimum adequate site, in order to provide them, their tenants, lessees, sharecroppers, and laborers with decent, safe, and

sanitary living conditions and adequate farm buildings as specified in this title, and (2) to owners of other real estate in rural areas *for the construction, improvement, alteration, or repair of dwellings, related facilities, and farm buildings and to rural residents for such purposes and for the purchase of previously occupied buildings and the purchase of land constituting a minimum adequate site, in order to enable them to provide dwellings and related facilities for their own use and buildings adequate for their farming operations, and (3) to elderly persons who are or will be the owners of land in rural areas for the construction, improvement, alteration, or repair of dwellings and related facilities, the purchase of previously occupied dwellings and related facilities and the purchase of land constituting a minimum adequate site, in order to provide them with adequate dwellings and related facilities for their own use.*

* * * * *

(c) In order to be eligible for the assistance authorized by paragraph (a), the applicant must show (1) that he is the owner of a farm which is without a decent, safe, and sanitary dwelling for himself and his family and necessary resident farm labor, or for the family of the operating tenant, lessee, or sharecropper, or without other farm buildings adequate for the type of farming in which he engages or desires to engage, or that he is the owner of other real estate in a rural area *or a rural resident* without an adequate dwelling or related facilities for his own use or buildings adequate for his farming operations, or that he is an elderly person in a rural area without an adequate dwelling or related facilities for his own use; (2) that he is without sufficient resources to provide the necessary housing and buildings on his own account; and (3) that he is unable to secure the credit necessary for such housing and buildings from other sources upon terms and conditions which he could reasonably be expected to fulfill.

* * * * *

LOANS FOR HOUSING AND BUILDINGS ON ADEQUATE FARMS

SEC. 502. (a) If the Secretary determines that an applicant is eligible for assistance as provided in section 501 and that the applicant has the ability to repay in full the sum to be loaned, with interest, giving due consideration to the income and earning capacity of the applicant and his family from the farm and other sources, and the maintenance of a reasonable standard of living for the owner and the occupants of said farm, a loan may be made by the Secretary to said applicant for a period of not to exceed thirty-three years from the making of the loan [with interest at a rate not to exceed 4 per centum per annum on the unpaid balance of principal.] *with interest in the case of loans under this section pursuant to clauses (1) and (2) of section 501(a) at a rate not to exceed 5 per centum per annum on the unpaid balance of principal and in the case of loans under this section pursuant to clause (3) of section 501(a) and under sections 503 and 504 at a rate not to exceed 4 per centum per annum on such unpaid balance.* Borrowers with loans made or insured under this title shall pay such fees and other charges as the Secretary may require. In cases of applicants who are elderly persons, the Secretary may accept the personal liability of any person with adequate repayment ability who will cosign the applicant's

note to compensate for any deficiency in the applicant's repayment ability.

* * * * *

TECHNICAL SERVICES AND RESEARCH

SEC. 506. (a) In connection with financial assistance authorized in [sections 501 to 504, inclusive, and sections 514-516] *this title* the Secretary shall require that all new buildings and repairs financed under this title shall be substantially constructed and in accordance with such building plans and specifications as may be required by the Secretary. Buildings and repairs constructed with funds advanced pursuant to this title shall be supervised and inspected, as may be required by the Secretary, by competent employees of the Secretary. In addition to the financial assistance authorized in [sections 501 to 504, inclusive, and sections 514-516] *this title* the Secretary is authorized to furnish, through such agencies as he may determine, to any person, including a person eligible for financial assistance under this title, without charge or at such charges as the Secretary may determine, technical services such as building plans, specifications, construction supervision and inspection, and advice and information regarding farm dwellings and other buildings.

* * * * *

LOAN FUNDS

SEC. 511. The Secretary may issue notes and other obligations for purchase by the Secretary of the Treasury for the purpose of making *direct* loans under this title [(other than loans under section 504(b) or 515(a))]. The total principal amount of such notes and obligations issued pursuant to this section during the period beginning July 1, 1956, and ending [September 30, 1965] *October 1, 1969*, shall not exceed \$850,000,000 [of which \$50,000,000 shall be available exclusively for assistance to elderly persons as provided in clause (3) of section 501(a)]. The notes and obligations issued by the Secretary shall be secured by the obligations of borrowers and the Secretary's commitments to make contributions under this title and shall be repaid from the payment of principal and interest on the obligations of the borrowers and from funds appropriated hereunder. The notes and other obligations issued by the Secretary shall be in such forms and denominations, shall have such maturities, and shall be subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Such notes or obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average [rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the notes or obligations by the Secretary] *yields on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of the loans held by the Secretary in the Rural Housing Direct Loan Account, adjusted to the nearest one-eighth of 1 per centum, during the month of June preceding the fiscal year in which the loans were made.* The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Secretary issued hereunder and for such purpose is authorized to use as a public debt transaction the

proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act are extended to include any purchases of such obligations. The Secretary of the Treasury may at any time sell any of the notes or obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such note or obligations shall be treated as public debt transactions of the United States.

CONTRIBUTIONS

SEC. 512. In connection with loans made pursuant to section 503, the Secretary is authorized to make commitments for contributions aggregating not to exceed \$10,000,000 during the period beginning July 1, 1956, and ending **【September 30, 1965】** *October 1, 1969*.

SEC. 513. There is hereby authorized to be appropriated to the Secretary (a) such sums as may be necessary to meet payments on notes or other obligations issued by the Secretary under section 511 equal to (i) the aggregate of the contributions made by the Secretary in the form of credits on principal due on loans made pursuant to section 503, and (ii) the interest due on a similar sum represented by notes or other obligations issued by the Secretary; (b) not to exceed \$50,000,000 for grants pursuant to section 504(a) and loans pursuant to section 504(b) during the period beginning July 1, 1956, and ending **【September 30, 1965】** *October 1, 1969*; (c) not to exceed **【\$10,000,000】** \$50,000,000 for financial assistance pursuant to section 516 for the period ending **【September 30, 1965】** *October 1, 1969*; (d) not to exceed \$250,000 per year for research and study programs pursuant to subsections (b), (c), and (d) of section 506 during the period beginning July 1, 1961, and ending **【September 30, 1965】** *October 1, 1969*; and (e) such further sums as may be necessary to enable the Secretary to carry out the provisions of this title.

* * * * *

DIRECT AND INSURED LOANS TO PROVIDE HOUSING AND RELATED FACILITIES FOR ELDERLY PERSONS AND FAMILIES IN RURAL AREAS

SEC. 515. (a) * * *

(b) The Secretary is authorized to insure and make commitments to insure loans made to any individual, corporation, association, trust, or partnership to provide rental housing and related facilities for elderly persons and elderly families in rural areas, in accordance with terms and conditions substantially identical with those specified in section 502; except that—

(1) no such loan shall exceed \$300,000 or the development cost or the value of the security, whichever is least;

(2) such loans shall bear interest at rates determined by the Secretary, not to exceed the maximum rate provided in section 203(b)(5) of the National Housing Act;

(3) provide for complete amortization by periodic payments within such term as the Secretary may prescribe;

(4) for insuring such loans, the Secretary shall utilize the Agricultural Credit Insurance Fund subject to all the provisions of section 309 and the second and third sentences of section 308 of the Consolidated Farmers Home Administration Act of 1961, including the authority in section 309(f)(1) of that Act to utilize

the insurance fund to make, sell, and insure loans which could be insured under this subsection; but the aggregate of the principal amounts of such loans made by the Secretary and not disposed of shall not exceed \$10,000,000 outstanding at any one time; and the Secretary may take liens running to the United States though the notes may be held by other lenders; and

(5) no loan shall be insured under this subsection after [September 30, 1965] October 1, 1969.

* * * * *

INSURANCE OF LOANS

SEC. 517. (a) The Secretary is authorized to insure and to make loans to be sold and insured in accordance with the provisions of sections 501, 502, 514, and 515, and this section, other than the provisions of section 514 (a) (3) and (5) and (b) and section 515 (a) and (b) (4), except that such loans in accordance with sections 501 and 502—

(1) to persons of low or moderate income as defined by the Secretary shall not exceed amounts necessary to provide adequate housing modest in size, design, and cost, as determined by the Secretary, and shall bear interest at a rate not to exceed 5 per centum per annum; and the aggregate of such loans made and insured in any one fiscal year shall not exceed \$300,000,000; and

(2) to persons other than those of low or moderate income shall bear interest and provide for insurance or service charges (at rates determined by the Secretary) comparable to the combined rate of interest and premium charges then in effect under section 203 of the National Housing Act.

(b) The Secretary may use the Rural Housing Insurance Fund created by this section for the purpose of making loans to be sold and insured under this section, provided that the aggregate of such loans made and not disposed of at any one time shall not exceed \$100,000,000.

(c) The Secretary may insure loans advanced by lenders other than the United States, and may sell and insure loans made from or held in the Rural Housing Insurance Fund by the Secretary, for the payment of principal and interest thereon as it becomes due. The Secretary is authorized to make agreements with respect to servicing loans held by or insured by the Secretary under this section and purchasing such insured loans on such terms and conditions as he may prescribe: Provided, That no purchase agreement shall obligate the Secretary to purchase such an insured loan before the expiration of an initial period of five years from the date of the note. Any contract of insurance executed by the Secretary shall be an obligation supported by the full faith and credit of the United States and incontestable except for fraud or material misrepresentation of which the holder has actual knowledge. In connection with loans insured under this section the Secretary may take liens running to the United States notwithstanding the fact that the notes evidencing such loans may be held by lenders other than the United States. Notes evidencing such loans shall be freely assignable but the Secretary shall not be bound by any assignment until notice thereof is given to and acknowledged by the Secretary.

(d) After ninety days after the original capitalization of the Rural Housing Insurance Fund, no loans, other than loans then held or insured by the Secretary pursuant to section 514 or 515(b), shall be made or insured under section 514 or 515(b) except in accordance with this section.

(e) *There is hereby created the Rural Housing Insurance Fund (hereinafter in this section referred to as the 'Fund') which shall be used by the Secretary as a revolving fund for carrying out the provisions of this section. There are authorized to be appropriated to the Secretary such sums as may be necessary for the purposes of the Fund.*

(f) *Money in the Fund not needed for current operations shall be invested in direct obligations of the United States or obligations guaranteed by the United States.*

(g) *All funds, claims, notes, mortgages, contracts, and property acquired by the Secretary under this section, and all collections and proceeds therefrom, shall constitute assets of the Fund; and all liabilities and obligations of such assets shall be liabilities and obligations of the Fund. Loans may be held in the Fund and collected in accordance with their terms or may be sold by the Secretary with or without agreements for insurance thereof. Loans may be sold by the Secretary at prices within the range of market prices for the particular class or classes loans involved, as determined by the Secretary from time to time. The aggregate of (1) any amount by which the balance outstanding on loans at the time of sale exceeds the price at which the loans are sold and (2) the amount of any fees and charges paid in connection with any sales of loans shall be reimbursed to the Fund by annual appropriations.*

(h) *The Secretary is authorized to issue notes to the Secretary of the Treasury to obtain funds necessary for discharging obligations under this section and for authorized expenditures out of the Fund, but, except as may be authorized in appropriation Acts, not for the original capital or any additional capital of the Fund or to reimburse the Fund for losses from any sales of loans at less than par value. Such notes shall be in such form and denominations and have such maturities and be subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Each note shall bear interest at such rate as may be determined by the Secretary of the Treasury, taking into consideration the current average market yields on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of the loans held by the Secretary in the Fund, adjusted to the nearest one-eighth of 1 per centum, during the month of June preceding the fiscal year in which the loans were made. The Secretary of the Treasury is authorized and directed to purchase any notes of the Secretary issued hereunder, and for that purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, and the purposes for which such securities may be issued under such Act are extended to include purchases of notes issued by the Secretary under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes shall be treated as public debt transactions of the United States. The notes issued by the Secretary to the Secretary of the Treasury shall constitute obligations of the Fund.*

(i) *The Secretary may retain out of interest payments by the borrower an annual charge in an amount specified in the insurance or sale agreement applicable to the loan. Of the charges retained by the Secretary, if any, not to exceed 1 per centum per annum of the unpaid balance of the loan shall be deposited in the Fund. Any retained charges not deposited in the Fund shall be available for administrative expenses in carrying out the provisions of this title, to be transferred annually and become merged with any appropriation for administrative expenses of the Farmers Home*

Administration, when and in such amounts as may be authorized in appropriation Acts.

(j) The Secretary may also utilize the Fund—

(1) to pay amounts to which the holder of a note is entitled in accordance with an insurance or sale agreement under this section accruing between the date of any prepayment by the borrower to the Secretary and the date of transmittal of such prepayment to the holder of the note; and, in the discretion of the Secretary, prepayments other than final payments need not be remitted to the holder until due;

(2) to pay the holder of any note insured under this section any defaulted installment or, upon assignment of the note to the Secretary at the Secretary's request, the entire balance outstanding on the note;

(3) to purchase notes in accordance with agreements previously entered into;

(4) to pay taxes, insurance, prior liens, expenses necessary to make fiscal adjustments in connection with the application and transmittal of collections, and other expenses and advances to protect the security for loans which are insured under this section or held in the Fund, and to acquire such security at foreclosure sale or otherwise; and

(5) to pay fees and charges in connection with sales by the Secretary of loans insured under this section.

RURAL HOUSING DIRECT LOAN ACCOUNT

SEC. 518. (a) There is hereby created the Rural Housing Direct Loan Account (hereinafter in this section referred to as the 'Account') which shall be used by the Secretary for carrying out the provisions of this section. There are authorized to be appropriated to the Secretary such sums as may be necessary for the purposes of the Account.

(b) There are hereby transferred to the Account (1) all funds, claims, notes, mortgages, contracts, and property, and all collections and proceeds therefrom, held by the Secretary under the direct loan provisions of this title, including those securing notes issued by the Secretary to the Secretary of the Treasury under section 511 and any unexpended balance of amounts borrowed upon such notes, and (2) all unexpended balances of appropriations for direct loans under this title, including the fund authorized by section 515(a). All amounts hereafter borrowed by the Secretary from the Secretary of the Treasury under section 511 shall be deposited in the Account. All collections and proceeds from assets acquired by the Account shall be deposited in the Account.

(c) When and in such amounts as may be authorized in appropriation Acts, the Secretary may issue notes to the Secretary of the Treasury to obtain funds to be deposited in the Account. The form, denominations, maturities, and other terms and conditions of such notes shall be prescribed by the Secretary with the approval of the Secretary of the Treasury. Each note shall bear interest at such rate as may be determined by the Secretary of the Treasury, taking into consideration the current average market yields on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of the loans held by the Secretary in the Account, adjusted to the nearest one-eighth of 1 per centum, during the month of June preceding the fiscal year in which the loans were made. The Secretary of the Treasury is authorized and directed to purchase any notes of the Secretary issued hereunder, and for that purpose the Secretary of the Treasury is authorized

to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, and the purposes for which such securities may be issued under such Act are extended to include the purchase of notes issued by the Secretary under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes shall be treated as public debt transactions of the United States.

(d) The Account shall remain available to the Secretary for the payment of interest and principal on notes issued by the Secretary to the Secretary of the Treasury under section 511 or this section, and for direct loans and related advances under this title in such amounts as are now authorized by law and in such further amounts as shall be authorized in appropriation Acts. Amounts so authorized for such loans and advances shall remain available until expended.

INTEREST ON APPROPRIATIONS FOR RURAL HOUSING LOANS

SEC. 519. (a) The Secretary shall pay to the Secretary of the Treasury interest at a rate determined under the formula contained in section 517(h) or 518(c) (as may be applicable) on any portion of any future appropriations deposited in the Rural Housing Insurance Fund or the Rural Housing Direct Loan Account for the purpose of making loans (as distinguished from appropriations for the purpose of restoring losses or expenditures from such Fund or Account). Such interest shall be payable annually upon any sum so deposited until an amount equal to such sum is paid from the Fund or Account to which it was deposited and returned to miscellaneous receipts of the Treasury.

(b) Any sums in the Rural Housing Insurance Fund or the Rural Housing Direct Loan Account which the Secretary determines are in excess of amounts needed to meet the obligations and carry out the purposes of such Fund or Account shall be returned to miscellaneous receipts of the Treasury.

TITLE VI—MISCELLANEOUS PROVISIONS

ADVISORY COMMITTEES

SEC. 601. The Housing and Home Finance Administrator may appoint such advisory committee or committees as he may deem necessary in carrying out his functions, powers, and duties, under this or any other Act. [Service as a member of any such committee shall not constitute any form of service or employment within the provisions of sections 281, 283, or 284 of title 18 United States Code.]

HOUSING ACT OF 1950

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TITLE IV—HOUSING FOR EDUCATIONAL INSTITUTIONS

FEDERAL LOANS

SEC. 401. (a) * * *

* * * * *

(c) A loan to an educational institution may be in an amount not exceeding the total development cost of the facility, as determined by the Administrator; shall be secured in such manner and be repaid

within such period, not exceeding fifty years, as may be determined by him; and with respect to loan contracts under which loan funds have not been fully disbursed prior to the date of enactment of the College Housing Amendments of 1955 shall bear interest at a rate determined by the Administrator which shall be not more than [the higher of (1) $2\frac{3}{4}$ per centum per annum, or] *the lower of (1) 3 per centum per annum, or (2) the total of one-quarter of 1 per centum per annum added to the rate of interest paid by the Administrator on funds obtained from the Secretary of the Treasury as provided in subsection (e) of this section.*

(d) To obtain funds for loans under subsection (a) of this section, the Administrator may issue and have outstanding at any one time notes and obligations for purchase by the Secretary of the Treasury in an amount not to exceed \$1,675,000,000, which amount shall be increased by \$300,000,000 on July 1 in each of the years 1961 through [1964] 1968: *Provided*, That the amount outstanding for other educational facilities, as defined herein, shall not exceed \$175,000,000, which limit shall be increased by \$30,000,000 on July 1 in each of the years 1961 through [1964] 1968: *Provided further*, That the amount outstanding for hospitals, referred to in clause (2) of section 404(b) of this title, shall not exceed \$100,000,000, which limit shall be increased by \$30,000,000 on July 1 in each of the years 1961 through [1964] 1968.

(e) Notes or other obligations issued by the Administrator under this title shall be in such forms and denominations, have such maturities, and be subject to such terms and conditions as may be prescribed by the Administrator, with the approval of the Secretary of the Treasury. Such notes or other obligations issued to obtain funds for loan contracts entered into after the effective date of the College Housing Amendments of 1955 shall bear interest at a rate determined by the Secretary of the Treasury which shall be not more than [the higher of (1) $2\frac{1}{2}$ per centum per annum, or] *the lower of (1) $2\frac{3}{4}$ per centum per annum, or (2) the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the issuance by the Administrator and adjusted to the nearest one-eighth of 1 per centum.* The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Administrator issued under this title and for such purpose is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act, as amended, are extended to include any purchases of such notes and other obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public-debt transactions, of the United States.

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DEFINITIONS

SEC. 404. (a) * * *

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(h) "Other educational facilities" means (1) new structures, suitable for use as cafeterias or dining halls, student centers or student

unions, infirmaries or other inpatient or outpatient health facilities, and for other essential service facilities, and (2) structures suitable for the above uses provided by rehabilitation, alteration, conversion, or improvement of existing structures which are otherwise inadequate for such uses. *In addition, such term includes parking facilities primarily to serve the needs of students and faculty.*

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HOUSING ACT OF 1954

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URBAN PLANNING

SEC. 701(a) * * *

(b) A grant made under this section shall not exceed two-thirds of the estimated cost of the work for which the grant is made: *Provided*, That such a grant may be in an amount not exceeding three-fourths of such estimated cost to an official governmental planning agency for an area described in subsection (a)(7), or for planning being carried out for a city, other municipality, county, group of adjacent communities, or Indian reservation in an area designated by the Secretary of Commerce as a redevelopment area under section 5 of the Area Redevelopment Act. All grants made under this section shall be subject to terms and conditions prescribed by the Administrator. No portion of any grant made under this section shall be used for the preparation of plans for specific public works. The Administrator is authorized, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended, to make advances or progress payments on account of any planning grant made under this section. There is hereby authorized to be appropriated [not exceeding \$105,000,000] *such amounts as may be necessary* to carry out the purposes of this section, and any amounts so appropriated shall remain available until expended.

* * * * *

(g) No grant shall be made under this section after October 1, 1969, except pursuant to a contract or commitment entered into on or before such date.

RESERVE OF PLANNED PUBLIC WORKS

SEC. 702. (a) * * *

* * * * *

(e) In order to provide moneys for advances in accordance with this section, the Administrator is hereby authorized to establish a revolving fund which shall comprise (1) all moneys heretofore or hereafter appropriated pursuant to this section, together with all repayments and other receipts heretofore or hereafter received in connection with advances made under this section, and (2) all repayments and other receipts received after June 30, 1964, and all advances (and claims in connection with advances) outstanding as of such date, under title V of the War Mobilization and Reconversion Act of 1944 (58 Stat. 791) and the Act of October 13, 1949 (63 Stat. 841-2). There are authorized to be appropriated to such revolving fund, in addition to amounts authorized to be appropriated for the purposes of this section prior to the date of the enactment of the [Housing Act of

1964,] *Housing and Urban Development Act of 1965*, such sums[, not to exceed \$20,000,000,] as may be necessary to carry out the purposes of this section.

* * * * *

(i) *No advance shall be made under this section after October 1, 1969, except pursuant to a contract or commitment entered into on or before such date.*

HOUSING AMENDMENTS OF 1955

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TITLE II—PUBLIC FACILITY LOANS

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FEDERAL LOANS

SEC. 202. (a) * * *

* * * * *

(c) In the processing of applications for financial assistance under clause (1) of subsection (a) of this section the Administrator shall give priority to applications of smaller municipalities for assistance in the construction of basic public works (including works for the storage, treatment, purification, or distribution of water; sewage, sewage treatment, and sewer facilities; and gas distribution systems) for which there is an urgent and vital public need. As used in this section, a "smaller municipality" means an incorporated or unincorporated town, or other political subdivision of a State, which had a population of less than ten thousand inhabitants at the time of the last Federal census, or an Indian tribe. *Notwithstanding any other provision of this title, the Administrator may extend financial assistance, as otherwise authorized by clause (1) of subsection (a) of this section, to private nonprofit corporations to finance the construction of works for the storage, treatment, purification, or distribution of water or the construction of sewage, sewage treatment, and sewer facilities, if needed to serve such smaller municipalities, upon a determination that no existing public body is able to construct and operate such facilities.*

HOUSING ACT OF 1959

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TITLE II—HOUSING FOR THE ELDERLY OR HANDICAPPED

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LOAN PROGRAM

SEC. 202. (a)(1) The purpose of this section is to assist private nonprofit corporations, consumer cooperatives, or public bodies or agencies to provide housing and related facilities for elderly or handicapped families.

(2) In order to carry out the purpose of this section, the Administrator may make loans to any corporation (as defined in subsection (d)(2)), to any consumer cooperative, or to any public body or agency

for the provision of rental or cooperative housing and related facilities for elderly or handicapped families, except that (A) no such loan shall be made unless the applicant shows that it is unable to secure the necessary funds from other sources upon terms and conditions equally as favorable as the terms and conditions applicable to loans under this section, (B) no such loan shall be made unless the Administrator finds that the construction will be undertaken in an economical manner and that it will not be of elaborate or extravagant design or materials, and (C) no such loan shall be made to a public body or agency unless it certifies that it is not receiving financial assistance from the United States exclusively pursuant to the United States Housing Act of 1937.

(3) A loan under this section may be in an amount not exceeding the total development cost (as defined in subsection (d) (3)), as determined by the Administrator; shall be secured in such manner and be repaid within such period, not exceeding fifty years, as may be determined by him; and shall bear interest at a rate determined by him which shall be not more than [the higher of (A) $2\frac{3}{4}$ per centum per annum, or] *the lower of (A) 3 per centum per annum, or (B) the total of one-quarter of 1 per centum added to the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the date on which the loan is made and adjusted to the nearest one-eighth of 1 per centum.*

(4) There is authorized to be appropriated [not to exceed \$350,000-000] *such sums as may be necessary for purposes of this section, which shall constitute a revolving fund to be used by the Administrator in carrying out this section.*

(5) *No loan shall be made under this section after October 1, 1969, except pursuant to a commitment entered into on or before such date.*

* * * * *

HOUSING ACT OF 1961

[TITLE VII—OPEN SPACE LAND]

TITLE VII—OPEN-SPACE LAND AND URBAN BEAUTIFICATION AND IMPROVEMENT

FINDINGS AND PURPOSE

SEC. 701. (a) The Congress finds that a combination of economic, social, governmental, and technological forces have caused a rapid expansion of the Nation's urban areas, which has created critical problems of service and finance for all levels of government and which, combined with a rapid population growth in such areas, threatens severe problems of urban and suburban living, including the loss of valuable open-space land in such areas, for the preponderant majority of the Nation's present and future population.

(b) *The Congress further finds that there is an urgent need both for the additional provision of parks and other open-space areas in the developed portions of the Nation's urban areas and for greater and better coordinated local efforts to beautify and improve open space and other public land throughout urban areas, to facilitate their increased use and enjoyment by the Nation's urban population.*

[(b)] (c) It is the purpose of this title to help curb urban sprawl and prevent the spread of urban blight and deterioration, to encourage more economic and desirable urban development, and to help provide necessary recreational, conservation, and scenic areas by assisting State and local governments in taking prompt action to (1) *provide and preserve open-space land which is essential to the proper long-range development and welfare of the Nation's urban areas, in accordance with plans for the allocation of such land for open-space purposes*, and (2) *beautify and improve open-space and other public urban land, in accordance with programs to encourage and coordinate local public and private efforts toward this end.*

[FEDERAL GRANTS]

GRANTS FOR PRESERVATION OF OPEN-SPACE LAND

SEC. 702. (a) In order to encourage and assist in the timely acquisition of land to be used as permanent open-space land, as defined herein, the Housing and Home Finance Administrator (hereinafter referred to as the "Administrator") is authorized to [enter into contracts to] make grants to States and local public bodies acceptable to the Administrator as capable of carrying out the provisions of this [title] section to help finance the acquisition of title to, or other permanent interests in, such land. The amount of any such grant shall not exceed [20] 30 per centum of the total cost, as approved by the Administrator, of acquiring such interests: *Provided*, That this limitation may be increased to not to exceed [30] 40 per centum in the case of a grant extended to a public body which (1) exercises responsibilities consistent with the purposes of this [title] section for an urban area as a whole, or (2) exercises or participates in the exercise of such responsibilities for all or a substantial portion of an urban area pursuant to an interstate or other intergovernmental compact or agreement. [The faith of the United States is pledged to the payment of all grants contracted for under this title.]

[(b)] The Administrator may enter into contracts to make grants under this title aggregating not to exceed \$75,000,000. There are hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, the amounts necessary to provide for the payment of such grants as well as to carry out all other purposes of this title. *There are hereby authorized to be appropriated such amounts as may be necessary to carry out the purposes of this title.* All funds so appropriated shall remain available until expended.

(c) No grants under this title shall be used to defray development costs (*except as authorized under section 706*), or the additional price which is attributable to improvements to be retained on open-space land which are not incidental to the proposed open-space uses, or ordinary State or local governmental expenses, or to help finance the acquisition by a public body of land located outside the urban area for which it exercises (or participates in the exercise of) responsibilities consistent with the purpose of this title.

(d) The Administrator may set such further terms and conditions for assistance under this title as he determines to be desirable.

(e) The Administrator shall consult with the Secretary of the Interior on the general policies to be followed in reviewing applications for grants. To assist the Administrator in such review, the Secretary

of the Interior shall furnish him appropriate information on the status of recreational planning for the areas to be [served by the open-space land acquired] *assisted* with the grants. The Administrator shall provide current information to the Secretary from time to time on significant program developments.

(f) No grant shall be made under this title after October 1, 1969, except pursuant to a contract or commitment entered into on or before such date.

PLANNING REQUIREMENTS

SEC. 703. (a) The Administrator shall [enter into contracts to] make grants for the acquisition of land under [this title] *section 702(a)* only if he finds that (1) the proposed use of the land for permanent open space is important to the execution of a comprehensive plan for urban area meeting criteria he has established for such plans, and (2) a program of comprehensive planning (as defined in section 701(d) of the Housing Act of 1954) is being actively carried on for the urban area.

* * * * *

CONVERSIONS TO OTHER USES

SEC. 704. No open-space land for *the acquisition of* which a grant has been made under this title shall, without the approval of the Administrator, be converted to uses other than those originally approved by him. The Administrator shall approve no conversion of land from open-space use unless he finds that such conversion is essential to the orderly development and growth of the urban area involved and is in accord with the then applicable comprehensive plan, meeting criteria established by him. The Administrator shall approve any such conversion only upon such conditions as he deems necessary to assure the substitution of other open-space land of at least equal fair market value and of as nearly as feasible equivalent usefulness and location.

GRANTS FOR PROVISION OF OPEN-SPACE LAND IN BUILT-UP URBAN AREAS

SEC. 705. (a) *The Administrator is further authorized to make grants to States and local public bodies to help finance the acquisition of title to, or other permanent interests in, developed land in built-up portions of urban areas to be cleared and used as permanent open-space land, as defined herein. The Administrator shall make such grants only where the local governing body determines that adequate open-space land cannot effectively be provided through the use of existing undeveloped or predominantly undeveloped land and the Administrator determines that the proposed acquisition is important to the comprehensively planned development of the locality. Grants under this section shall not exceed the lesser of (1) \$500,000 or (2) 40 per centum of the cost of acquiring such title or other interests and of necessary demolition and removal of improvements.*

(b) Financial assistance extended to any project under this title may include grants for relocation payments, as herein defined. Such grants may be in addition to other financial assistance under this title, and no part of the amount of such relocation payments shall be required to be contributed as a local grant. The term "relocation payments" means payments by the applicant which are (1) made to an individual, family,

business concern, or nonprofit organization displaced, after March 4, 1965, by a project assisted under this title, (2) not otherwise authorized under any Federal law, and (3) made only on such terms and conditions and subject to such limitations (to the extent applicable, but not including the date of displacement) as are provided for relocation payments, at the time such payments are approved, by sections 114 (b), (c), and (d) of the Housing Act of 1949. Relocation payments authorized by this subsection shall be made subject to such rules and regulations as may be prescribed by the Administrator.

GRANTS FOR URBAN BEAUTIFICATION AND IMPROVEMENT

SEC. 706. The Administrator is authorized to make grants, as herein provided, to States and local public bodies to assist in carrying out local programs for the greater use and enjoyment of open-space and other public land in urban areas. The Administrator shall establish criteria for such programs to assure that each (1) represents significant and effective efforts, involving all available public and private resources for the beautification of such land and its improvement for open-space uses, and (2) is important to the comprehensively planned development of the locality. Grants made under this section shall not exceed 40 per centum of the amount by which the cost of the activities carried on by an applicant during a fiscal year under an approved program exceeds its usual expenditures for comparable activities: Provided, That, notwithstanding any other provision of this section, the Administrator may use not to exceed \$5,000,000 of the funds available for grants under this section to make grants in amounts up to the full cost of activities which he determines to have special value in developing and demonstrating new and improved methods and materials for use in carrying out the purposes of this section.

LABOR STANDARDS

SEC. 707. (a) The Administrator shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors or subcontractors in the performance of construction work financed with the assistance of grants under this title shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended. The Administrator shall not approve any such grant without first obtaining adequate assurance that these labor standards will be maintained upon the construction work.

(b) The Secretary of Labor shall have, with respect to the labor standards specified in subsection (a), the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 1332-15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C. 276c).

TECHNICAL ASSISTANCE, STUDIES, AND PUBLICATION OF INFORMATION

SEC. [705] 708. In order to carry out the purpose of this title the Administrator is authorized to provide technical assistance to State and local public bodies and to undertake such studies and publish such information, either directly or by contract, as he shall determine to be desirable. [There are hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, such amounts

as may be necessary to provide for such assistance, studies, and publication. Nothing contained in this section shall limit any authority of the Administrator under any other provision of law.】 *The Administrator is authorized to use during any fiscal year not to exceed \$100,000 of the funds available for grants under this title to undertake such studies and publish such information.*

DEFINITIONS

SEC. [706] 709. As used in this title—

(1) The term “open-space land” means any undeveloped or predominantly undeveloped land in an urban area which has value for (A) park and recreational purposes, (B) conservation of land and other natural resources, or (C) historic or scenic purposes.

(2) The term “urban area” means any area which is urban in character, including those surrounding areas which, in the judgment of the Administrator, form an economic and socially related region, taking into consideration such factors as present and future population trends and patterns of urban growth, location of transportation facilities and systems, and distribution of industrial, commercial, residential, governmental, institutional, and other activities.

(3) The term “State” means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, and Guam.

HOUSING ACT OF 1964

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TITLE III—URBAN RENEWAL

* * * * *

REHABILITATION LOANS

SEC. 312.(a) * * *

* * * * *

【(d) There is authorized to be appropriated not to exceed \$50,000,000 which shall constitute a revolving fund to be used by the Administrator in carrying out this section.】

(d) In order to provide moneys for loans in accordance with this section, the Administrator is authorized to establish a revolving fund which shall comprise all moneys heretofore or hereafter appropriated pursuant to this section, together with all repayments and other receipts heretofore or hereafter received in connection with loans made under this section. There are authorized to be appropriated to such revolving fund, in addition to amounts authorized for the purposes of this section prior to the date of the enactment of the Housing and Urban Development Act of 1965, such funds as may be necessary to carry out the purposes of this section. All funds so appropriated shall remain available until expended.

* * * * *

(h) *No loan shall be made under the authority of this section after October 1, 1969, except pursuant to a contract, commitment, or other obligation entered into pursuant to this section before that date.*

* * * * *

TITLE VIII—TRAINING AND FELLOWSHIP PROGRAMS

PART 1—FEDERAL-STATE TRAINING PROGRAMS

* * * * *

MATCHING GRANTS TO STATES

SEC. 802. (a) * * *

* * * * *

(d) There is authorized to be appropriated [for grants under this part], without fiscal year limitation, [not to exceed \$10,000,000] such amounts as may be necessary to carry out the purposes of this part.

(e) *No grant shall be made under this part after October 1, 1969, except pursuant to a contract or commitment entered into on or before such date.*

STATE LIMIT

SEC. 803. Not more than 10 per centum of the total amount [authorized to be] appropriated [by section 802(d)] for the purposes of this part may be used for making grants to any one State.

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HOME OWNERS' LOAN ACT OF 1933

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FEDERAL SAVINGS AND LOAN ASSOCIATION

SEC. 5. (a) * * *

* * * * *

(c) Such associations shall lend their funds only on the security of their shares or on the security of first liens upon real property within one hundred miles of their home office which constitute first liens upon homes, combinations of homes and business property, other dwelling units, or combinations of dwelling units, including homes, and business property involving only minor or incidental business use (all of which may be defined by the Board): *Provided*, That not more than \$40,000 for each single-family dwelling, and not more than such amount per room as the Board may determine by regulation within the limits allowable (at the time of the loan) in section 207(c) (3) of the National Housing Act for any other dwelling unit covered by such lien, shall be loaned on the security of any such lien, and the Board shall by regulation limit to not more than 15 per centum of the assets of the association the aggregate amount or amounts of the investments which may be made by an association under the foregoing provisions of this sentence on the security of property which comprises or includes more than four dwelling units or does not constitute homes or combinations of homes and business property; except that not exceeding 20 per centum of the assets of such associa-

tion may be loaned on the security of first liens upon improved real estate without regard to the foregoing limitations, and additional sums not exceeding 20 per centum of the assets of an association may be used without regard to such area restriction for the making or purchase of participating interests in first liens on real property of the type described in this sentence in the matter preceding this proviso: *And provided further*, That any portion of the assets of such associations may be invested in obligations of, or fully guaranteed as to principal and interest by, the United States, or in the stock or bonds of a Federal Home Loan Bank, or in obligations, participations, or other instruments of or issued by, or fully guaranteed as to principal and interest by, the Federal National Mortgage Association or any other agency of the United States; or in general obligations of any State or of any political subdivision thereof; and as used in this proviso the term "State" shall include the District of Columbia, the Commonwealth of Puerto Rico, and the possessions of the United States: *And provided further*, That any such association which is converted from a State-chartered institution may continue to make loans in the territory in which it made loans while operating under State charter. In addition to the loans and investments otherwise authorized, such associations may purchase, subject to all the provisions of this paragraph except the area restriction, loans secured by first liens on improved real estate which are insured under the provisions of the National Housing Act, as amended, or insured as provided in the Servicemen's Readjustment Act of 1944, as amended, or chapter 37 of title 38, United States Code. *Loans on the security of buildings substantially all of which are used or are to be used after completion for college dormitories, fraternity houses, or sorority houses, or for residential purposes by the staffs of community hospitals, shall be considered as loans on "other dwelling units" for the purposes of this subsection.*

Without regard to any other provision of this subsection except the area requirement, any such association is authorized to invest a sum not in excess of 20 per centum of the assets of such association in loans insured under title I of the National Housing Act, in home improvement loans insured under title II of the National Housing Act, in unsecured loans insured or guaranteed under the provisions of the Servicemen's Readjustment Act of 1944, as amended, or chapter 37 of title 38 of the United States Code, and in other loans for property alteration, repair, or improvement: *Provided*, That no such loan, unless so insured or guaranteed, shall be made in excess of \$5,000. Participating interests in loans secured by mortgages which have the benefit of insurance or guaranty (or a commitment therefor) under the National Housing Act, the Servicemen's Readjustment Act of 1944, or chapter 37 of title 38, United States Code, shall not be taken into account in determining the amount of loans which an association may make within any of the percentage limitations contained in the first proviso of this subsection.

Without regard to any other provision of this subsection, any such association is authorized to invest in loans, obligations, and advances of credit (all of which are hereinafter referred to as "loans") made for the payment of expenses of college or university education, but no association shall make any investment in loans under this paragraph if the principal amount of its investment in such loans, exclusive of any investment which is or which at the time of its making was otherwise authorized, would thereupon exceed 5 per centum of its assets.

Without regard to any other provision of this subsection except the area restriction, any such association whose general reserves, surplus, and undivided profits aggregate a sum in excess of 5 per centum of its withdrawable accounts is authorized to invest an amount not exceeding at any one time 5 per centum of such withdrawable accounts in loans to finance the acquisition and development of land for primarily residential usage, subject to such rules and regulations as the Board may prescribe.

Without regard to any other provision of this subsection except the area restriction and the dollar amount limitation, any such association may invest an amount not exceeding at any one time 5 per centum of its assets in nonamortized loans which are made on the security of first liens upon homes or combinations of homes and business property and which (1) are repayable within a period of eighteen months, (2) provide that interest payments be made at least semiannually, and (3) do not exceed 80 per centum of the appraised value of the property involved. For the purposes of this paragraph the term "first liens" includes the assignment of the whole of the beneficial interest in a trust having a corporate trustee whereunder real estate held in the trust can be subjected to the satisfaction of the obligation or obligations secured with the same priority as a first mortgage, a first deed of trust, or a first trust deed in the jurisdiction where the real estate is located.

Without regard to any other provision of this subsection except the area restriction, any such association is authorized to invest an amount not exceeding at any one time 5 per centum of its assets in amortized loans or participating interests therein which are secured by first liens upon improved real estate used to provide housing facilities for the aging, subject to the following qualifications:

(1) each such loan shall be repayable within a period of 30 years;

(2) no such loan shall exceed 90 per centum of the appraised value of the improved real estate given as security therefor; and

(3) each such loan—

(A) shall be made upon and secured by real estate which is improved by housing accommodations, individual or multiple, designed for the purpose of providing accommodations for occupancy by aging persons, or of providing rest homes or nursing homes, so constructed or altered as to be suitable primarily for the occupancy of persons over fifty-five years of age and limited principally to the occupancy of such persons; and

(B) shall be made for the implementation of the purpose described in clause (A).

Without regard to any other provision of this subsection, any such association is authorized to invest not more than 5 per centum of its assets in, or in interests in, real property located within urban renewal areas as defined in subsection (a) of section 110 of the Housing Act of 1949 and obligations secured by first liens on real property so located, but no investment shall be made by an association under this sentence in real property or any interest therein if the aggregate investment of the association under this sentence in real property and interests therein, determined as prescribed by the Board, would thereupon exceed 2 per centum of the assets of the association.

Without regard to any other provision of this subsection, any such association whose general reserves, surplus, and undivided profits aggregate a sum in excess of 5 per centum of its withdrawable accounts is authorized to invest in, to lend to, or to commit itself to lend to any business development credit corporation incorporated in the State in which the head office of such association is situated, in the same manner and to the same extent as the statutes of such State authorize a savings and loan association organized under the laws of said State to invest in, to lend to, or to commit itself to lend to such business development credit corporation, but the aggregate amount of such investments, loans, and commitments of any such association outstanding at any time shall not exceed one-half of 1 per centum of the total outstanding loans made by such association, or \$250,000, whichever is the lesser.

For the purpose of this section the terms "real property" and "real estate" shall include a leasehold or subleasehold estate in real property under a lease or sublease the term of which does not expire, or which is renewable automatically or at the option of the holder (or at the option of the association) so as not to expire, for at least fifteen years beyond the maturity of the debt: *Provided, That in any State or area within a State where the Board shall find that a substantial part of the land occupied by or suitable for residential structures is available for purchase only on a leasehold basis, any such association may make a loan on the security of a first lien on the remainder of the term of any such leasehold which extends or is renewable for at least ten years beyond the maturity of such loan.*

Any such association is authorized to invest in the capital stock, obligations, or other securities of any corporation organized under the laws of the State, District, Commonwealth, territory, or possession in which the home office of the association is located, if the entire capital stock of such corporation is available for purchase only by savings and loan associations of that State, District, Commonwealth, territory, or possession and by Federal savings and loan associations having their home offices therein, but no association may make any investment under this sentence if its aggregate outstanding investment under this sentence, determined as prescribed by the Board, would thereupon exceed 1 per centum of its assets.

Without regard to any other provision of this subsection, any such association may, to such extent as the Federal Home Loan Bank Board may by regulation permit, invest in loans, and interests in loans, secured by mortgages as to which the association has the benefit of insurance under title X of the National Housing Act or of a commitment or agreement for such insurance, and investments under this sentence shall not be included in any percentage of assets or other percentage referred to in this subsection.

Any building association, building and loan association, or savings and loan association organized and operating under the laws of the District of Columbia shall have the same powers with respect to the investment of its assets as are authorized for Federal savings and loan associations under this subsection, and shall be governed by such regulations as the Board may prescribe in relation to the exercise of such powers by Federal savings and loan associations.

SMALL BUSINESS ACT

* * * * *

SEC. 4. (a) * * *

(c) There is hereby established in the Treasury a revolving fund, referred to in this section as "the fund", for the Administration's use in financing the functions performed under sections 7(a), 7(b), 7(e), and 8(a) and under the Small Business Investment Act of 1958, including the payment of administrative expenses in connection with such functions. All repayments of loans and debentures, payments of interest, and other receipts arising out of transactions financed from the fund shall be paid into the fund. As capital thereof, appropriations not to exceed \$1,666,000,000 are hereby authorized to be made to the fund, which appropriations shall remain available until expended. Not to exceed an aggregate of \$1,325,000,000 shall be outstanding at any one time for the purposes enumerated in the following sections of this Act: 7(a) (relating to regular business loans), 7(b) (relating to disaster loans), and 8(a) (relating to prime contract authority): *Provided*, That the Administration shall report promptly to the Committees on Appropriations and the Committees on Banking and Currency of the Senate and House of Representatives whenever (1) the aggregate amount outstanding for the purposes enumerated in sections 7(a) and 8(a) exceeds \$1,222,000,000, or (2) the aggregate amount outstanding for the purpose enumerated in section 7(b) exceeds \$103,000,000. Not to exceed an aggregate of \$341,000,000 shall be outstanding from the fund at any one time for the exercise of the functions of the Administration under the Small Business Investment Act of 1958. *Not to exceed \$5,000,000 shall be made available to provide initial capital for the insurance fund established by section 7(e)(3).* The Administration shall pay into miscellaneous receipts of the Treasury, following the close of each fiscal year, interest on the outstanding cash disbursements from the fund, at rates determined by the Secretary of the Treasury, taking into consideration the current average yields on outstanding interest-bearing marketable public debt obligations of the United States of comparable maturities as calculated for the month of June preceding such fiscal year.

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SEC. 5. (a) * * *

(b) In the performance of, and with respect to, the functions, powers, and duties vested in him by this Act the Administrator may—

(1) sue and be sued in any court of record of a State having general jurisdiction, or in any United States district court, and jurisdiction is conferred upon such district court to determine such controversies without regard to the amount in controversy; but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Administrator or his property;

(2) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as the Administrator shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the pay-

ment of loans granted *or the performance of leases insured* under this Act, and to collect or compromise all obligations assigned to or held by him and all legal or equitable rights accruing to him in connection with the payment of such loans until such time as such obligations may be referred to the Attorney General for suit or collection;

(3) deal with, complete, renovate, improve, modernize, insure, or rent, or sell for cash or credit upon such terms and conditions and for such consideration as the Administrator shall determine to be reasonable, any real property conveyed to or otherwise acquired by him in connection with the payment of loans granted *or the performance of leases insured* under this Act;

(4) pursue to final collection, by way of compromise or otherwise, all claims against third parties assigned to the Administrator in connection with loans made *or leases insured* by him. This shall include authority to obtain deficiency judgments or otherwise in the case of mortgages assigned to the Administrator. Section 3709 of the Revised Statutes, as amended (41 U.S.C., sec. 5), shall not be construed to apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Administrator as a result of loans made *or leases insured* under this Act if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute in the name of the Administrator deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real property or any interest therein acquired by the Administrator pursuant to the provisions of this Act may be exercised by the Administrator or by any officer or agent appointed by him without the execution of any express delegation of power or power of attorney. Nothing in this section shall be construed to prevent the Administrator from delegating such power by order or by power of attorney, in his discretion, to any officer or agent he may appoint;

(5) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in sections 7 (a) [and 7 (b)], 7 (b), and 7 (e);

(6) make such rules and regulations as he deems necessary to carry out the authority vested in him by or pursuant to this Act;

(7) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions, including the procurement of the services of attorneys by contract, determined by him to be necessary or desirable in making, servicing, compromising, modifying, liquidating, or otherwise dealing with or realizing on loans made *or leases insured* under the provisions of this Act; but no attorneys' services shall be procured by contract in any office where an attorney or attorneys are or can be economically employed full time to render such services;

(8) pay the transportation expenses and per diem in lieu of subsistence expenses, in accordance with the Travel Expense Act of 1949, for travel of any person employed by the Administration to render temporary services not in excess of six months in connection with any disaster referred to in section 7(b) from place of appointment to, and while at, the disaster area and

any other temporary posts of duty and return upon completion of the assignment; and

(9) accept the services and facilities of Federal, State, and local agencies and groups, both public and private, and utilize such gratuitous services and facilities as may, from time to time, be necessary, to further the objectives of section 7(b).

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SEC. 7. (a) * * *

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(e)(1) *The Administration also is empowered, in order to assist small-business concerns which have been displaced by urban renewal projects in obtaining leases of property for use in the conduct of their business operations, to insure the owner or lessor of any such property, or the lending institution financing the construction thereof, against losses which such owner, lessor, or institution might sustain as a result of the failure of the small-business concern to perform the lease in accordance with its terms.*

(2) *No insurance under this subsection shall be granted by the Administration with respect to any lease unless—*

(A) *the lease is for a period of not more than ten years and contains or is subject to such other terms and conditions as the Administration may require in order to protect the interests of the small-business concern and to insure that the lease will assist in carrying out the purpose of this Act; and*

(B) *the small-business concern is financially sound and efficiently managed, and has provided satisfactory assurances that it will comply with the terms of the lease and any related documents and with such additional terms and conditions as the Administration may specify.*

(3) *There is hereby established an insurance fund for use by the Administration in carrying out this subsection. Each person granted insurance under this subsection shall be required to pay premiums for such insurance, at such times and in such manner as may be prescribed by the Administration, in amounts which shall be fixed by the Administration but which shall not exceed, in the case of any lease, an amount equivalent to 1 per centum of the annual rental (or minimum rental) payable under such lease. Such premiums, together with any other receipts under the insurance program established by this subsection, shall be placed in the insurance fund. Moneys in such fund not needed for the payment of current operating expenses of the insurance program or for the payment of claims arising thereunder may be invested in bonds or other obligations of, or bonds or other obligations guaranteed as to principal and interest by, the United States; except that moneys made available to provide initial capital for such fund under the sixth sentence of section 4(c) shall be returned to the revolving fund established by such section, in such amounts and at such times as the Administration determines to be appropriate, whenever the level of such insurance fund (by reason of premiums and receipts from other sources) is sufficiently high to permit the return of such moneys without danger to the solvency of the insurance program under this subsection.*

(4) *The Administration is authorized and directed to prescribe such rules and regulations as may be necessary to carry out this subsection.*

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**SECTION 6(b) OF THE URBAN MASS TRANSPORTATION
ACT OF 1964****RESEARCH, DEVELOPMENT, AND DEMONSTRATION PROJECTS**

SEC. 6. (a) The Administrator is authorized to undertake research, development, and demonstration projects in all phases of urban mass transportation (including the development, testing, and demonstration of new facilities, equipment, techniques, and methods) which he determines will assist in the reduction of urban transportation needs, the improvement of mass transportation service, or the contribution of such service toward meeting total urban transportation needs at minimum cost. He may undertake such projects independently or by contract (including working agreements with other Federal departments and agencies). In carrying out the provisions of this section, the Administrator is authorized to request and receive such information or data as he deems appropriate from public or private sources.

[(b) The Administrator may make available to finance projects under this section not to exceed \$10,000,000 of the mass transportation grant authorization provided in section 4(b), which limit shall be increased to \$20,000,000 on July 1, 1965, and to \$30,000,000 on July 1, 1966. In addition, notwithstanding the provisions of section 4 of this Act or of section 103(b) of the Housing Act of 1949, the unobligated balance of the amount available for mass transportation, demonstration grants pursuant to the proviso in such section 103(b) shall be available solely for financing projects under this section.]

SECTION 24 OF THE FEDERAL RESERVE ACT**LOANS ON FARM LANDS**

SEC. 24. Any national banking association may make real estate loans secured by first liens upon improved real estate, including improved farm land and improved business and residential properties. A loan secured by real estate within the meaning of this section shall be in the form of an obligation or obligations secured by a mortgage, trust deed, or other instrument upon real estate, which shall constitute a first lien on real estate in fee simple or, under such rules and regulations as may be prescribed by the Comptroller of the Currency, on a leasehold under a lease which does not expire for at least 10 years beyond the maturity date of the loan, and any national banking association may purchase any obligation so secured when the entire amount of such obligation is sold to the association. The amount of any such loan hereafter made shall not exceed 50 per centum of the appraised value of the real estate offered as security and no such loan shall be made for a longer term than five years; except that (1) any such loan may be made in an amount not to exceed 66⅔ per centum of the appraised value of the real estate offered as security and for a term not longer than ten years if the loan is secured by an amortized mortgage, deed of trust, or other such instrument under the terms of which the installment payments are sufficient to amortize 40 per centum or more of the principal of the loan within a period of not more than ten years, and (2) any such loan may be made in an amount not to exceed 66⅔ per centum of the appraised value of the real estate offered as

security and for a term not longer than twenty years if the loan is secured by an amortized mortgage, deed of trust, or other such instrument under the terms of which the installment payments are sufficient to amortize the entire principal of the loan within a period of not more than twenty years, and (3) any such loan may be made in an amount not to exceed 75 per centum of the appraised value of the real estate offered as security and for a term not longer than 20 years if the loan is secured by an amortized mortgage, deed of trust, or other such instrument under the terms of which the installment payments are sufficient to amortize the entire principal of the loan within the period ending on the date of its maturity, and (4) the foregoing limitations and restrictions shall not prevent the renewal or extension of loans heretofore made and shall not apply to real estate loans which are insured under the provisions of title II, title VI, title VIII, section 8 of title I, or title IX of the National Housing Act or which are insured by the Secretary of Agriculture pursuant to title I of the Bankhead-Jones Farm Tenant Act, or the Act entitled "An Act to promote conservation in the arid and semiarid areas of the United States by aiding in the development of facilities for water storage and utilization, and for other purposes," approved August 28, 1937, as amended, or title V of the Housing Act of 1949, as amended, and shall not apply to real estate loans which are fully guaranteed or insured by a State, or by a State authority for the payment of the obligations of which the faith and credit of the State is pledged, if under the terms of the guaranty or insurance agreement the association will be assured of repayment in accordance with the terms of the loan. *Notwithstanding the foregoing limitations and restrictions in this section, any national banking association may make loans for land development which are secured by mortgages insured under title X of the National Housing Act.* No such association shall make such loans in an aggregate sum in excess of the amount of the capital stock of such association paid in and unimpaired plus the amount of its unimpaired surplus fund, or in excess of 70 per centum of the amount of its time and savings deposits, whichever is the greater. Any such association may continue hereafter as heretofore to receive time and savings deposits and to pay interest on the same, but the rate of interest which such association may pay upon such time deposits or upon savings or other deposits shall not exceed the maximum rate authorized by law to be paid upon such deposits by State banks or trust companies organized under the laws of the State in which such association is located.

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MINORITY VIEWS

THE ADMINISTRATION'S RENT SUPPLEMENT PROPOSAL

INTRODUCTION

The Administration's rent supplement proposal contained in section 101 of this bill is foreign to American concepts.

The proposal kills the incentive of the American family to improve its living accommodations by its own efforts.

It kills the incentive for homeownership; it makes renters wards of the Government.

It is a system of economic integration of housing through Government subsidy.

It is the way of the socialistic state.

KILLING INCENTIVE

Under section 101(d) of the bill the Housing Administrator may subsidize a tenant's rent in an amount up to the difference between the fair market rental for the unit and one-fourth of the tenant's income.

That formula kills the incentive of the American family to improve its living accommodations by its own efforts. A family with \$3,000 a year income—\$250 a month—could live in a \$100-a-month apartment and pay rent of only \$62.50 a month (one-fourth of income) with the Government providing a subsidy of \$37.50 a month (difference between one-fourth of tenant's income and market rent for the unit). The disincentive of the family to improve its housing accommodations is readily apparent. Should that \$250 a month family's income increase to \$300 a month, its rent payment would increase to \$75 a month and the Federal subsidy would drop to \$25 a month. And, of course, if the family's income increased to \$400 a month, it would pay the full market rent of \$100 a month as one-fourth of family income of \$400 a month would equal full market rent for the unit. In other words, the family with \$250-a-month income has no incentive to improve its living accommodations by increasing its earnings to enable it to rent better accommodations. It can live in the same accommodations with \$250-a-month income as it could if it increased its income to \$400 a month.

The formula also produces another type of disincentive to a family improving its living accommodations by its own efforts. That \$250-a-month-income family might decide it wants to live in a \$200-a-month apartment instead of the \$100-a-month unit. Under the formula it could do so. And under the other proposed provisions of this section, this still would be true. The primary requirement for a qualified tenant is that he be unable to obtain standard privately owned housing at a rental no more than one-fourth of his income. As far as the proposed *law* is concerned, that standard housing could be standard housing suitable to the tenant's *needs* or suitable to his *desires*. The Administrator could decide either way. The family

would pay the same one-fourth of its income as rent or \$62.50 a month and the Government would pay an increased subsidy of \$137.50 a month to make up the balance of the fair market rent for the unit. Under the formula the way to better housing is increased Federal subsidy rather than increased individual effort.

When another head of a family earning \$400 a month and paying \$100 a month rent—without any help from Uncle Sam—saw that his neighbor, earning far less than he, was able to move into a much better apartment with no increase in his rent payments, he suddenly would wake up to the possibility of the formula. This family, otherwise eligible for rent supplements, by free choice could be living in standard but crowded quarters. The head of the family simply does not want to allocate more than \$100 a month of his income to housing. With the balance of his income he prefers to enjoy other amenities of life, such as a second car or an extra week's vacation. Rent supplement is his easy way out. He would be eligible for subsidy in a more expensive apartment. He, too, would move to the \$200-a-month apartment. He would continue to pay only \$100 a month of his income as rent because the Government would provide the other \$100 a month necessary to cover the market rent for the unit.

This formula is a formula for killing the American incentive system of improving one's lot by one's own effort. This would be keeping up with the Joneses via Federal subsidies.

THREAT TO HOMEOWNERSHIP

To own one's own home, no matter how modest, is the goal of the typical American family. The rent supplement kills the incentive of a family to achieve that goal. Under FHA underwriting standards a family with \$3,000-a-year income can afford to purchase a home costing $2\frac{1}{2}$ times that amount or a \$7,500 home. The housing cost of such a home would approximate \$60 a month. But as noted in the illustration above, the \$3,000-a-year family by paying \$62.50 a month as rent could live in a partially federally subsidized \$100-a-month rental unit. The cost of such a dwelling unit would approximate \$12,500. Or, as above noted, that same family could also live in a \$200-a-month rental unit and pay only \$62.50 of its income a month as rent with the balance of \$137.50 paid by the Government under the rent supplement formula. The cost of the \$200-a-month rental unit would approximate \$25,000. Why would a family strive to own a \$7,500 home when for approximately the same monthly outlay for housing it could rent a \$12,500 or \$25,000 cost dwelling unit? Not alone would the rent supplement proposal kill incentive for homeownership, it also would be a powerful incentive for a family to discontinue homeownership and become a renter on the Federal dole. That runs counter to the American way of life.

ABSURD FORMULA

Although the subsidy formula contains no dollar amount limitations, indirectly there is a dollar limitation because of the maximum mortgage amount per unit in the FHA section 221(d)(3) program. This is the existing FHA program which would have to be utilized in financing the project. That maximum mortgage amount under existing law is \$29,000 for a three or more bedroom unit, in an ele-

vator-type building in a high cost area. This would be left unchanged in this bill for a three bedroom unit but would be increased to \$32,987.50 per unit for a four or more bedroom unit under the provisions of section 203(d) of this bill. Such a four-bedroom, two-and-a-half-bath unit would rent for approximately \$315 a month. A large, qualified tenant family with only \$250-a-month income could live in such a unit with the Government paying a subsidy of \$252.50 a month to make up the balance of the market rent for the unit.

But even this does not measure the full amount of Federal subsidy that could be paid. Under FHA mortgage insurance programs, the mortgage limitation is satisfied if the average mortgage for the units in the project does not exceed the mortgage limitation per unit. FHA insured projects can and do have penthouses and our theoretical project would be no exception. It could have a penthouse costing \$100,000 and renting for \$800 a month.

The occupant could be a large family eligible for rent supplements, with its entire income derived solely from public assistance payments. Under section 101(d) of this bill the tenant's income for purposes of the formula is the "tenant's income *as determined by the Administrator* pursuant to procedures and regulations established by him" [emphasis supplied]. With this discretionary authority the Housing Administrator might determine that public assistance payments should not be included in tenant's income for purposes of the formula. Accordingly, this family's income would be zero. Applying the formula, one-fourth of the tenant's zero income equals zero, so the tenant would pay no rent. Under the formula the Federal rent supplement may not exceed the difference between one-fourth of the tenant's income and the fair market rental for the unit. So zero (one-fourth of the tenant's zero income) from \$800 a month (the fair market rental) leaves the Government paying the full \$800 a month market rent as a subsidy. The welfare family can live in the luxurious penthouse.

Fantastic? Of course the results are fantastic. Ridiculous? Of course the results are ridiculous. Absurd? Of course the results are absurd. But they square with the rent supplement formula. It shows just how fantastic, how ridiculous, and how absurd that formula is.

Surely the Congress could devise more sensible limitations than the wide-open, socialistic subsidy formula contained in section 101 of the bill. The Housing Administrator submitted testimony to the committee (p. 255 of hearings) that under the rent supplement program:

* * * it should be possible to accommodate families with incomes of between \$3,500 and \$6,000 in larger cities and between \$3,000 and \$5,000 in smaller cities where costs are generally lower.

If that really is the objective of the program, then why not write those limitations into the law?

ECONOMIC INTEGRATION

From a social standpoint, few would argue that one man's rental dollar should buy as much in the way of shelter as another's, within the same general area of our country. Moreover, we can support the goal of those who view with alarm the proliferation of drab Federal

housing ghettos, built to accommodate a rigid and disheartening packing together of computerized equals.

But, in the disguise of calling for action against these pockets of federally sponsored sameness in our cities and towns that have low-rent public housing, the administration has recommended a program that would force—with the power of the Federal dollar—what we choose to term “across-the-board economic integration.” This runs through the thinking on the rent supplement proposal, as well as the various land development programs contained within other sections of this bill.

Within broad areas of our Nation, untouched by the Federal housing dollar, we would argue with those who support an initial allocation of \$8 billion for the purpose of creating a national system of *unequal opportunity* in housing. We oppose the view of those who would move the \$2,000-a-year family in the apartment next door to the \$5,000-a-year tenant, and into the \$15,000-a-year neighborhood, solely through rent subsidies. Moreover, we seriously question whether the man paying \$150 a month for an apartment would understand why his next door neighbor should receive equal value for half the rent. From a social standpoint, there is far more to neighborhood preference than the monthly cost of one's dwelling. In short, as the respected Housing Affairs Letter of April 16, 1965, put it: “Can this world's economic lions and economic lambs lie down en masse in the same veldt?”

Keep in mind, it has been made abundantly clear that rent supplements would be a nationwide program. On May 17, during the final stage of hearings on this bill, Congressman Clawson asked the Housing Administrator, “This is going to be a rather broad program, then, is it not, if we are going to move the rent supplement program in all areas involved?”

Mr. WEAVER. “Yes, this will be, of course, nationwide.”

UPPER MIDDLE INCOME FAMILIES

Under date of April 21, 1965, the Housing Agency submitted to the Subcommittee, a table showing income ceilings which would be set for individual cities in administering the rent supplement program. The setting of such income ceilings is *purely discretionary* with the Administrator. From this table it is readily apparent the Housing Administrator will substantially breach the national median family income (\$6,249), in the case of large families. Here are the income limits the Administrator proposes to set for such families in several of the larger cities:

Philadelphia.....	\$6,900
Toledo.....	8,050
Pittsburgh.....	7,150
Macon, Ga.....	6,600
Providence.....	6,650
San Antonio.....	6,450
Milwaukee.....	8,300
Paterson, N.J.....	8,100
New York City.....	8,900
Newark.....	8,750
Saginaw, Mich.....	7,850

Whereas the national median income for all families (\$6,249) as shown by census data is *total* family income, the Housing Administrator is not bound by any such specific definition. Quite to the contrary, section 101(d) provides that income of the tenant shall be "the tenant's income *as determined by the Administrator* pursuant to procedures and regulations established by him." From total family income the Administrator could and doubtless would make one or more exclusions from total family income and thereby reduce the amount of family income that would be counted under the rent supplement proposal. Precedent for this exists in the public housing program. For instance, in New York City up to \$2,400 of income earned by secondary wage earners (wife, children, etc.) in the family, can be excluded from the family's total income for purposes of determining eligibility and rent payments. Should the Administrator make a similar exclusion for the rent supplement program, the New York City family income limit of \$8,900, as shown in the above table, actually could mean that the total family income was \$8,900 plus \$2,400 excluded income, or a total, *actual* income family limit of \$11,300. In other words, the rent supplement proposal can reach well up into the middle-income family level.

PUBLIC HOUSING JEOPARDIZED

It is little wonder public housing proponents are greatly disturbed by the Administration's rent supplement proposal. (See testimony of the president of the National Association of Housing & Redevelopment Officials, p. 425 of the hearings.) The rent supplement program could run the public housing program right out of business, because Federal subsidies under rent supplements can be far larger per month, per unit than is possible under public housing. Under the public housing program the Federal subsidy is limited to the amount necessary to pay principal and interest over a 40 year period on cost of the unit. There is no such subsidy limitation under the rent supplement program where the subsidy can cover not alone principal and interest costs of the unit over a 40 year period, but also practically all of the operating costs as well. Needless to say, rent supplements can also run the cooperative housing, and 221(d)(3) subsidized interest rate programs out of business.

In short, the rent supplement program has a Federal subsidy potential that no other Federal housing program can even come close to matching.

\$8 BILLION EXPERIMENT

We were told by the Housing Administrator, as well as by other witnesses, that the Administration's rent supplements constitutes an experimental program. But involved in the proposal is the authorization for the Housing Administrator to enter into 40 year contracts with approved housing owners to pay them rent subsidies in amounts not exceeding \$50 million prior to July 1, 1966, which maximum amount would be increased by \$50 million on July 1 in each of the years 1966, 1967, and 1968. In other words by fiscal year 1968, \$200 million a year payment contracts could be outstanding, extending for 40 years. Potentially, that makes it an \$8 billion program that could extend to the year 2008. To us, that is a whale of an experimental program.

When queried about this \$8 billion potential contract cost the Housing Administrator stated that there was "some exaggeration" in the figures. He referred to it as a \$200 million contract authorization program. But, turn to page 235 of the hearings. Note the table submitted by the Housing Administrator showing the estimated cost of the rent supplement program for a 100 unit project. Here we find his estimate is that the aggregate rent supplements for this 100 unit project over 40 years will amount to \$944,000. That is \$9,440 per unit. Since this is supposed to be a 500,000 unit program, the cost of this program alone, based on these figures, is \$4.72 billion. We leave it to the reader to decide for himself which of the two cost estimates of the Administrator more accurately reflect the probable cost of the program.

Assuming appropriation and contracting of the full amounts requested (\$200 million multiplied by 40 years) there can be no question that the potential cost of the program is \$8 billion. With this program dressed up in a \$200 million outfit, Congress is confronted with an \$8 billion Trojan Horse.

THE MEANS TEST

Additionally, we are puzzled that those who for years have objected to the means test on any and all social programs administered by Federal, State, and local governments have now reversed themselves by embracing the means test explicit in the rent supplement program.

Heretofore, means tests have been administered by various levels of government in an effort to insure that those with higher incomes and readily available assets would be ineligible for programs aimed at assisting those who couldn't afford the minimum requirements of food, shelter, and medical services. Although many charged that such tests were socially obnoxious, nevertheless they *were* aimed at maintaining a degree of equity for the indigent and low-income individuals and families in the total allocation of resources by the tax-paying public. In short, the means test has been restricted to indigents and those with low incomes in order equitably to carry out various social programs of public assistance.

Under the Administration's rent supplement proposal, however, we find means tests applying to those with incomes reaching far up into the moderate income levels. If such a test were condemned as socially obnoxious before, consistency requires that they be similarly treated with regard to implementation of a rent supplement program. Under this proposal, however, the means test does *not* have in its defense a proper allocation of public assistance funds aimed at the most needy among our citizens.

To those who doubt that such means tests will be employed by HHFA in connection with rent supplements, we direct your attention to the Housing Administrator's colloquy with Congressman Fino, found on page 263 of the hearings, with regard to a hypothetical situation involving an investigation.

Mr. FINO. All right. How would I be in difficulty if you do not police it or investigate it, supervise it and watch me?

Mr. WEAVER. You will be in difficulty because there will be spot checks, as there always are on these activities, and if this were found, you would be in difficulty for having

made a false statement. I think you would be subject to quite a bit of criminal prosecution as well as being put out of the particular project.

Mr. FINO. My time is up.

Mr. WEAVER. And there is one other check, too, which I hate to say.

Mr. FINO. What is that?

Mr. WEAVER. But your friends and neighbors would be very much concerned about this. *They are the best investigators that you have in these projects.* [Emphasis supplied.]

Upon request, the Housing Administrator supplied for the record the estimated man-hours needed to investigate a prospective list of 100 approved applications for rent supplements. According to the Administrator, in just 77 areas of the country where there are FHA field offices, these investigations would be performed by employees of the HHFA. In all other areas, such investigations would be contracted for with employees and representatives of non-Federal organizations which could be either public or private. It was conceded by proponents in committee that Pinkerton's National Detective Agency could be such an eligible "private" agency.

The following comprise just a few of the tests that would be required, as submitted by the administrator:

1. Check of incomes for 100 approved cases: Check W-2 forms presented, or if no W-2 forms telephone or send form letter to employer to determine if applicant is within the income limit for the area.
2. Check of assets on 100 approved cases: Check to see that the form and certification as to assets is complete and assets are within prescribed limit.

There can be no doubt that rent supplements would direct a means test at middle-income families, in support of a highly questionable social goal, while employing "friends and neighbors" in the very unfriendly and unneighborly role of informers.

BIRTH OF NATIONAL RENTAL STANDARDS

Nowhere in the hearings has the Administration shown evidence that it has studied the impact rent supplements would have on the prevailing patterns of rental rates. With the formula for virtually open-end subsidies, what would hold back limited-dividend and non-profit organizations from building far more expensive multiunit apartment dwellings than those anticipated by the Administration, with the consequent adverse impact on nonsubsidized rents? Indeed, under the language of section 101, the greatest rewards would derive to those organizations and tenants who build and occupy the most costly units.

Moreover, section 101 states that a family must first pay 25 percent of its income for rent before receiving any assistance from the Federal Government in the form of rent supplements. If this section were enacted, every landlord in the Nation could demand of his tenants that they pay 25 percent of their total family income for rent. Their justification for such a demand? The national standards set by the Federal Government. Anyone paying less, it could be claimed, would be paying less than he should. Such a standard rule of thumb

would put enormous pressure on millions of tenants, many of whom *voluntarily* devote far less than 25 percent of their income for rent. The rent gougers and absentee slum landlords in urban areas would waste little time taking advantage of this.

That this could have a profound economic and social impact can be seen by the Administration's testimony on page 218, where it is stated that the median gross monthly rent for families in the United States, according to the 1960 census was \$71. The median national family income for that same year was \$6,249. From this, the typical American family paid 13.6 percent of its income for rent—a little more than half of that proposed as the "norm" in the bill.

The precedent for widespread landlord checks on tenants' income conveniently would be found in the proposed means test to be employed in administering rent supplements. On page 262 of the hearings, the Housing Administrator states that Federal Income Tax Form W-2 would be checked in order to determine a tenants' income eligibility for rent supplements. In most cases, these forms would be surrendered to non-Government employees. Where this is impossible, "telephone or send form letter to employer to determine if applicant is within the income limit."

Can even the most cautious analyst deny the opportunities this opens to unscrupulous landlords?

WHO IS HOODWINKING WHOM?

From the outset of the hearings, it was apparent that section 101, rent supplements, was in deep trouble. Throughout the hearings, even those witnesses who normally support broader housing legislation were unrelenting in their criticism.

In a last-minute attempt to bail out the floundering rent supplement program, the committee eliminated the income floor for those eligible to receive Federal rent payments. That this change is illusory and an attempt to hoodwink Congress can be seen by the Housing Administrator's answer to a question by Senator Douglas during the Senate hearings, "Is there any reason why rent subsidies could not work for poor families, if the committee should decide to lower the income floor below \$3,000?"

Mr. WEAVER. In the first place it goes back to something you said earlier and that is while we do have a volume of both limited dividend and nonprofit corporations which are ready and able to carry out the rent supplementation in the middle-income fields, it is my strong feeling that first many of these groups, certainly the limited-dividend groups are out, and many of the well-motivated nonprofit groups are really not in a position to take on all the management problems that are indigenous to this particular area of low-income management.

As if to underline this, in answer to a similar question from Senator Proxmire, "Why wouldn't they (low-income families) be the ones to get rent subsidies?" the Housing Administrator answered:

You are not going to get the limited dividend companies building and adequately managing houses in the low-income segment.

From these candid admissions by the Housing Administrator during the Senate hearings, we leave it to the reader of this report to decide for himself the extent to which the most needy families would benefit by the committee action in eliminating the income floor from the original Administration bill.

As we have pointed out, while the open-end formula in the amended bill would permit flagrant abuses within both the lower and upper income brackets, the basic socio-economic inequities remain.

CONCLUSION

On page 178 of the hearings the Housing Administrator, speaking of the rent supplement program, states:

This program has received the greatest attention among the President's housing recommendations. It is a vital part of the proposed Administration bill.

In our opinion the President has been sold a bill of goods. We cannot believe that he would "buy" such an incredibly wide open subsidy proposal had he been fully advised as to the potential evils of the program. This is a system of making the rent dollar of the beneficiary worth up to double or more the rent dollar of the unassisted taxpayer. It is unequal opportunity in housing by government fiat. It is legislated discrimination against the self-sufficient citizen.

We are certain the American public will not "buy" such nonsense as is contained in this proposal.

We hope that the Congress, alerted to the pitfalls of the proposal, will reject it.

Section 101, the rent supplement proposal, should be stricken from the bill.

PAUL A. FINO.
JAMES HARVEY.
W. E. BROCK.
BURT L. TALCOTT.
DEL CLAWSON.
ALBERT W. JOHNSON.
J. WILLIAM STANTON.
CHESTER L. MIZE.

INDIVIDUAL VIEWS OF REPRESENTATIVE FLORENCE P. DWYER

Since, in so many ways, the Housing bill reported by our committee is a model of progressive bipartisan cooperation, it is cause for particular regret that the bill is seriously marred by retention of the administration's rent supplement plan for middle-income families.

The bill reflects, among other things, the impressive contribution made by the minority of the Housing subcommittee through the introduction of a Republican alternative housing bill by Representative Widnall, our ranking member, Representative Fino, Representative Harvey, and myself. We helped remove the "new towns" program under which the Government would supervise and subsidize the building of entire new communities. We incorporated our own rent certificate plan as a less expensive substitute for a portion of the conventional public housing program. We supported improvements in the housing for the elderly, college housing, FHA, and FNMA programs. We initiated a new FHA low downpayment program for veterans. We helped provide greater assistance and more equitable compensation for families and small businesses forced to relocate because of housing or urban renewal projects. We tightened up the urban renewal program, encouraged rehabilitation rather than destruction of existing houses, stimulated better use of building and zoning codes as a means of preventing slums, and supported assistance to communities in handling their water supply and sewerage disposal problems.

The big flaw in the bill, however, remains the rent supplement plan under which the Government would subsidize the rental payments of tenants. Although we succeeded in lowering the income limits so that truly low-income families might be eligible, the proposed program continues essentially to be a subsidy for middle-income families including those well above median income level. It is a program without effective standards and qualifications; it was sharply criticized by supporters of housing legislation during the subcommittee's hearings; and, if enacted, it will invite endless inequities.

The statement of minority views in this report thoroughly catalogs what is wrong with the rent supplement program. But what disturbs me most about this administration proposal is the total absence of any scale of values or sense of priorities. While the Government has just determined that family incomes of \$3,300 or less represent the level of poverty, and the census of 1960 revealed that the median family income in the United States is \$6,250, the administration nevertheless recommends subsidizing rents for families well above the median income level and two or three times the poverty level.

At a time when we have begun a mammoth war against poverty, when millions of American families lag tragically far behind the general prosperity of the country, such a proposal as the rent supplement plan not only lacks any justification but represents an affront to

justice and commonsense. I hope the House will reject this provision of the housing bill.

In another particular, too, I believe the bill is deficient. During both subcommittee and full committee consideration of the bill, I proposed an amendment to require submission of proposed urban renewal projects in communities having a population of 150,000 or less to a referendum of local residents. This amendment was rejected.

Nevertheless, I believe such an amendment would greatly strengthen the urban renewal program and encourage it to play the constructive role intended for it in programs of local community development. Public dissatisfaction with urban renewal has been growing rapidly in recent years—not, I believe, because of basic disagreement with the purpose of the program but because of the failure of individual projects to accomplish the purpose.

Supporters of urban renewal pay lipservice to the importance of mobilizing community understanding, cooperation, and support behind a community development, including urban renewal, program. Too often, however, local redevelopment agencies proceed with their programs with only token efforts to involve the community as a whole in the planning and implementation of an urban renewal project, thereby encouraging widespread suspicion, disaffection, and opposition.

The requirement of a public referendum would force local agencies and governing bodies to take their people into their confidence, to solicit their ideas, to consider their needs, and to obtain their consent. It could help make urban renewal the democratic, communitywide program it was intended to be, and permit the program to serve the real needs of individual communities.

FLORENCE P. DWYER.

INDIVIDUAL VIEWS OF REPRESENTATIVES BILL BROCK AND ALBERT W. JOHNSON

Our views on the matter of title I, particularly as regards rent supplements, are contained elsewhere in these pages. Our supplementary views here deal with the establishment of an interest rate of 3 percent for three programs, the 221(d)(3) program apart from rent supplements, the college housing program, and the 202 elderly program.

The merit of these programs, particularly that dealing with the college housing and 202 elderly housing program, is well known. This is beside the point. There is a principle involved.

The Government should *not* borrow money, especially while it continues its deficit operations and in face of its staggering balance-of-payments problems, at an interest rate *higher* than that at which it *lends*. To do so is only to add to and increase the taxpayers' burdens, and complicate the Government's financing problems. It evidences an apparent desire to avoid responsibility.

Consequently, we oppose the sections of the bill establishing the subsidized 3 percent interest rate. This has, once again, nothing to do with the merit of the programs concerned. It is irresponsible for this body to authorize lending money for these programs at a lower interest rate than the Government's cost.

BILL BROCK.

ALBERT W. JOHNSON.

INDIVIDUAL VIEWS OF REPRESENTATIVE BURT L. TALCOTT

I concur in the minority views, but believe more and special emphasis should be given to the objectionable features of the "rent supplement" proposals of section 101.

There can be little doubt that the Housing and Urban Development Act of 1965 was originally, and still is, aimed at centralizing the control and federalizing the operation of American housing. Fulfillment of these objectives would more nearly and more quickly socialize housing than the King-Anderson bill would socialize medical care.

Public housing has not responded rapidly enough to suit the social planners. Success appeared easier by making America's great middle class the target. "Rent supplements"—actual payments by fellow taxpayers—to landlords of families earning between approximately \$4,800 and \$10,000 per year was proposed. When the real consequences of the original "rent supplement" proposals became generally known, the proponents simply reduced the lower qualifying limits to superficially include the poor—but the upper limits have not been reduced. Language may have been changed to include the poor, but the target and emphasis will remain, namely, the moderate income group. America's great middle class does not need or want part of its rent paid by fellow taxpayers.

When many within the administration are deploring U.S. housing (although far superior to any in the world), nothing in the bill was proposed for housing of the most disadvantaged family in the country—the migrant farm laborer. Proponents propose to give rent supplements to the moderate income group, but forget the poorest of the poor.

The proposed rent supplement program should be eliminated from the housing bill because it provides the vehicle for subsidizing the rents of more than half of the families in the United States. The public housing program is being extended at twice the annual rate of construction for the past several years. The FHA mortgage insurance system is replete with special programs for moderate-income families. Obviously, these programs have enjoyed a measure of success in meeting their objectives, and the committee has expressed its confidence by extending these programs for an additional 4 years.

There are at least 20 valid objections to this program, any one of which is sufficiently compelling to justify its rejection by the House by an overwhelming vote.

Some reasons why the proposed rent supplement program should be rejected by the House are:

1. It is a new program ostensibly directed at providing housing assistance for low-income families. Yet the same bill provides 60,000 additional public housing units for each of the next 4 years—almost twice the public housing rate for the past several years.

2. It is limited to new construction, yet the largest source of housing for low-income families is the existing housing inventory. The rent supplement program is premised on the mistaken belief that everyone—regardless of income—is entitled to a *new* dwelling unit.

3. It involves 40-year contracts between the Federal Government and mortgagors with no way of determining the ultimate financial impact on American taxpayers.

4. It makes meaningless the sacrifices of millions of low- and moderate-income families who today own and occupy or rent adequate shelter (according to the 1960 census, 72 percent of families who earn less than \$4,000 per year, and 92 percent of families earning between \$4,000 and \$8,000 per year, live in adequate housing).

5. It holds out a false hope to 8 million low-income families—presently living in adequate shelter—that they too are entitled to have part of their shelter costs paid by the American taxpayers.

6. The upper income limits for determining eligibility for rent supplements are vague and subject to arbitrary decision by Government officials as to the ability or inability of a family or individual to obtain standard shelter with 25 percent of income. The bill contains no maximum rent supplement for any one family or individual. The Administrator would have the authority to extend rent supplements to families of moderate income.

7. It would propose a “means test” on low-income families and cause Government employees and neighbors (according to HHFA Administrator Weaver’s testimony) to pry into family income sources to make sure that the rent supplement is of proper amount.

8. It provides no ceiling on the subsidy per unit, thereby permitting rent doles in excess of public housing subsidies.

9. It would provide rent supplements based on income alone. Nothing in the bill would bar supplements to a family of low income having substantial assets.

10. It makes individuals eligible for rent supplements without regard to age or ability or willingness to work. The Administrator could qualify an able but indolent 21-year-old for a rent supplement.

11. It was advocated by the Administration to permit the phasing out of the FHA section 221(d)(3) below-market interest rate program (presently $3\frac{7}{8}$ percent)—an objective sought by the Budget Bureau because of the impact of the latter program on the budget. Yet the committee has approved a 4-year extension of the program with a 3-percent rate, thereby removing the primary motivation for the rent supplement program.

12. It would authorize the Housing Administrator to contract with private agencies for services in the selection of tenants and delegate to such private agencies the authority to issue certificates of eligibility to receive Federal rent supplements. This delegation of Government responsibility to non-Government entities in selecting the beneficiaries and the amount of a Federal rent dole is without precedent. It was conceded in committee

that the Pinkerton's National Detective Agency would qualify as "such agency."

13. It would increase the complexity of housing statutes which already include public housing for low-income families and several FHA programs for moderate-income families. The housing standards of low- and moderate-income families have improved steadily during the past 20 years. There is no justification for grafting a multibillion-dollar rent dole on top of the existing structure of housing laws.

14. It would provide rent supplements for elderly and handicapped persons; yet there are three Federal housing programs for such persons already in existence, i.e., (1) public housing, (2) direct submarket interest rate loans, and (3) FHA section 231 housing.

15. It would provide rent supplements for persons displaced by Government action notwithstanding the existence at present of a variety of housing programs and other benefits for these people, i.e., public housing, FHA section 221(d)(2), (d)(3), and (d)(4), and relocation allowances.

16. In its inception the rent supplement program was *not intended* for low-income families. To insist now on the program as one also for low-income families is to cling to the form when the objective is no longer in view. A *new* multibillion-dollar housing program, committing the American taxpayers to 40 years of disbursing a rent dole, should rest on firmer foundation and be the product of more thorough staff preparation.

17. It would stifle incentive by confronting a tenant family with a reduction in its rent dole to the extent of increases in family income.

18. It is premised on the false assumption that the integration of diverse economic groups (i.e., welfare recipients, upper middle-income, etc.) is necessary to achieve a Great Society.

19. By making rent supplements a permanent long-range (40 years) housing program to neutralize high rent levels flowing from high interest rates, the Congress would materially impair the many years' effort by some industry and public interest groups to bring about a reduction in interest rate levels. The proposed rent supplement program reflects a surrender to high mortgage interest rates.

20. As originally submitted the program was under bipartisan attack because it was designed for families of moderate income. The committee-approved version removes the floor—makes low-income families eligible—but eligibility of moderate-income families remains in the measure. It therefore provides the mechanism for extending rent doles to *more than half* of families in America.

I strongly recommend that the House reject this ill-advised proposal for rent doles to millions of American families whose housing needs are adequately provided through private enterprise and the several Government housing programs which have met the test of time and which are extended in this bill.

REGARDING FHA INSURANCE OF LAND DEVELOPMENT

The inflation of raw land prices in the last 20 years has materially increased the price of housing. The price increase has been caused basically by the continued strong demand for housing. Efforts to profit from this demand have come from two sources: first, the developer-builder, and, second, from the land speculator who usually has other sources of income and is able to get capital gains tax treatment on the sale of raw land.

FHA insurance of land development plays into the hands of the land speculator. It broadens his market. It will increase the number of bidders for the limited amount of land that can be successfully developed and marketed. Everyone under the umbrella of FHA insurance can engage in what is normally a high risk investment operation. Land prices will be forced up more than they would be otherwise. Higher land prices mean higher cost building sites. That will be detrimental to housing.

This provision contained in section 201 of the bill should be stricken.

UNFARLIAMMENTARY PROCEDURE AND INADEQUATE DELIBERATION

Part of my objection to this bill is procedural.

If time, staff, and facilities were available, convincing objections to every new proposal in this legislation could be made; but they are not. My attention and views must be limited to only two titles. I am convinced that the rush for early passage is contributing to bad legislation which is not carefully enough honed by committee consideration, not fully enough examined by experts with differing views, not sufficiently probed by the spotlight of public opinion and not debated thoroughly enough to qualify as properly deliberated. We, as members of the committee and the Congress, have an obligation to our colleagues, constituents, and all U.S. citizens to thoroughly and exhaustively deliberate each item of legislation. We have not fulfilled our obligation with this bill.

The full committee devoted less than 6 hours to this bill—all in executive, secret session—including interrogation of two panels of witnesses (who favored passage blindly), “marking up” the bill, voting, and all. Of course, no adverse witnesses were invited or heard by the full committee. Many of us had questions which were not answered.

This is a \$6 to \$13 billion bill—with built-in guarantees for perpetuation and escalation for at least 40 years whether housing is needed or not. The bill deserved more and better consideration by our committee.

BURT L. TALCOTT.

INDIVIDUAL VIEWS OF REPRESENTATIVE CHESTER L. MIZE

In this bill, there is a great deal to support. The whole of title IX, dealing with farm and rural housing; the whole of title V, dealing with college housing which will be largely concerned with providing dormitories; the whole of title IV, which will considerably ease the problems inherent in condemnation proceedings and which I think could be expanded but which I realize is limited by the jurisdiction of our committee; the whole of title III, dealing with urban renewal; and many other sections dealing with the Federal Housing Administration and other parts of the bill—all of these are desirable proposals which could well be incorporated into legislation by this or any other Congress.

Unfortunately, all that I have listed and more besides is dwarfed by the expenditures inherent in section 101 of the bill. The costs of this entire bill are listed by the administration at \$6 billion-plus. The cost of section 101 alone, however, which commits the Federal taxpayer to payments of \$200 million annually for 40 years, if the plans expressed in the bill are enacted into law and carried out, will amount to \$8 billion-plus.

In addition, there is section 104, concerned with public housing in various forms. The cost of this section can and will run to \$6 billion. In explanation, the administration figures its cost over only a 4-year period, but since its commitments run for 40 years without the right of recall, I think the Congress must face the problem of 40 years' total cost. These buried billions of dollars to be paid by taxpayers, the majority of them as yet unborn and certainly unfairly committed, will weigh against the desirable elements of the bill itself. Sections 101 and 104, two of the bill's 65 sections, propose benefits for only 1½ percent of the country's families but account for 50 to 60 percent of the bill's cost.

Another factor, not considered in our deliberations, is the rising cost of construction. This in the case of sections 101 and 104 could wipe out much of what is proposed to be built. We are no longer committed to units for the low income and disabled. We are committed to dollars.

If the whole of this bill is restored to economic commonsense I would like to support it. I have hopes of doing so, but only under such conditions.

CHESTER L. MIZE.

89TH CONGRESS
1ST SESSION

Union Calendar No. 176

H. R. 7984

[Report No. 365]

IN THE HOUSE OF REPRESENTATIVES

MAY 6, 1965

Mr. PATMAN introduced the following bill; which was referred to the Committee on Banking and Currency

MAY 21, 1965

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

A BILL

To assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*
- 3 That this Act may be cited as the "Housing and Urban
- 4 Development Act of 1965".

I—O

J. 35-001-BB—1

1 **TITLE I—HOUSING FOR DISADVANTAGED**
2 **PERSONS**

3 FINANCIAL ASSISTANCE TO ENABLE CERTAIN PRIVATE
4 HOUSING TO BE AVAILABLE FOR LOWER INCOME FAM-
5 ILIES WHO ARE ELDERLY, HANDICAPPED, DISPLACED,
6 OR OCCUPANTS OF SUBSTANDARD HOUSING

7 SEC. 101. (a) The Housing and Home Finance Ad-
8 ministrator (hereinafter referred to as the "Administrator")
9 is authorized to make, and contract to make, annual pay-
10 ments to a "housing owner" on behalf of "qualified tenants",
11 as those terms are defined herein, in such amounts and under
12 such circumstances as are prescribed in or pursuant to this
13 section. In no case shall a contract provide for such pay-
14 ments with respect to any housing for a period exceeding
15 forty years. The aggregate amount of the contracts to make
16 such payments shall not exceed amounts approved in appro-
17 priation Acts and shall not exceed \$50,000,000 per annum
18 prior to July 1, 1966, which maximum dollar amount shall
19 be increased by \$50,000,000 on July 1 in each of the years
20 1966, 1967, and 1968.

(b) As used in this section, the term "housing owner" means a private nonprofit corporation or other entity, a limited dividend corporation or other entity, or a cooperative housing corporation, which is a mortgagor under section 221 (d) (3) of the National Housing Act and which, after

1 the enactment of this section, has been approved for mort-
 2 gage insurance thereunder and has been approved for re-
 3 ceiving the benefits of this section: *Provided*, That no
 4 payments under this section may be made with respect to
 5 any property financed with a mortgage receiving the benefits
 6 of the interest rate provided for in the proviso in section
 7 221 (d) (5) of that Act.

8 (c) As used in this section, the term "qualified tenant"
 9 means any individual or family who has, pursuant to criteria
 10 and procedures established by the Administrator, been de-
 11 termined—

12 (1) to be unable to obtain standard privately owned
 13 housing in the area at a rental which is equal to or less
 14 than one-fourth of the income of such individual or
 15 family; and

16 (2) to be one of the following—

17 (A) displaced by governmental action;

18 (B) sixty-two years of age or older (or, in the
 19 case of a family, to have a head who is, or whose
 20 spouse is, sixty-two years of age or over) ;

21 (C) physically handicapped (or, in the case
 22 of a family, to have a head who is, or whose spouse
 23 is, physically handicapped) ; or

24 (D) occupying substandard housing.

25 (d) The amount of the annual payment with respect to

1 any dwelling unit shall not exceed the amount by which
2 the fair market rental for such unit exceeds one-fourth of the
3 tenant's income as determined by the Administrator pur-
4 suant to procedures and regulations established by him.

5 (e) (1) For purposes of carrying out the provisions of
6 this section, the Administrator shall establish criteria and
7 procedures for determining the eligibility of occupants and
8 rental charges, including criteria and procedures with respect
9 to periodic review of tenant incomes and periodic adjustment
10 of rental charges. The Administrator shall issue, upon the
11 request of a housing owner, certificates as to the following
12 facts concerning the individuals and families applying for
13 admission to, or residing in, dwellings of such owner:

14 (A) the income of the individual or family; and

15 (B) whether the individual or family was displaced
16 by governmental action, is elderly, is physically handi-
17 capped, or is (or was) occupying substandard housing.

18 (2) Procedures adopted by the Administrator hereunder
19 shall provide for recertifications of the incomes of occupants,
20 except the elderly, at intervals of two years (or at shorter
21 intervals in cases where the Administrator may deem it
22 desirable) for the purpose of adjusting rental charges and
23 annual payments on the basis of occupants' incomes, but in
24 no event shall rental charges adjusted under this section for
25 any dwelling exceed the fair market rental of the dwelling.

1 (3) The Administrator may enter into agreements, or
2 authorize housing owners to enter into agreements, with
3 public or private agencies for services required in the selec-
4 tion of qualified tenants, including those who may be ap-
5 proved, on the basis of the probability of future increases
6 in their incomes, as lessees under an option to purchase
7 dwellings or cooperative ownership interests therein, and
8 in the establishment of rentals. The Administrator is
9 authorized (without limiting his authority under any other
10 provision of law) to delegate to any such public or private
11 agency his authority to issue certificates pursuant to this
12 subsection.

13 (f) Section 101 (c) of the Housing Act of 1949 is
14 amended by inserting “ (i) ” after “a mortgage under” in the
15 first proviso and by inserting immediately before the colon at
16 the end of such proviso the following: “, or (ii) section
17 221 (d) (3) of the National Housing Act if payments with
18 respect to the mortgaged property are made or are to be
19 made under section 101 of the Housing and Urban Develop-
20 ment Act of 1965, except that no such mortgage shall be in-
21 sured, and no commitment to insure such a mortgage shall
22 be issued, with respect to property in any community for
23 which a workable program for community improvement
24 was required and in effect at the time a contract for a loan
25 or capital grant was entered into under this title, or a con-

1 tract for annual contributions or capital grants was entered
2 into pursuant to the United States Housing Act of 1937,
3 unless there is a workable program for community improve-
4 ment which meets the requirements of this subsection in
5 effect in such community at the time of such insurance or
6 commitment”.

7 (g) The Administrator is authorized to make such rules
8 and regulations, to enter into such agreements, and to adopt
9 such procedures as he may deem necessary or desirable to
10 carry out the provisions of this section. Nothing contained
11 in this section shall affect the authority of the Federal Hous-
12 ing Commissioner with respect to any housing assisted under
13 this section and under section 221 (d) (3) of the National
14 Housing Act, including his authority to prescribe occupancy
15 requirements under other provisions of law or to determine
16 the portion of any such housing which may be occupied by
17 qualified tenants.

18 (h) There are authorized to be appropriated such sums
19 as may be necessary to carry out the provisions of this sec-
20 tion, including, but not limited to, such sums as may be neces-
21 sary to make annual payments, pay for services provided
22 under (or pursuant to agreements entered into under) sub-
23 section (e), and provide administrative expenses.

24 (i) Section 114 (c) (2) of the Housing Act of 1949 is
25 amended by inserting before the colon at the end of the first

1 proviso the following: “, or a dwelling unit assisted under
2 section 101 of the Housing and Urban Development Act of
3 1965”.

4 (j) On or before January 1, 1968, the Administrator
5 shall submit to the Congress a full report of operations under
6 this section, together with his recommendations with respect
7 thereto.

8 EXTENSION OF FHA SECTION 221 PROGRAMS; MODIFICA-
9 TION OF INTEREST RATE; POOLING OF MORTGAGES FOR
10 SALE

11 SEC. 102. (a) The fifth sentence of section 221 (f) of
12 the National Housing Act is amended by striking out “sub-
13 section (d) (2) or (d) (4) after September 30, 1965, or
14 under subsection (d) (3) after September 30, 1965,” and
15 inserting in lieu thereof “this section after October 1, 1969,”.

16 (b) The proviso in section 221 (d) (5) of such Act is
17 amended by striking out “not less than the annual rate of
18 interest determined” and inserting in lieu thereof “not less
19 than the lower of (A) 3 per centum per annum, or (B) the
20 annual rate of interest determined”.

21 (c) Section 302 (c) of such Act is amended by insert-
22 ing before the last sentence thereof the following: “If there
23 shall be included within one or more of the trusts or other
24 agencies created pursuant to the authority of this subsection
25 any mortgages bearing a below-market interest rate and in-

1 sured under section 221 (d) (3) after the date of the enact-
2 ment of the Housing and Urban Development Act of
3 1965, there are authorized to be appropriated from time to
4 time such amounts as may be necessary to reimburse the
5 Association for the amount of the differential (including
6 interest, other costs, and a fair proportion of administrative
7 expense) between (1) the total outlay with respect to out-
8 standing participations or other instruments in an amount not
9 to exceed the dollar amount of such below-market interest
10 rate mortgages, and (2) the total receipts from such
11 mortgages.”

12 LOW-RENT HOUSING IN PRIVATE ACCOMMODATIONS

13 SEC. 103. (a) The United States Housing Act of 1937
14 is amended by redesignating section 23 as section 24, and by
15 adding after section 22 the following new section:

16 “LOW-RENT HOUSING IN PRIVATE ACCOMMODATIONS

17 “SEC. 23. (a) For the purpose of providing a supple-
18 mentary form of low-rent housing which will aid in assuring
19 a decent place to live for every citizen and promote efficiency
20 and economy in the program under this Act by taking full
21 advantage of vacancies or potential vacancies in the private
22 housing market, each public housing agency shall, to the
23 maximum extent consistent with the achievement of the
24 objectives of this Act, provide low-rent housing under this
25 Act in the form of low-rent housing in private accommoda-

1 tions in accordance with this section where such housing in
2 private accommodations can be provided at a cost equal to or
3 less than housing in projects assisted under other provisions
4 of this Act. As used in this section the term 'low-rent hous-
5 ing in private accommodations' means dwelling units in an
6 existing structure, leased from a private owner, which provide
7 decent, safe, and sanitary dwelling accommodations and
8 related facilities effectively supplementing the accommoda-
9 tions and facilities in low-rent housing assisted under the
10 other provisions of this Act in a manner calculated to meet
11 the total housing needs of the community in which they are
12 located. As used in this section, the term 'owner' means
13 any person or entity having the legal right to lease or sub-
14 lease property containing one or more dwelling units as
15 described in this section.

16 “(b) Beginning as soon as practicable after the date of
17 the enactment of this section, each public housing agency
18 shall conduct a continuing survey and listing of the available
19 dwelling units within the community or communities under
20 its jurisdiction which provide decent, safe, and sanitary
21 dwelling accommodations and related facilities and are, or
22 may be made, suitable for use as low-rent housing in private
23 accommodations under this section.

24 “(c) Each public housing agency, by notification to
25 the owners of housing listed under subsection (b), or by

1 publication or advertisement, or otherwise, shall from time
2 to time make known to the public in the community or com-
3 munities under its jurisdiction the anticipated need for dwell-
4 ing units in such community or communities to be used as
5 low-rent housing in private accommodations under this sec-
6 tion, inviting the owners of such dwelling units to make
7 available for purposes of this section one or more of such
8 units (not exceeding 10 per centum of the units in any single
9 structure except to the extent that the agency, because of
10 the limited number of units in the structure or for any other
11 reason, determines that such limit should not be applied).
12 The public housing agency shall conduct appropriate inspec-
13 tions of the units offered to be made available in any
14 residential structure by the owner thereof in response to
15 such invitation, and if—

16 “(1) it finds that such units are, or may be made,
17 suitable for use as low-rent housing in private accom-
18 modations within the meaning of subsection (a), and

19 “(2) the rentals to be charged for such units, as
20 negotiated and agreed to by the agency and the owner
21 of the structure in a manner consistent with subsection
22 (d) (2), are within the financial range of families of
23 low income,

24 such agency may approve such units for use as low-rent
25 housing in private accommodations in accordance with (and

1 subject to the applicable limitations contained in) this sec-
2 tion. Each public housing agency shall maintain and keep
3 current a list of units approved by it under this subsection,
4 including such information with respect to each such unit
5 as it may consider necessary or appropriate.

6 “(d) To the extent of contracts for annual contributions
7 entered into by the Authority with a public housing agency
8 under section 10 (e), such agency may enter into contracts
9 with the owners of structures containing dwelling units ap-
10 proved under subsection (c) for the use of such units in
11 accordance with this section. Each such contract with an
12 owner shall provide (with respect to any unit) that—

13 “(1) the selection of tenants for such unit shall be
14 the function of the owner, subject to the provisions of
15 the contract between the Authority and the agency;

16 “(2) the rental and other charges to be received by
17 the owner shall be negotiated and agreed to by the
18 agency and the owner, and the rental and other charges
19 to be paid by the tenant shall be determined in accord-
20 ance with the standards applicable to units in low-rent
21 housing projects assisted under the other provisions of
22 this Act;

23 “(3) the agency shall have the sole right to give
24 notice to vacate, with the owner having the right to

1 make representations to the agency for termination of
2 a tenancy;

3 “(4) maintenance and replacements (including
4 redecoration) shall be in accordance with the standard
5 practice for the building concerned, as established by
6 the owner and agreed to by the agency; and

7 “(5) the agency and the owner shall carry out such
8 other appropriate terms and conditions as may be
9 mutually agreed to by them.

10 Each contract between a public housing agency and an
11 owner entered into under this subsection shall be for a term
12 of not less than twelve months nor more than thirty-six
13 months, and shall be renewable by such agency and owner
14 at the expiration of such term.

15 “(e) The annual contribution under this Act for a proj-
16 ect of a public housing agency for low-rent housing in private
17 accommodations under this section in lieu of any other guar-
18 anteed contribution authorized by section 10 shall not exceed
19 the amount of the fixed annual contribution which would be
20 established under this Act for a newly constructed project
21 by such public housing agency designed to accommodate the
22 comparable number, sizes, and kinds of families. The
23 period over which payments will be made to a public hous-
24 ing agency for a project of low-rent housing in private
25 accommodations under this section, and the aggregate

1 amount of such payments, under a contract for annual
2 contributions, shall be determined on the basis of the number
3 of units in the community or communities under the juris-
4 diction of such agency which are in use (or can reasonably
5 be expected to be placed in use) as low-rent housing in
6 private accommodations under this section, taking into ac-
7 count the terms of the leases under which such units are (or
8 will be) so used. In addition, contracts for financial assist-
9 ance entered into by the Authority with a public housing
10 agency pursuant to this section shall provide for reimburse-
11 ment of reasonable and necessary expenses incurred by such
12 agency in conducting surveys, listings, and inspections de-
13 scribed in subsections (b) and (c).

14 “(f) On or before January 1, 1968, the Authority shall
15 submit to the Congress a full report of operations under this
16 section, together with its recommendations with respect
17 thereto.”

18 (b) The last sentence of section 2(1) of such Act is
19 amended by striking out “Income limits for occupancy and
20 rents” and inserting in lieu thereof “Except as otherwise pro-
21 vided in section 23, income limits for occupancy and rents”.

22 (c) The provisions of sections 10(h) and 15(7) of the
23 United States Housing Act of 1937, and the workable pro-
24 gram requirement in section 10(e) of such Act and section

1 101 (c) of the Housing Act of 1949, shall not apply to low-
2 rent housing in private accommodations provided under sec-
3 tion 23 of the United States Housing Act of 1937.

4 LOW-RENT PUBLIC HOUSING

5 SEC. 104. (a) Section 10 (e) of the United States
6 Housing Act of 1937 is amended by inserting after "per
7 annum," the following: "which limit shall be increased by
8 \$47,000,000 on the date of the enactment of the Housing
9 and Urban Development Act of 1965, and by further
10 amounts of \$47,000,000 on July 1 in each of the years
11 1966, 1967, and 1968, respectively,".

12 (b) Section 10 (c) of such Act is amended by striking
13 out "*And provided further*" and inserting in lieu thereof
14 "*Provided further*", and by inserting before the period at
15 the end thereof the following: "": *And provided further*, That
16 the amount of the fixed annual contribution which would be
17 established under this Act for a newly constructed project by
18 a public housing agency designed to accommodate a number
19 of families of a given size and kind may be established, as a
20 maximum annual contribution in lieu of any other guaranteed
21 contribution authorized under this section, for a project by
22 such public housing agency which would provide housing
23 for the comparable number, sizes, and kinds of families
24 through the acquisition, acquisition and rehabilitation, or use

1 under lease of existing structures which are suitable for low-
2 rent housing use and obtainable in the local market”.

3 (c) Section 2 (2) of such Act is amended to read as
4 follows:

5 “(2) The term ‘families of low income’ means families
6 (including elderly and displaced families) who are in the
7 lowest income group and who cannot afford to pay enough
8 to cause private enterprise in their locality or metropolitan
9 area to build an adequate supply of decent, safe, and sanitary
10 dwellings for their use. The term ‘families’ includes families
11 consisting of a single person in the case of elderly families
12 and displaced families, and includes the remaining member
13 of a tenant family. The term ‘elderly families’ means families
14 whose heads (or their spouses), or whose sole members, have
15 attained the age at which an individual may elect to receive
16 an old-age benefit under title II of the Social Security Act,
17 or are under a disability as defined in section 223 of that
18 Act, or are handicapped within the meaning of section
19 202 of the Housing Act of 1959. The term ‘displaced fami-
20 lies’ means families displaced by urban renewal or other
21 governmental action.”

22 (d) Section 15 (7) (b) of such Act is amended by strik-
23 ing out “(ii)” and all that follows down through “and
24 (iii)”, and by inserting in lieu thereof “and (ii)”.

1 DIRECT LOANS TO PROVIDE HOUSING FOR THE ELDERLY
2 OR HANDICAPPED

3 SEC. 105. (a) Section 202 (a) (4) of the Housing Act
4 of 1959 is amended by striking out "not to exceed \$350,-
5 000,000" and inserting in lieu thereof "such sums as may
6 be necessary for purposes of this section,".

7 (b) Effective with respect to loans made on or after
8 the date of the enactment of this Act, section 202 (a) (3) of
9 such Act is amended by striking out "the higher of (A)
10 $2\frac{3}{4}$ per centum per annum, or" and inserting in lieu thereof
11 "the lower of (A) 3 per centum per annum, or".

12 (c) Section 202 (a) of such Act is further amended
13 by adding at the end thereof the following new paragraph:

14 "(5) No loan shall be made under this section after
15 October 1, 1969, except pursuant to a commitment entered
16 into on or before such date."

17 REHABILITATION GRANTS TO HOMEOWNERS IN URBAN
18 RENEWAL AREAS

19 SEC. 106. (a) Title I of the Housing Act of 1949 is
20 amended by adding at the end thereof the following new
21 section:

22 "REHABILITATION GRANTS

23 "SEC. 115. (a) Notwithstanding any other provision
24 of this title, the Administrator may authorize a local public
25 agency to make grants (and the urban renewal project may

1 include the making of such grants) as prescribed in this sec-
2 tion. Any such grant may be made only to an individual or
3 family, as described in subsection (b), who owns and oc-
4 cupies a structure in an urban renewal area, and only for the
5 purpose of covering the cost of repairs and improvements
6 necessary to make such structure conform to public standards
7 for decent, safe, and sanitary housing as required by appli-
8 cable codes or other requirements of the urban renewal plan
9 for the area. Any contract for financial assistance under this
10 title shall provide that the capital grant otherwise payable
11 for the project shall be increased by an amount equal to the
12 total amount of the grants under this section and that no part
13 of the total amount of such grants shall be required to be con-
14 tributed as part of the local grant-in-aid.

15 “(b) A grant authorized by this section may be made
16 to an individual or family whose income does not exceed
17 \$2,000 a year, and such grant may be in an amount which
18 does not exceed the lesser of (1) the actual (and approved)
19 cost of the repairs and improvements involved, or (2)
20 \$1,500. In case the income of the individual or family
21 exceeds \$2,000 a year, a grant may be made under this
22 section, subject to the limitations specified in clauses (1) and
23 (2) of the preceding sentence, but only in an amount not to
24 exceed that portion of the cost of the repairs and improve-

1 ments which cannot be paid for with any available loan that
 2 can be amortized as part of such individual's or family's
 3 monthly housing expense without requiring such monthly
 4 housing expense to exceed 25 per centum of such individual's
 5 or family's monthly income."

6 (b) Any contract with a local public agency which was
 7 executed under title I of the Housing Act of 1949 before the
 8 date of enactment of this Act may be amended to provide for
 9 grants authorized by section 115 of the Housing Act of
 10 1949.

11 TITLE II—FHA INSURANCE OPERATIONS

12 LAND DEVELOPMENT

13 SEC. 201. (a) The National Housing Act is amended
 14 by adding at the end thereof the following new title:

15 "TITLE X—MORTGAGE INSURANCE FOR LAND 16 DEVELOPMENT

17 "DEFINITIONS

18 "SEC. 1001. As used in this title—

19 "(a) the term 'mortgage' means a lien or liens on
 20 real estate in fee simple, or on a leasehold (1) under a
 21 lease for not less than ninety-nine years which is renew-
 22 able or (2) under a lease having a period of not less
 23 than fifty years to run from the date the mortgage was
 24 executed;

25 "(b) the term 'first mortgage' includes such classes

1 of first liens as are commonly given to secure advances
2 (including but not limited to advances during construc-
3 tion) on, or the unpaid purchase price of, real estate
4 under the laws of the State in which the real estate is
5 located, together with the credit instrument or instru-
6 ments, if any, secured thereby, and may be in the form
7 of trust mortgages or mortgage indentures or deeds of
8 trusts securing notes, bonds, or other credit instruments;

9 “(c) the terms ‘mortgagee’, ‘mortgagor’, and
10 ‘State’ have the same meaning as in section 207 of
11 this Act;

12 “(d) the term ‘improvements’ means waterlines and
13 water supply installations, sewerlines and sewage dis-
14 posal installations, roads, streets, curbs, gutters, side-
15 walks, storm drainage facilities, and other installations
16 or work, whether on or off the site, which the Com-
17 missioner deems necessary or desirable to prepare land
18 primarily for residential and related uses or to provide,
19 for public or common use, facilities which (1) shall
20 include only such buildings as are needed in connection
21 with water supply or sewage disposal installations and
22 such buildings, other than schools, as the Commissioner
23 considers appropriate, and (2) are to be owned and
24 maintained jointly by the property owners; and .

1 “(e) the term ‘land development’ means the process
2 of making, installing, or constructing improvements.

3 “BASIC CONDITIONS FOR INSURANCE

4 “SEC. 1002. The Commissioner is authorized (1) to
5 insure, upon such terms and conditions as he may prescribe,
6 any first mortgage (including advances on such mortgage)
7 in accordance with the provisions of this title and (2) to
8 make a commitment for the insurance of such mortgage prior
9 to the date of execution of such mortgage or prior to the date
10 of disbursement of the mortgage proceeds. No mortgage
11 shall be insured under this title after October 1, 1969, except
12 pursuant to a commitment to insure issued before such date.

13 “SEC. 1003. The mortgage shall—

14 “(a) be executed by a mortgagor, other than a pub-
15 lic body, approved by the Commissioner;

16 “(b) be made to and held by a mortgagee approved
17 by the Commissioner; and

18 “(c) cover the land to be developed and the im-
19 provements to be made with the assistance of the mort-
20 gage insurance under this title, except facilities intended
21 for public use and in public ownership.

22 “SEC. 1004. The principal obligation of the mortgage
23 shall (1) not exceed 75 per centum of the Commissioner’s
24 estimate of the value of the property upon completion of the
25 land development, and (2) not exceed the sum of 50 per

1 centum of the Commissioner's estimate of the value of the
2 land before development and 90 per centum of his estimate
3 of the cost of such development. The outstanding principal
4 obligations of mortgages involving a single land development
5 undertaking, as defined by the Commissioner, shall at no
6 time exceed \$12,500,000.

7 "SEC. 1005. The mortgage shall—

8 " (a) have a maturity, not to exceed seven years,
9 and contain repayment provisions satisfactory to the
10 Commissioner;

11 " (b) bear interest at a rate satisfactory to the Com-
12 missioner, and such interest shall be exclusive of premium
13 charges for mortgage insurance and such service charges
14 and fees as may be approved by the Commissioner; and

15 " (c) contain such terms and provisions with respect
16 to protection of the security, payment of taxes, de-
17 linquency charges, prepayment, additional and secondary
18 liens, and other matters as the Commissioner may in his
19 discretion prescribe.

20 "SEC. 1006. A property or project to be financed by a
21 mortgage insured under this title shall—

22 " (a) represent a good mortgage insurance risk;
23 and

24 " (b) involve improvements that comply with all
25 applicable State and local governmental requirements

1 and with minimum standards approved by the Com-
2 missioner.

3 “LAND PLANNING

4 “SEC. 1007. (a) The land development covered by a
5 mortgage insured under this title shall be undertaken pur-
6 suant to a schedule, conforming to such requirements and
7 procedures as the Commissioner may prescribe, that will
8 assure the use of the land for the purposes for which it is to
9 be developed within the shortest reasonable period consistent
10 with the objectives of sound and economic community growth
11 or urban development.

12 “(b) The land development shall be undertaken in
13 accordance with an overall development plan, appropriate
14 to the scope and character of the undertaking, which—

15 “(1) has received all governmental approvals re-
16 quired by State or local law or by the Commissioner;

17 “(2) is acceptable to the Commissioner as provid-
18 ing reasonable assurance that the land development will
19 contribute to good living conditions in the area being
20 developed, which area (i) will have a sound economic
21 base and a long economic life, (ii) will be characterized
22 by sound land-use patterns, and (iii) will include or be
23 served by such shopping, school, recreational, transpor-
24 tation, and other facilities as the Commissioner deems
25 adequate or necessary; and

1 “(3) is consistent with a comprehensive plan which
 2 covers, or with comprehensive planning being carried
 3 on for, the area in which the land is situated, and which
 4 meets criteria established by the Housing and Home
 5 Finance Administrator for such plans or planning.

6 “ENCOURAGEMENT OF SMALL BUILDERS AND MODERATE
 7 COST HOUSING

8 “SEC. 1008. The Commissioner shall adopt such require-
 9 ments as he deems necessary in land development covered
 10 by mortgages insured under this title to encourage the main-
 11 tenance of a diversified local homebuilding industry, broad
 12 participation by builders, and the inclusion of a proper bal-
 13 ance of housing for families of moderate or low income.

14 “WATER AND SEWERAGE FACILITIES

15 “SEC. 1009. After development of the land it shall be
 16 served by public systems for water and sewerage which are
 17 consistent with other existing or prospective systems within
 18 the area. If the Commissioner determines that public own-
 19 ership of such a system is not feasible, he may approve an
 20 adequate privately or cooperatively owned system which
 21 will be regulated, during the period of such ownership, in
 22 a manner acceptable to him with respect to user rates and
 23 charges, capital structure, methods of operation, and rate
 24 of return. Approval of such system shall be given only
 25 where the Commissioner receives assurances, satisfactory

1 to him, with respect to eventual public ownership and op-
2 eration of the system and with respect to the conditions
3 and terms of any sale or transfer.

4 "RELEASES

5 "SEC. 1010. The Commissioner may, on such terms and
6 conditions as he may prescribe, consent to the release or
7 subordination of a part or parts of the mortgaged property
8 from the lien of the mortgage.

9 "PREMIUMS AND FEES

10 "SEC. 1011. The Commissioner shall collect reasonable
11 premiums for the insurance of any mortgage under this title
12 and make such charges as he determines are reasonable for
13 the analysis of the land development plan and the appraisal
14 and inspection of the property and improvements. On or
15 before January 1, 1967, the Commissioner shall make a
16 report to the Congress concerning the premium rates and
17 other charges under this title that he estimates will be ade-
18 quate to provide income sufficient for a self-supporting pro-
19 gram.

20 "INSURANCE BENEFITS

21 "SEC. 1012. The provisions of subsections (e), (g),
22 (h), (i), (j), (k), (l), and (n) of section 207 of this
23 Act shall be applicable to mortgages insured under this
24 title, except that as applied to such mortgages (1) any
25 reference therein to section 207 shall be deemed to refer to

1 this title, and (2) any reference to an annual premium shall
2 be deemed to refer to such premiums as the Commissioner
3 may designate under this title.

4 "INCONTESTABILITY PROVISIONS

5 "SEC. 1013. Any contract of insurance executed by the
6 Commissioner under this title shall be conclusive evidence of
7 the eligibility of the mortgage for insurance, and the validity
8 of any contract of insurance so executed shall be incontest-
9 able in the hands of an approved mortgagee from the date of
10 the execution of such contract, except for fraud or material
11 misrepresentation on the part of such approved mortgagee.

12 "RULES AND REGULATIONS

13 "SEC. 1014. The Commissioner is authorized to make
14 such rules and regulations and to require such agreements
15 as he may deem necessary or desirable to carry out the pro-
16 visions of this title.

17 "TAXATION PROVISIONS

18 "SEC. 1015. Nothing in this title shall be construed to
19 exempt any real property acquired and held by the Com-
20 missioner under this title from taxation by any State or
21 political subdivision thereof to the same extent, according
22 to its value, as other real property is taxed.

23 "COST CERTIFICATION

24 "SEC. 1016. (a) The Commissioner shall adopt such re-
25 quirements as he determines necessary to assure, at reason-

1 able intervals of time during land development and upon
2 completion of such development, that the amount of the
3 mortgage loan outstanding at each such interval does not
4 exceed with respect to that portion of the land remaining
5 under the lien of the mortgage (1) 50 per centum of the
6 Commissioner's estimate of the value of such remaining
7 land before development, plus (2) 90 per centum of the
8 actual costs of the development allocated by the Commis-
9 sioner to such remaining land.

10 “(b) From time to time during, and upon completion
11 of, the development, the Commissioner shall require the
12 mortgagor to certify as to the actual costs of development
13 of the land.

14 “(c) Certifications required pursuant to this section
15 shall be accompanied by such data and records as the Com-
16 missioner shall prescribe.

17 “(d) A mortgagor's certification approved by the Com-
18 missioner shall be final and incontestable except for fraud
19 or material misrepresentation on the part of the mortgagor.

20 “(e) As used in this section, the term ‘actual costs’
21 means the costs (exclusive of kickbacks, rebates, or trade
22 discounts) to the mortgagor of the improvements involved.
23 These costs may include amounts paid for labor, materials,
24 construction contracts, land planning, engineers' and archi-
25 tects' fees, surveys, taxes, and interest during development,

1 organizational and legal expenses, such allocation of general
2 overhead expenses as are acceptable to the Commissioner,
3 and other items of expense incidental to development which
4 may be approved by the Commissioner. If the Commis-
5 sioner determines there is an identity of interest between
6 the mortgagor and the contractor, there may be included
7 an allowance for contractor's profit in an amount deemed
8 reasonable by the Commissioner."

9 (b) (1) Section 302 (b) of the National Housing Act is
10 amended by striking out "the term 'mortgages' " in the last
11 sentence and inserting in lieu thereof "the terms 'mortgages'
12 and 'home mortgages' ".

13 (2) The first paragraph of section 24 of the Federal
14 Reserve Act is amended by inserting before the next to last
15 sentence the following new sentence: "Notwithstanding the
16 foregoing limitations and restrictions in this section, any na-
17 tional banking association may make loans for land develop-
18 ment which are secured by mortgages insured under title X
19 of the National Housing Act."

20 (3) Section 5 (c) of the Home Owners Loan Act of
21 1933 is amended by adding at the end thereof the following
22 new paragraph:

23 "Without regard to any other provision of this sub-
24 section, any such association may, to such extent as the
25 Federal Home Loan Bank Board may by regulation permit,

1 invest in loans, and interests in loans, secured by mortgages
 2 as to which the association has the benefit of insurance under
 3 title X of the National Housing Act or of a commitment or
 4 agreement for such insurance, and investments under this
 5 sentence shall not be included in any percentage of assets
 6 or other percentage referred to in this subsection."

7 EXTENSION OF INSURANCE AUTHORIZATIONS

8 SEC. 202. (a) Section 2 (a) of the National Housing
 9 Act is amended by striking out "October 1, 1965" and insert-
 10 ing in lieu thereof "October 1, 1969".

11 (b) Section 217 of such Act is amended—

12 (1) by striking out "title VIII" and inserting in
 13 lieu thereof "title VIII, or title X", and

14 (2) by striking out "October 1, 1965" and insert-
 15 ing in lieu thereof "October 1, 1969".

16 (c) The second sentences of sections 809 (f) and 810 (k)
 17 of such Act are each amended by striking out "October 1,
 18 1965" and inserting in lieu thereof "October 1, 1969".

19 MULTIFAMILY MORTGAGE LIMITS FOR FOUR OR MORE

20 BEDROOM UNITS

21 SEC. 203. (a) Section 207 (c) (3) of the National
 22 Housing Act is amended—

23 (1) by striking out "and \$18,500 per family unit
 24 with three or more bedrooms" and inserting in lieu
 25 thereof "\$18,500 per family unit with three bedrooms,

1 and \$21,000 per family unit with four or more bed-
2 rooms,"; and

3 (2) by striking out "and \$22,500 per family unit
4 with three or more bedrooms" and inserting in lieu
5 thereof "\$22,500 per family unit with three bedrooms,
6 and \$25,500 per family unit with four or more bed-
7 rooms".

8 (b) (1) Section 213 (b) (2) of such Act is amended—

9 (A) by striking out "and \$18,500 per family unit
10 with three or more bedrooms" and inserting in lieu
11 thereof "\$18,500 per family unit with three bedrooms,
12 and \$21,000 per family unit with four or more bed-
13 rooms"; and

14 (B) by striking out "and \$22,500 per family unit
15 with three or more bedrooms" and inserting in lieu
16 thereof "\$22,500 per family unit with three bedrooms,
17 and \$25,500 per family unit with four or more bed-
18 rooms".

19 (2) Section 213 (c) of such Act is amended by strik-
20 ing out "and not to exceed" and all that follows and insert-
21 ing in lieu thereof the following: "and not to exceed a sum
22 computed on the basis of a separate mortgage for each
23 single-family dwelling (irrespective of whether such dwell-
24 ing has a party wall or is otherwise physically connected
25 with another dwelling or dwellings) comprising the prop-

erty or project, equal to the total of each of the maximum principal obligations of such mortgages which would meet the requirements of section 203 (b) (2) if the mortgagor were the owner and occupant who had made any required payment on account of the property prescribed in such paragraph.”

(c) Section 220 (d) (3) (B) (iii) of such Act is amended—

(1) by striking out “and \$18,500 per family unit with three or more bedrooms” and inserting in lieu thereof “\$18,500 per family unit with three bedrooms, and \$21,000 per family unit with four or more bedrooms”; and

(2) by striking out “and \$22,500 per family unit with three or more bedrooms” and inserting in lieu thereof “\$22,500 per family unit with three bedrooms, and \$25,500 per family unit with four or more bedrooms”.

(d) Section 221 (d) of such Act is amended—

(1) by striking out “and \$17,000 per family unit with three or more bedrooms” in paragraphs (3) (ii) and (4) (ii) and inserting in lieu thereof “\$17,000 per family unit with three bedrooms, and \$19,250 per family unit with four or more bedrooms”; and

1 (2) by striking out “and \$20,000 per family unit
2 with three or more bedrooms” in paragraphs (3) (ii)
3 and (4) (ii) and inserting in lieu thereof “\$20,000 per
4 family unit with three bedrooms, and \$22,750 per
5 family unit with four or more bedrooms”.

6 (e) Section 231 (c) (2) of such Act is amended—

7 (1) by striking out “and \$17,000 per family unit
8 with three or more bedrooms” and inserting in lieu
9 thereof “\$17,000 per family unit with three bedrooms,
10 and \$19,250 per family unit with four or more bed-
11 rooms”; and

12 (2) by striking out “and \$20,000 per family unit
13 with three or more bedrooms” and inserting in lieu
14 thereof “\$20,000 per family unit with three bedrooms,
15 and \$22,750 per family unit with four or more bed-
16 rooms”.

17 (f) Section 234 (e) (3) of such Act is amended—

18 (1) by striking out “and \$18,500 per family unit
19 with three or more bedrooms” and inserting in lieu
20 thereof “\$18,500 per family unit with three bedrooms,
21 and \$21,000 per family unit with four or more bed-
22 rooms”; and

23 (2) by striking out “and \$22,500 per family unit

1 with three or more bedrooms” and inserting in lieu
2 thereof “\$22,500 per family unit with three bedrooms,
3 and \$25,500 per family unit with four or more bed-
4 rooms”.

5 REHABILITATION IN URBAN RENEWAL AREAS

6 SEC. 204. Section 220 (d) (3) (A) of the National
7 Housing Act is amended—

8 (1) by striking out the second proviso in clause
9 (i) ; and

10 (2) by striking out clause (ii) and inserting in
11 lieu thereof the following:

12 “(ii) in a case where the mortgagor is not the
13 occupant of the property and intends to hold the prop-
14 erty for rental purposes, have a principal obligation in
15 an amount not to exceed 93 per centum of the amount
16 computed under the provisions of clause (i) ;

17 “(iii) in a case where the mortgagor is not the
18 occupant of the property and intends to hold the prop-
19 erty for the purpose of sale, have a principal obligation
20 in an amount not to exceed 85 per centum of the amount
21 computed under the provisions of clause (i) , or in the
22 alternative, in an amount equal to the amount computed
23 under the provisions of clause (i) if the mortgagor and
24 mortgagee assume responsibility in a manner satisfactory

1 to the Commissioner for the reduction of the mortgage
2 by an amount not less than 15 per centum of the out-
3 standing principal amount thereof, or by such greater
4 amount as may be required to meet the limitations of
5 clause (iv), in the event the mortgaged property is not,
6 prior to the due date of the eighteenth amortization pay-
7 ment of the mortgage, sold to a purchaser acceptable to
8 the Commissioner who is the occupant of the property
9 and who assumes and agrees to pay the mortgage in-
10 debtedness; and

11 “(iv) in no case involving refinancing (except as
12 provided in clause (iii)) have a principal obligation
13 in an amount exceeding the sum of the estimated cost
14 of repair and rehabilitation and the amount (as deter-
15 mined by the Commissioner) required to refinance ex-
16 isting indebtedness secured by the property or project,
17 plus any existing indebtedness incurred in connection
18 with improving, repairing, or rehabilitating the prop-
19 erty; or”.

20 NONDWELLING FACILITIES FOR URBAN RENEWAL HOUSING

21 SEC. 205. Section 220 (d) (3) (B) of the National
22 Housing Act is amended by striking out clause (iv) and
23 inserting in lieu thereof the following:

1 “(iv) include such nondwelling facilities as the
 2 Commissioner deems desirable and consistent with the
 3 urban renewal plan: *Provided*, That the project shall
 4 be predominantly residential and any nondwelling fa-
 5 cility included in the mortgage shall be found by the
 6 Commissioner to contribute to the economic feasibility
 7 of the project.”

8 LARGER INSURED MORTGAGES FOR SERVICEMEN

9 SEC. 206. Section 222 (b) of the National Housing Act
 10 is amended—

11 (1) by striking out “\$20,000” in paragraph (2)
 12 and inserting in lieu thereof “\$30,000”; and

13 (2) by striking out paragraph (3) and inserting
 14 in lieu thereof the following:

15 “(3) have a principal obligation not in excess of
 16 the amount derived by applying the maximum ratio of
 17 loan to value prescribed in the first sentence of section
 18 203 (b) (2) ; and”.

19 REFINANCING OF INSURED MORTGAGES

20 SEC. 207. Section 223 (a) (7) of the National Housing
 21 Act is amended by striking out “section 608 of title VI prior
 22 to the effective date of the Housing Act of 1954 or under
 23 section 220, 221, 903, or section 908” and inserting in lieu
 24 thereof “this Act”.

1 CONSOLIDATION OF FHA INSURANCE FUNDS

2 SEC. 208. Title V of the National Housing Act is
3 amended by adding at the end thereof the following new
4 section:

5 “ESTABLISHMENT OF GENERAL INSURANCE FUND

6 “SEC. 519. (a) There is hereby created a General In-
7 surance Fund which shall be used by the Commissioner, on
8 and after the date of the enactment of the Housing and Urban
9 Development Act of 1965, as a revolving fund for carrying
10 out all the insurance provisions of this Act with the excep-
11 tion of those specified in subsection (e). All mortgages or
12 loans insured under this Act pursuant to commitments issued
13 on or after the date of the enactment of the Housing and
14 Urban Development Act of 1965, except those specified in
15 subsection (e), and all loans reported for insurance under
16 section 2 on or after the date of the enactment of the
17 Housing and Urban Development Act of 1965, shall be
18 insured under the General Insurance Fund. The Commis-
19 sioner shall transfer to the General Insurance Fund—

20 “(1) the assets and liabilities of all insurance ac-
21 counts and funds, except the Mutual Mortgage Insurance
22 Fund, existing under this Act immediately prior to
23 the enactment of the Housing and Urban Development
24 Act of 1965;

1 “(2) all outstanding commitments for insurance
2 issued prior to the date of the enactment of the Housing
3 and Urban Development Act of 1965, except those
4 specified in subsection (e) ;

5 “(3) the insurance on all mortgages and loans in-
6 sured prior to the date of the enactment of the Housing
7 and Urban Development Act of 1965, except insur-
8 ance specified in subsection (e) ; and

9 “(4) the insurance of all loans made by approved
10 financial institutions pursuant to section 2 prior to the
11 date of the enactment of the Housing and Urban De-
12 velopment Act of 1965.

13 “(b) The general expenses of the operations of the Fed-
14 eral Housing Administration relating to mortgages and loans
15 which are the obligation of the General Insurance Fund
16 may be charged to the General Insurance Fund.

17 “(c) Moneys in the General Insurance Fund not needed
18 for the current operations of the Federal Housing Admin-
19 istration with respect to mortgages and loans which are the
20 obligation of the General Insurance Fund shall be deposited
21 with the Treasurer of the United States to the credit of such
22 Fund, or invested in bonds or other obligations of, or in
23 bonds or other obligations guaranteed as to principal and
24 interest by, the United States. The Commissioner may, with
25 the approval of the Secretary of the Treasury, purchase in

1 the open market debentures issued as obligations of the Gen-
2 eral Insurance Fund or issued prior to the enactment of the
3 Housing and Urban Development Act of 1965 under other
4 provisions of this Act, except debentures issued under the
5 Mutual Mortgage Insurance Fund. Such purchases shall be
6 made at a price which will provide an investment yield of not
7 less than the yield obtainable from other investments author-
8 ized by this section. Debentures so purchased shall be can-
9 celed and not reissued.

10 “(d) Premium charges, adjusted premium charges, and
11 appraisal and other fees received on account of the insurance
12 of any mortgage or loan which is the obligation of the Gen-
13 eral Insurance Fund, the receipts derived from the property
14 covered by such mortgages and loans and from the claims,
15 debts, contracts, property, and security assigned to the Com-
16 missioner in connection therewith, and all earnings on the
17 assets of the Fund shall be credited to the General Insurance
18 Fund. The principal of, and interest paid and to be paid on,
19 debentures which are the obligation of such Fund, and cash
20 insurance payments and adjustments, and expenses incurred
21 in the handling, management, renovation, and disposal of
22 properties acquired, in connection with mortgages and loans
23 which are the obligation of such Fund, shall be charged to
24 such Fund.

25 “(e) The General Insurance Fund shall not be used

1 for carrying out the provisions of sections 203 (b) , 203 (h) ,
2 and 203 (i) , or the provisions of section 213 to the extent
3 that they involve mortgages the insurance for which is the
4 obligation of the Cooperative Management Housing Insur-
5 ance Fund created by section 213 (k) ; and nothing in this
6 section shall apply to or affect any mortgages, loans, com-
7 mitments, or insurance under such provisions.”

8 MUTUALITY FOR MANAGEMENT-TYPE COOPERATIVES

9 SEC. 209. (a) Section 213 of the National Housing Act
10 is amended by adding at the end thereof the following new
11 subsections:

12 “(k) There is hereby created a Cooperative Manage-
13 ment Housing Insurance Fund (hereinafter referred to as
14 the ‘Management Fund’). The Management Fund shall
15 be used by the Commissioner as a revolving fund for carry-
16 ing out the provisions of this section with respect to
17 mortgages or loans insured, on or after the date of the enact-
18 ment of this subsection, under subsections (a) (1) , (a) (3)
19 (if the project is acquired by a cooperative corporation) ,
20 (i) , and (j) . The Management Fund shall also be used as
21 a revolving fund for mortgages, loans, and commitments
22 transferred to it pursuant to subsection (m) . The Commis-
23 sioner is directed to transfer to the Management Fund from
24 the General Insurance Fund established pursuant to section
25 519 such amount as the Commissioner determines to be

1 necessary and appropriate. General expenses of operation
2 of the Federal Housing Administration relating to mort-
3 gages or loans which are the obligation of the Management
4 Fund may be charged to the Management Fund.

5 “(1) The Commissioner shall establish in the Manage-
6 ment Fund, as of the date of the enactment of this subsec-
7 tion, a General Surplus Account and a Participating Reserve
8 Account. The aggregate net income thereafter received or
9 any net loss thereafter sustained by the Management Fund,
10 in any semiannual period, shall be credited or charged to
11 the General Surplus Account or the Participating Reserve
12 Account or both in such manner and amounts as the Com-
13 missioner may determine to be in accord with sound actu-
14 arial and accounting practice. Upon termination of the
15 insurance obligation of the Management Fund by payment
16 of any mortgage or loan insured under this section, and at
17 such time or times prior to such termination as the Commis-
18 sioner may determine, the Commissioner is authorized to
19 distribute to the mortgagor or borrower a share of the Par-
20 ticipating Reserve Account in such manner and amount as
21 the Commissioner shall determine to be equitable and in ac-
22 cordance with sound actuarial and accounting practice: *Pro-*
23 *vided*, That in no event shall the amount of the distributable
24 share exceed the aggregate scheduled annual premiums of the
25 mortgagor or borrower to the year of payment of the share

1 less the total amount of any share or shares previously dis-
2 tributed by the Commissioner to the mortgagor or borrower:
3 *And provided further*, That in no event may a distributable
4 share be distributed until any funds transferred from the Gen-
5 eral Insurance Fund to the Management Fund pursuant to
6 subsection (k) or (o) have been repaid in full to the General
7 Insurance Fund. No mortgagor, mortgagee, borrower, or
8 lender shall have any vested right in a credit balance in any
9 such account or be subject to any liability arising out of the
10 mutuality of the Management Fund. The determination of
11 the Commissioner as to the amount to be paid by him to any
12 mortgagor or borrower shall be final and conclusive.

13 “(m) The Commissioner is authorized to transfer to the
14 Management Fund commitments for insurance issued under
15 subsections (a) (1), (i), and (j) prior to the date of the
16 enactment of this subsection, and to transfer to the Manage-
17 ment Fund the insurance of any mortgage or loan insured
18 prior to the date of the enactment of this subsection under
19 subsection (a) (1), (a) (3) (if the project is acquired by a
20 cooperative corporation), (i), or (j), but only in cases
21 where the consent of the mortgagee or lender to the transfer
22 is obtained or a request by the mortgagee or lender for the
23 transfer is received by the Commissioner within such period
24 of time after the date of the enactment of this subsection as
25 the Commissioner shall prescribe: *Provided*, That the insur-

1 ance of any mortgage or loan shall not be transferred under
2 the provisions of this subsection if on the date of the enact-
3 ment of this subsection the mortgage or loan is in default and
4 the mortgagee or lender has notified the Commissioner in
5 writing of its intention to file an insurance claim. Any
6 insurance or commitment not so transferred shall continue to
7 be an obligation of the General Insurance Fund.

8 “(n) Notwithstanding the limitations contained in
9 other provisions of this Act, premium charges for mortgages
10 or loans insured under this section and sections 207, 231, and
11 232 may be payable in debentures issued in connection with
12 mortgages or loans transferred to the Management Fund or
13 in connection with mortgages or loans insured pursuant to
14 commitments transferred to the Management Fund, as pro-
15 vided in subsection (m) of this section.

16 “(o) Notwithstanding any other provision of this Act,
17 the Commissioner is authorized to transfer funds between
18 the Cooperative Management Housing Insurance Fund and
19 the General Insurance Fund in such amounts and at such
20 times as he may determine, taking into consideration the
21 requirements of each such Fund, to assist in carrying out
22 effectively the insurance programs for which such Funds
23 were respectively established.”

24 (b) Section 213 of such Act is further amended—

25 (1) by inserting before the period at the end of

1 subsection (a) the following: “: *Provided*, That as ap-
 2 plied to mortgages the mortgage insurance for which is
 3 the obligation of the Management Fund, the reference
 4 to the General Insurance Fund in section 207 (b) (2)
 5 shall be construed to refer to the Management Fund”;
 6 and

7 (2) by inserting before the period at the end of
 8 subsection (e) the following: “: *Provided*, That as ap-
 9 plied to mortgages or loans the insurance for which is
 10 the obligation of the Management Fund (1) all refer-
 11 ences to the General Insurance Fund shall be construed
 12 to refer to the Management Fund, and (2) all refer-
 13 ences to section 207 shall be construed to refer to sub-
 14 sections (a) (1), (a) (3) (if the project involved is
 15 acquired by a cooperative corporation), (i), and (j)
 16 of this section”.

17 **OPTIONAL CASH PAYMENT OF INSURANCE BENEFITS**

18 **SEC. 210.** Title V of the National Housing Act is
 19 amended by adding at the end thereof (after the new sec-
 20 tion added by section 208 of this Act) the following new
 21 section:

22 **“OPTIONAL CASH PAYMENT OF INSURANCE BENEFITS**

23 **“SEC. 520. (a)** Notwithstanding any other provisions
 24 of this Act with respect to the payment of insurance benefits,
 25 the Commissioner is authorized, in his discretion, to pay in

1 cash or in debentures any insurance claim or part thereof
2 which is paid on or after the date of the enactment of the
3 Housing and Urban Development Act of 1965 on a mort-
4 gage or a loan which was insured under any section of this
5 Act either before or after such date. If payment is made in
6 cash, it shall be in an amount equivalent to the face amount
7 of the debentures that would otherwise be issued plus an
8 amount equivalent to the interest which the debentures would
9 have earned, computed to a date to be established pursuant
10 to regulations issued by the Commissioner.

11 “(b) The Commissioner is authorized to borrow from
12 the Treasury from time to time such amounts as the Com-
13 missioner shall determine are necessary to make payments
14 in cash (in lieu of issuing debentures guaranteed by the
15 United States, as provided in this Act) pursuant to the pro-
16 visions of this section. Notes or other obligations issued
17 by the Commissioner in borrowing under this subsection
18 shall be subject to such terms and conditions as the Secretary
19 of the Treasury may prescribe. Each sum borrowed pur-
20 suant to this subsection shall bear interest at a rate deter-
21 mined by the Secretary of the Treasury, taking into consid-
22 eration the average market yield on outstanding marketable
23 obligations of the United States of comparable maturities
24 during the month preceding the issuance of such notes or
25 other obligations.”

1 FHA MORTGAGE FINANCING FOR VETERANS

2 SEC. 211. Section 203 (b) (2) of the National Housing
3 Act is amended—

4 (1) by striking out “and not to exceed” and in-
5 serting in lieu thereof “and (except as provided in the
6 last sentence of this paragraph) not to exceed”; and

7 (2) by adding at the end thereof the following
8 new sentence: “If the mortgagor is a veteran (as de-
9 fined in section 101 (2) of title 38, United States Code)
10 who has not received any direct, guaranteed, or insured
11 loan under laws administered by the Veterans’ Admin-
12 istration for the purchase, construction, or repair of a
13 dwelling (including a farm dwelling) which was to be
14 owned and occupied by him as his home, and the mort-
15 gage to be insured under this section covers property
16 upon which there is located a dwelling designed prin-
17 cipally for a one-family residence, the principal obliga-
18 tion may be in an amount equal to the sum of (i) 100
19 per centum of \$20,000 of the appraised value of the
20 property as of the date the mortgage is accepted for
21 insurance, and (ii) 85 per centum of such value in
22 excess of \$20,000.”

1 MORTGAGE LIMIT FOR HOMES IN OUTLYING AREAS UNDER
2 FHA SECTION 203(i) PROGRAM

3 SEC. 212. Section 203 (i) of the National Housing Act
4 is amended by striking out "\$11,000" and inserting in lieu
5 thereof "\$12,500".

6 TITLE III—URBAN RENEWAL

7 STUDY OF HOUSING AND BUILDING CODES, ZONING, TAX
8 POLICIES, AND DEVELOPMENT STANDARDS

9 SEC. 301. (a) The Congress finds that the general wel-
10 fare of the Nation requires that local authorities be encour-
11 aged and aided to prevent slums, blight, and sprawl, pre-
12 serve natural beauty, and provide for decent, durable housing
13 so that the goal of a decent home and a suitable living en-
14 vironment for every American family may be realized as soon
15 as feasible. The Congress further finds that there is a need to
16 study housing and building codes, zoning, tax policies, and
17 development standards in order to determine how (1) local
18 property owners and private enterprise can be encouraged to
19 serve as large a part as they can of the total housing and
20 building need, and (2) Federal, State, and local govern-
21 mental assistance can be so directed as to place greater re-
22 liance on local property owners and private enterprise and

1 enable them to serve a greater share of the total housing and
2 building need. The Housing and Home Finance Adminis-
3 trator is therefore directed to study the structure of (1)
4 State and local urban and suburban housing and building
5 laws, standards, codes, and regulations and their impact on
6 housing and building costs, how they can be simplified, im-
7 proved, and enforced, at the local level, and what methods
8 might be adopted to promote more uniform building codes
9 and the acceptance of technical innovations including new
10 building practices and materials; (2) State and local zoning
11 and land use laws, codes, and regulations, to find ways by
12 which States and localities may improve and utilize them in
13 order to obtain further growth and development; and (3)
14 Federal, State, and local tax policies with respect to their
15 effect on land and property cost and on incentives to build
16 housing and make improvements in existing structures.

17 (b) The Administrator shall submit a report based on
18 such study to the President and to the Congress within 18
19 months after the enactment of the Housing and Urban De-
20 velopment Act of 1965 or the appropriation of funds for the
21 study, whichever is later.

22 (c) There are authorized to be appropriated such funds
23 as may be necessary to carry out the purposes of this section.

1 Any funds so appropriated shall remain available until
2 expended.

3 GENERAL NEIGHBORHOOD RENEWAL PLANS

4 SEC. 302. Section 102 (d) of the Housing Act of 1949
5 is amended—

6 (1) by striking out the fifth sentence and inserting
7 in lieu thereof the following:

8 “In order to facilitate proper preliminary planning for
9 the attainment of the urban renewal objectives of this title,
10 the Administrator may also make advances of funds (in addi-
11 tion to those authorized above) to local public agencies for
12 the preparation of General Neighborhood Renewal Plans (as
13 herein defined). A General Neighborhood Renewal Plan
14 may be prepared for an area which consists of an urban re-
15 newal area or areas together with any adjoining areas, and
16 which is of such size that the urban renewal activities in the
17 urban renewal area or areas may have to be carried out in
18 stages, consistent with the capacity and resources of the
19 respective local public agency or agencies, over an estimated
20 period of not more than ten years.”; and

21 (2) by striking out clause (1) of the sixth sentence
22 and inserting in lieu thereof the following:

23 “(1) in the interest of sound community planning,

1 it is desirable that the urban renewal activities proposed
2 for the area be planned in their entirety;”.

3 INCREASE IN AUTHORIZATION FOR CAPITAL GRANTS

4 SEC. 303. (a) The first sentence of section 103 (b) of
5 the Housing Act of 1949 is amended by striking out
6 “\$4,725,000,000” and inserting in lieu thereof “\$4,700,-
7 000,000, which amount shall be increased by \$675,000,000
8 on the date of the enactment of the Housing and Urban
9 Development Act of 1965, by \$725,000,000 on July 1,
10 1966, and by \$750,000,000 on July 1 in each of the years
11 1967 and 1968”.

12 (b) The proviso in the first sentence of section 103 (b)
13 of such Act, and the second sentence of section 6 (b) of
14 the Urban Mass Transportation Act of 1964, are repealed.

15 USE OF GRANT OR LOAN FUNDS IN CODE ENFORCEMENT
16 AND REHABILITATION PROJECTS

17 SEC. 304. The unnumbered paragraph immediately fol-
18 lowing clause (8) in section 110 (c) of the Housing Act
19 of 1949 is amended—

20 (1) by inserting “(A)” before “no contract”; and

21 (2) by inserting before the period at the end of the
22 paragraph the following: “, and (B) not less than 10
23 per centum of the aggregate amount of (i) grants
24 authorized to be contracted for under this title by the
25 Housing and Urban Development Act of 1965 and sub-

1 sequent Acts, and (ii) loans authorized to be made
2 under section 312 of the Housing Act of 1964, shall be
3 available for projects assisted with such grants or loans
4 which involve primarily code enforcement and reha-
5 bilitation”.

6 **STRENGTHENED WORKABLE PROGRAM REQUIREMENT**

7 **SEC. 305.** Section 101 of the Housing Act of 1949 is
8 amended by adding at the end thereof the following new
9 subsection:

10 “(e) No loan or grant contract may be entered into
11 by the Administrator for an urban renewal project unless
12 he determines that (A) the workable program for com-
13 munity improvement presented by the locality pursuant to
14 subsection (c) is of sufficient scope and content to furnish a
15 basis for evaluation of the need for the urban renewal project;
16 and (B) such project is in accord with the program.”

17 **REHABILITATION LOANS**

18 **SEC. 306.** (a) Section 312 (d) of the Housing Act of
19 1964 is amended to read as follows:

20 “(d) In order to provide moneys for loans in accord-
21 ance with this section, the Administrator is authorized to
22 establish a revolving fund which shall comprise all moneys
23 heretofore or hereafter appropriated pursuant to this
24 section, together with all repayments and other receipts.

1 heretofore or hereafter received in connection with loans
2 made under this section. There are authorized to be
3 appropriated to such revolving fund, in addition to amounts
4 authorized for the purposes of this section prior to the date
5 of the enactment of the Housing and Urban Development
6 Act of 1965, such funds as may be necessary to carry out
7 the purposes of this section. All funds so appropriated shall
8 remain available until expended.”

9 (b) Section 312 of such Act is further amended by
10 adding at the end thereof the following new subsection:

11 “(h) No loan shall be made under the authority of this
12 section after October 1, 1969, except pursuant to a contract,
13 commitment, or other obligation entered into pursuant to
14 this section before that date.”

15 LEASE GUARANTIES FOR SMALL-BUSINESS CONCERNS
16 DISPLACED BY URBAN RENEWAL PROJECTS

17 SEC. 307. (a) Section 7 of the Small Business Act is
18 amended by adding at the end thereof the following new
19 subsection:

20 “(e) (1) The Administration also is empowered, in
21 order to assist small-business concerns which have been dis-
22 placed by urban renewal projects in obtaining leases of
23 property for use in the conduct of their business operations,
24 to insure the owner or lessor of any such property, or the
25 lending institution financing the construction thereof, against

1 losses which such owner, lessor, or institution might sustain
2 as a result of the failure of the small-business concern to
3 perform the lease in accordance with its terms.

4 “(2) No insurance under this subsection shall be granted
5 by the Administration with respect to any lease unless—

6 “(A) the lease is for a period of not more than
7 ten years and contains or is subject to such other terms
8 and conditions as the Administration may require in
9 order to protect the interests of the small-business con-
10 cern and to insure that the lease will assist in carrying
11 out the purpose of this Act; and

12 “(B) the small-business concern is financially sound
13 and efficiently managed, and has provided satisfactory
14 assurances that it will comply with the terms of the lease
15 and any related documents and with such additional
16 terms and conditions as the Administration may specify.

17 “(3) There is hereby established an insurance fund for
18 use by the Administration in carrying out this subsection.
19 Each person granted insurance under this subsection shall be
20 required to pay premiums for such insurance, at such times
21 and in such manner as may be prescribed by the Administra-
22 tion, in amounts which shall be fixed by the Administration
23 but which shall not exceed, in the case of any lease, an
24 amount equivalent to 1 per centum of the annual rental (or
25 minimum rental) payable under such lease. Such premiums,

1 together with any other receipts under the insurance program
2 established by this subsection, shall be placed in the insurance
3 fund. Moneys in such fund not needed for the payment of
4 current operating expenses of the insurance program or for
5 the payment of claims arising thereunder may be invested in
6 bonds or other obligations of, or bonds or other obligations
7 guaranteed as to principal and interest by, the United States;
8 except that moneys made available to provide initial capital
9 for such fund under the sixth sentence of section 4 (c) shall
10 be returned to the revolving fund established by such section,
11 in such amounts and at such times as the Administration
12 determines to be appropriate, whenever the level of such
13 insurance fund (by reason of premiums and receipts from
14 other sources) is sufficiently high to permit the return of
15 such moneys without danger to the solvency of the insurance
16 program under this subsection.

17 “(4) The Administration is authorized and directed
18 to prescribe such rules and regulations as may be necessary
19 to carry out this subsection.”

20 (b) Section 4 (c) of such Act is amended—

21 (1) by inserting “7 (e),” after “7 (b),” in the first
22 sentence; and

23 (2) by inserting after the fifth sentence the fol-
24 lowing new sentence: “Not to exceed \$5,000,000 shall

1 be made available to provide initial capital for the in-
2 surance fund established by section 7 (e) (3).”

3 (c) Section 5 (b) of such Act is amended—

4 (1) by inserting after “loans granted” in para-
5 graphs (2) and (3) the following: “or the perform-
6 ance of leases insured”;

7 (2) by striking out “loans made” each place it
8 appears in paragraphs (4) and (7) and inserting in
9 lieu thereof “loans made or leases insured”; and

10 (3) by striking out “and 7 (b)” in paragraph (5)
11 and inserting in lieu thereof “, 7 (b), and 7 (e)”.

12 RELOCATION OF DISPLACEES FROM URBAN RENEWAL

13 AREAS

14 SEC. 308. (a) Section 105 (c) of the Housing Act of
15 1949 is amended to read as follows:

16 “(c) There shall be a feasible method for the tem-
17 porary relocation of individuals and families displaced from
18 the urban renewal area, and there are or are being provided,
19 in the urban renewal area or in other areas not generally
20 less desirable in regard to public utilities and public and com-
21 mercial facilities and at rents or prices within the financial
22 means of the individuals and families displaced from the
23 urban renewal area, decent, safe, and sanitary dwellings
24 equal in number to the number of and available to such dis-

1 placed individuals and families and reasonably accessible
2 to their places of employment. The Administrator shall
3 issue rules and regulations to aid in implementing the
4 requirements of this subsection and in otherwise achiev-
5 ing the objectives of this title. Such rules and regula-
6 tions shall require that there be established, at the earli-
7 est practicable time, for each urban renewal project in-
8 volving the displacement of individuals, families, and
9 business concerns occupying property in the urban
10 renewal area, a relocation assistance program which shall
11 include such measures, facilities, and services as may be
12 necessary or appropriate in order (A) to determine the
13 needs of such individuals, families, and business concerns
14 for relocation assistance; (B) to provide information and
15 assistance to aid in relocation and otherwise minimize the
16 hardships of displacement, including information as to real
17 estate agencies, brokers, and boards in or near the urban
18 renewal area which deal in residential or business property
19 that might be appropriate for the relocating of displaced
20 individuals, families, and business concerns; and (C) to
21 assure the necessary coordination of relocation activities
22 with other project activities and other planned or proposed
23 governmental actions in the community which may affect
24 the carrying out of the relocation program, particularly
25 planned or proposed low-rent housing projects to be con-

1 structed in or near the urban renewal area. As a condition
2 to further assistance after the enactment of this sentence with
3 respect to each urban renewal project involving the displace-
4 ment of individuals and families, the Administrator shall
5 require, within a reasonable time prior to actual displacement,
6 satisfactory assurance by the local public agency that decent,
7 safe, and sanitary dwellings as required by the first sentence
8 of this subsection are available for the relocation of each such
9 individual or family.”

(b) The requirements imposed by the amendment made by subsection (a) of this section shall not be applicable to any project receiving Federal recognition prior to the date of the enactment of this Act.

14 REDEVELOPMENT IN ACCORDANCE WITH URBAN RENEWAL
15 PLAN

16 SEC. 309. Section 106 of the Housing Act of 1949 is
17 amended by adding at the end thereof the following new
18 subsection:

19 “(h) Notwithstanding any other provision of this title,
20 no contract shall be entered into for any loan or capital grant
21 under this title with any local public agency unless the local
22 public agency establishes, by evidence satisfactory to the
23 Administrator, that any urban renewal project with respect
24 to which such local public agency has received a loan or
25 capital grant under this title has been, or will be, undertaken

1 and carried out in substantial accordance with the urban re-
2 newal plan, and any amendments thereto, approved with re-
3 spect to such project, and the terms of the contract for loan
4 or capital grant covering such project.”

5 LIMITATION ON NONCASH GRANT-IN-AID CREDIT ALLOWED
6 FOR PUBLICLY OWNED PARKING FACILITIES

7 SEC. 310. The parenthetical phrase in clause (3) of
8 the first sentence of section 110 (d) of the Housing Act of
9 1949 is amended by striking out “and” and inserting in lieu
10 thereof a comma, and by inserting at the end thereof (within
11 the parentheses) the following: “, and publicly owned park-
12 ing facilities to the extent that the cost thereof is anticipated
13 to be recovered from revenues”.

14 ELIGIBILITY OF COMMUNITIES IN DEPRESSED AREAS FOR
15 URBAN RENEWAL ASSISTANCE

16 SEC. 311. (a) Subparagraph (B) of section 103 (a)
17 (2) of the Housing Act of 1949 is amended to read as
18 follows:

19 “(B) three-fourths of the aggregate net project costs
20 of any such projects which are located in (i) a munici-
21 pality having a population of fifty thousand or less ac-
22 cording to the most recent decennial census, or (ii) a
23 municipality situated in a labor market area which, at
24 the time the contract or contracts involved are entered
25 into or at such earlier time as the Administrator may

1 specify in order to avoid hardship, is designated as a re-
2 development area under the second sentence of section
3 5 (a) of the Area Redevelopment Act or any other
4 legislation enacted after the date of the enactment of the
5 Housing and Urban Development Act of 1965 contain-
6 ing standards for designation as a redevelopment area
7 generally comparable to those set forth in the second
8 sentence of section 5 (a) of the Area Redevelopment
9 Act, and”.

10 (b) The amendment made by subsection (a) shall apply
11 only with respect to urban renewal projects placed under
12 contract for capital grant on or after the date of the enact-
13 ment of this Act; except that such amendment shall apply
14 with respect to all urban renewal projects in the city of
15 Providence, Rhode Island, placed under contract for capital
16 grant during the period Providence was designated as a
17 redevelopment area under section 5 (a) of the Area Rede-
18 velopment Act (or at such earlier time as the Administrator
19 may specify in order to avoid hardship) and not completed
20 prior to the date of the enactment of this Act.

21 LOCAL GRANTS-IN-AID FOR URBAN RENEWAL PROJECT IN

22 PHILADELPHIA

23 SEC. 312. Notwithstanding any other provision of law,
24 moneys heretofore expended by the University of Pennsyl-
25 vania for land included in the overall development plan pro-

1 posed by the university and utilized, or to be utilized, in
2 connection with new university facilities within one mile of
3 urban renewal project Pennsylvania 5-3 (University City)
4 shall (if otherwise eligible) be allowed as local grants-in-aid
5 for such project.

6 TITLE IV—COMPENSATION OF CONDEMNEDS

7 DECLARATION OF POLICY

8 SEC. 401. In order to encourage the acquisition of real
9 property in a manner which affords fair and equitable treat-
10 ment to owners and tenants of such property and on as
11 nearly uniform a basis as practicable, the Congress hereby
12 establishes a Federal policy of uniform land acquisition pro-
13 cedures for real property to be acquired in the course of
14 federally assisted development programs.

15 DEFINITIONS

16 SEC. 402. For the purposes of this title—

17 (1) the term “development program” means any
18 program established by or conducted under any of the
19 following provisions of law:

20 (A) the United States Housing Act of 1937;

21 (B) title I of the Housing Act of 1949;

22 (C) title IV of the Housing Act of 1950;

23 (D) title II of the Housing Amendments of
24 1955;

1 (E) section 202 of the Housing Act of 1959;

2 and

3 (F) title VII of the Housing Act of 1961;

4 (2) the term "Federal assistance" means a grant,
5 loan, contract of guaranty, annual contribution, or other
6 assistance provided by the United States;

7 (3) the term "applicant" means any public body
8 or other agency or nonprofit institution authorized to
9 receive Federal assistance under a development program;

10 (4) the term "interest" means any interest in real
11 property and includes future, nonpossessory, and lease-
12 hold interests;

13 (5) the term "real property" means any land, or
14 any interest in land, and (A) any building, structure,
15 or other improvements embedded in or affixed to land,
16 and any article so affixed or attached to such building,
17 structure, or improvement as to be an essential or integral
18 part thereof; (B) any article affixed or attached to such
19 real property in such manner that it cannot be removed
20 without material injury to itself or the real property; and
21 (C) any article so designed, constructed, or specially
22 adapted to the purpose for which such real property is
23 used that (i) it is an essential accessory or part of such
24 real property, (ii) it is not capable of use elsewhere, and

1 (iii) it would lose substantially all its value if removed
2 from the real property; and

3 (6) the term "Administrator" means the Housing
4 and Home Finance Administrator.

5 LAND ACQUISITION POLICY

6 SEC. 403. (a) As a condition of eligibility for Federal
7 assistance pursuant to a development program, each applicant
8 for such assistance shall satisfy the Administrator that the
9 following policies will be followed in connection with the
10 acquisition of real property by eminent domain in the course
11 of such program—

12 (1) the applicant shall make every reasonable effort
13 to acquire the real property by negotiated purchase;

14 (2) the real property shall be appraised before the
15 initiation of negotiations, and the owner or his designated
16 representative shall be given an opportunity to accom-
17 pany the appraiser during his inspection of the property;

18 (3) before the initiation of negotiations for acqui-
19 sition of the real property, the applicant shall establish a
20 price believed to be fair and reasonable and shall offer
21 to acquire the property for the price so established;

22 (4) if only a part of or an interest less than a fee
23 title to real property is to be acquired, the applicant shall
24 provide the owner with a statement of its estimate of—

1 (A) the fair value of the entire property imme-
2 diately before the acquisition,

3 (B) the fair value of the property remaining
4 immediately after the acquisition,

5 (C) the fair value of the part of or interest in
6 the property actually acquired,

7 (D) the damages, if any, resulting to the
8 remaining property (or interest therein), and

9 (E) the benefits, if any, accruing to the remain-
10 ing property (or interest therein) ;

11 (5) no owner shall be required to surrender pos-
12 session of real property before the applicant pays to the
13 owner (A) the agreed purchase price arrived at by
14 negotiation, or (B) in any case where only the amount
15 of the payment to the owner is in dispute, not less than
16 75 per centum of the most recent fair and reasonable
17 price established under paragraph (3) ;

18 (6) the construction or development of any public
19 improvements shall be so scheduled that no person law-
20 fully occupying the real property shall be required to
21 surrender possession on account of such construction or
22 development without at least 90 days' written notice
23 from the applicant of the date on which such construction
24 or development is scheduled to begin;

1 (7) if the applicant does not require the use of a
2 building, structure, or other improvement on the real
3 property to be acquired, the applicant shall offer to
4 permit its owner to remove it upon agreement that the
5 fair value of the building, structure, or other improve-
6 ment to be removed from the real property, as deter-
7 mined by the applicant, will be deducted from the
8 compensation otherwise to be paid for the real property,
9 or will be paid to the applicant by the owner;

10 (8) if the applicant permits an owner or tenant to
11 rent acquired real property for a short term or for a
12 period subject to termination by the applicant on short
13 notice, the amount of rent required shall not exceed the
14 fair rental value of the property to the owner or tenant
15 for such term or period, as determined by the applicant;

16 (9) the applicant shall not advance the time of
17 eminent domain, nor defer eminent domain or the deposit
18 of funds in court for the benefit of the owner, in order to
19 compel an agreement on the price to be paid for the real
20 property;

21 (10) if the acquisition of only a part of any real
22 property would leave its owner with an uneconomic
23 remnant, the applicant shall acquire the entire property;
24 and

25 (11) in determining the boundaries of a proposed

1 public improvement, the applicant shall take into account
2 human considerations, including the economic and social
3 effects of the proposed public improvement on owners
4 and tenants of real property in the area, in addition to
5 engineering and other factors.

6 (b) Nothing in this section shall be construed as super-
7 seding or otherwise affecting the provisions of any State or
8 local law, or as affecting the validity of any property acqui-
9 sition by purchase or eminent domain.

10 RELOCATION PAYMENTS UNDER FEDERALLY ASSISTED

11 DEVELOPMENT PROGRAMS

12 SEC. 404. (a) To the extent not otherwise authorized
13 under any Federal law, financial assistance extended to an
14 applicant under any federally assisted development program
15 may include grants for relocation payments, as herein de-
16 fined. Such grants may be in addition to other financial as-
17 sistance under such federally assisted development programs,
18 and may cover the full amount of such relocation payments.
19 The term "relocation payments" means payments by the
20 applicant which are (1) made to an individual, family, busi-
21 ness concern, or nonprofit organization displaced by a project
22 on or after the date of the enactment of the Housing and
23 Urban Development Act of 1965, and (2) made on such
24 terms and conditions and subject to such limitations (to the
25 extent applicable, but not including the date of displacement)

1 as are provided for relocation payments, at the time such
2 payments are approved, by sections 114 (b), (c), and (d)
3 of the Housing Act of 1949 with respect to projects assisted
4 under title I thereof. Relocation payments authorized by
5 this subsection shall be made subject to such rules and regu-
6 lations as may be prescribed by the Administrator.

7 (b) Section 114(b) (2) of the Housing Act of 1949
8 is amended by striking out "\$1,500" and inserting in lieu
9 thereof "\$2,500".

10 (c) (1) Section 114 of such Act is further amended by
11 redesignating subsection (d) as subsection (e) and by in-
12 serting after subsection (c) the following new subsection:

13 "(d) In addition to payments authorized to be made
14 under subsections (b) and (c), a local public agency may
15 pay to any displaced individual, family, business concern,
16 or nonprofit organization reasonable and necessary expenses
17 incurred for (1) recording fees, transfer taxes, and similar
18 expenses incidental to conveying real property to a project
19 assisted under this title, (2) penalty costs for prepayment
20 of any mortgage encumbering such real property, and (3)
21 the pro rata portion of real property taxes allocable to a
22 period subsequent to the date of vesting of title or the
23 effective date of the acquisition of such real property by
24 such agency, whichever is earlier."

25 (2) Section 15 (8) of the United States Housing Act

1 of 1937 is amended by striking out "section 114 (b) or
2 (c)" and inserting in lieu thereof "section 114 (b), (c),
3 and (d)".

4 (d) Subsection (a) shall not be applicable to any proj-
5 ect receiving financial assistance under a development pro-
6 gram prior to the date of the enactment of this Act.

7 FUNDS FOR CERTAIN PAYMENTS IN EMINENT DOMAIN

8 SEC. 405. Notwithstanding any other provision of law,
9 financial assistance under any federally assisted development
10 program may include amounts necessary for financing, in
11 the same manner that other costs of a project assisted under
12 such program are financed, the payments described in para-
13 graph (5) (B) of section 403 (a) of this Act.

14 TITLE V—COLLEGE HOUSING

15 INCREASE IN AUTHORIZATION FOR COLLEGE HOUSING

16 LOANS

17 SEC. 501. Section 401 (d) of the Housing Act of 1950
18 is amended by striking out "through 1964" each place it
19 appears and inserting in lieu thereof "through 1968".

20 INTEREST RATE ON COLLEGE HOUSING LOANS

21 SEC. 502. (a) Effective with respect to loan contracts
22 entered into after the date of the enactment of this Act, sec-
23 tion 401 (c) of the Housing Act of 1950 is amended by
24 striking out "the higher of (1) $2\frac{3}{4}$ per centum per annum,

1 or” and inserting in lieu thereof “the lower of (1) 3 per
2 centum per annum, or”.

3 (b) Effective with respect to notes or other obligations
4 financing loan contracts entered into after the date of the
5 enactment of this Act, section 401 (e) of such Act is amended
6 by striking out “the higher of (1) $2\frac{1}{2}$ per centum per annum,
7 or” and inserting in lieu thereof “the lower of (1) $2\frac{3}{4}$ per
8 centum per annum, or”.

9 PARKING FACILITIES FOR COLLEGES AND UNIVERSITIES

10 SEC. 503. Section 404 (h) of the Housing Act of 1950
11 is amended by adding at the end thereof the following new
12 sentence: “In addition, such term includes parking facilities
13 primarily to serve the needs of students and faculty.”

14 TITLE VI—COMMUNITY FACILITIES

15 PURPOSE

16 SEC. 601. The purpose of this title is to assist and en-
17 courage the communities of the Nation fully to meet the needs
18 of their citizens by making it possible, with Federal grant
19 assistance, for their governmental bodies (1) to construct
20 adequate basic water and sewer facilities needed to promote
21 the efficient and orderly growth and development of the com-
22 munities; and (2) to construct neighborhood facilities needed
23 to enable them to carry on programs of necessary social
24 services.

1 GRANTS FOR BASIC WATER AND SEWER FACILITIES

2 SEC. 602. (a) The Housing and Home Finance Ad-
3 ministrator (hereinafter in this title referred to as the "Ad-
4 ministrator") is authorized to make grants to local public
5 bodies and agencies to finance specific projects for basic pub-
6 lic water and sewer facilities (including works for the storage,
7 treatment, purification, and distribution of water).

8 (b) The amount of any grant made under the authority
9 of this section shall not exceed 50 per centum of the develop-
10 ment cost of the project.

11 (c) No grant shall be made under this section in con-
12 nection with any project unless the Administrator deter-
13 mines that the project is necessary to provide adequate
14 water or sewer facilities for, and will contribute to the im-
15 provement of the health or living standards of, the people
16 in the community to be served, and that the project is (1)
17 designed so that an adequate capacity will be available to
18 serve the reasonably foreseeable growth needs of the area,
19 (2) consistent with a program meeting criteria, established
20 by the Administrator, for a unified or officially coordinated
21 areawide water or sewer facilities system as part of the
22 comprehensively planned development of the area, except
23 that prior to July 1, 1968, grants may, in the discretion of
24 the Administrator, be made under this section when such

1 a program for an areawide water and sewer facilities system
2 is under active preparation, although not yet completed, if
3 the facility or facilities for which assistance is sought can
4 reasonably be expected to be required as a part of such
5 program, and there is urgent need for the facility or facilities,
6 and (3) necessary to orderly community development.

7 GRANTS FOR NEIGHBORHOOD FACILITIES

8 SEC. 603. (a) The Administrator is authorized to make
9 grants, in accordance with the provisions of this section, to
10 local public bodies and agencies to finance specific projects
11 for neighborhood facilities.

12 (b) The amount of any grant made under the authority
13 of this section shall not exceed $66\frac{2}{3}$ per centum of the devel-
14 opment cost of the project for which the grant is made (or
15 75 per centum of such cost in the case of a project located
16 in an area which at the time the grant is made is designated
17 as a redevelopment area under section 5 of the Area Redevel-
18 opment Act or under any other legislation enacted after the
19 date of the enactment of this Act containing standards for
20 designation as a redevelopment area generally comparable
21 to those set forth in section 5 of the Area Redevelopment
22 Act).

23 (c) No grant shall be made under this section for any
24 project unless the Administrator determines that the project
25 will provide a neighborhood facility which is (1) necessary

1 for carrying out a program of health, recreational, social, or
2 similar community service (including a community action
3 program approved under title II of the Economic Opportu-
4 nity Act of 1964) in the area, (2) consistent with compre-
5 hensive planning for the development of the community, and
6 (3) so located as to be available for use by a significant por-
7 tion (or number in the case of large urban places) of the
8 area's low- or moderate-income residents.

9 (d) For a period of twenty years after a grant has
10 been made under this section for a neighborhood facility,
11 such facility shall not, without the approval of the Adminis-
12 trator, be converted to uses other than those proposed by
13 the applicant in its application for the grant. The Adminis-
14 trator shall not approve any conversion in the use of such
15 a neighborhood facility during such twenty-year period un-
16 less he finds that such conversion is in accord with the then
17 applicable program of health, recreational, social, or similar
18 community services in the area and consistent with compre-
19 hensive planning for the development of the community in
20 which the facility is located. In approving any such con-
21 version, the Administrator may impose such additional con-
22 ditions and requirements as he deems necessary.

23 (e) The Administrator shall give priority to applica-
24 tions for projects designed primarily to benefit members of
25 low-income families or otherwise substantially further the

1 objectives of a community action program approved under
2 title II of the Economic Opportunity Act of 1964.

3 GENERAL PROVISIONS

4 SEC. 604. (a) In the performance of, and with respect
5 to, the functions, powers, and duties vested in him by this
6 title, the Administrator shall (in addition to any authority
7 otherwise vested in him) have the functions, powers, and
8 duties set forth in section 402, except subsections (a), (c)
9 (2), and (f) of the Housing Act of 1950.

10 (b) The Administrator is authorized, notwithstanding
11 the provisions of section 3648 of the Revised Statutes, to
12 make advance or progress payments on account of any
13 grant made pursuant to this title. No part of any grant
14 authorized to be made by the provisions of this title shall be
15 used for the payment of ordinary governmental operating
16 expenses.

17 DEFINITIONS

18 SEC. 605. As used in this title—

19 (a) The term "State" means the several States, the Dis-
20 trict of Columbia, the Commonwealth of Puerto Rico, and
21 the territories and possessions of the United States.

22 (b) The term "local public bodies and agencies" in-
23 cludes public corporate bodies and political subdivisions;
24 public agencies or instrumentalities of one or more States,
25 municipalities, or political subdivisions of one or more States

1 (including public agencies and instrumentalities of one or
2 more municipalities or other political subdivisions of one or
3 more States) ; Indian tribes; and boards or commissions
4 established under the laws of any State to finance specific
5 capital improvement projects.

6 (c) The term "development cost", with respect to
7 any facility, means costs of the construction of the facility
8 and the land on which it is located, including necessary
9 site improvements to permit its use as a site for the facility.

10 LABOR STANDARDS

11 SEC. 606. All laborers and mechanics employed by con-
12 tractors or subcontractors on projects assisted under sections
13 602 and 603 shall be paid wages at rates not less than those
14 prevailing on similar construction in the locality as deter-
15 mined by the Secretary of Labor in accordance with the
16 Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5).
17 No such project shall be approved without first obtaining
18 adequate assurance that these labor standards will be main-
19 tained upon the construction work. The Secretary of Labor
20 shall have, with respect to the labor standards specified in
21 this section, the authority and functions set forth in Re-
22 organization Plan Numbered 14 of 1950 (15 F.R. 3176;
23 64 Stat. 1267; 5 U.S.C. 133z-15), and section 2 of the
24 Act of June 13, 1934, as amended (48 Stat. 948; 40
25 U.S.C. 276c).

1 APPROPRIATIONS; TERMINATION OF PROGRAM

2 SEC. 607. (a) There are hereby authorized to be appro-
3 priated such sums as may be necessary to carry out the
4 provisions of this title. All funds so appropriated shall
5 remain available until expended.

6 (b) No grant shall be made under this title after
7 October 1, 1969, except pursuant to a contract or commit-
8 ment entered into on or before such date.

9 TITLE VII—FEDERAL NATIONAL MORTGAGE
10 ASSOCIATION

11 INCREASE IN FNMA SPECIAL ASSISTANCE AUTHORITY

12 SEC. 701. (a) Section 305 (c) of the National Housing
13 Act is amended by inserting before the period at the end
14 thereof the following: “, which limit shall be increased by
15 \$100,000,000 on the date of the enactment of the Housing
16 and Urban Development Act of 1965, by \$450,000,000 on
17 July 1, 1966, by \$550,000,000 on July 1, 1967, and by
18 \$525,000,000 on July 1, 1968”.

19 (b) Section 305 (f) of such Act is amended by inserting
20 before the period at the end thereof the following: “: *Pro-*
21 *vided further*, That any portion of the total amount of
22 authority set forth in the first proviso of this subsection

1 which, on the date of the enactment of the Housing and
 2 Urban Development Act of 1965 and on each July 1 there-
 3 after, would otherwise be available for making purchases and
 4 commitments pursuant to this subsection, shall be transferred
 5 to and merged with the authority granted by subsection (a)
 6 and added to the amount of such authority as set forth in sub-
 7 section (c) ; and the total amount of authority set forth in the
 8 first proviso of this subsection shall progressively be reduced
 9 by the amount of each such transfer”.

10 INCREASE IN LIMITATION ON MORTGAGES FOR DWELLING
 11 UNITS HAVING FOUR OR MORE BEDROOMS

12 SEC. 702. Section 302 (b) of the National Housing Act
 13 is amended by inserting before the period at the end of the
 14 first sentence the following: “(plus an additional \$2,500
 15 for each such family residence or dwelling unit which has
 16 four or more bedrooms)”.

17 TITLE VIII—OPEN-SPACE LAND AND URBAN
 18 BEAUTIFICATION AND IMPROVEMENT

19 CHANGE IN NAME OF PROGRAM; FINDINGS AND PURPOSE

20 SEC. 801. (a) The heading of title VII of the Housing
 21 Act of 1961 is amended to read as follows: “TITLE VII—
 22 OPEN-SPACE LAND AND URBAN BEAUTIFICA-
 23 TION AND IMPROVEMENT”.

1 (b) Section 701 of such Act is amended by redesignig-
2 nating subsection (b) as subsection (c) and by inserting
3 after subsection (a) the following new subsection:

4 “(b) The Congress further finds that there is an urgent
5 need both for the additional provision of parks and other
6 open-space areas in the developed portions of the Nation’s
7 urban areas and for greater and better coordinated local
8 efforts to beautify and improve open space and other public
9 land throughout urban areas, to facilitate their increased use
10 and enjoyment by the Nation’s urban population.”

11 (c) The subsection of section 701 of such Act redesignig-
12 nated as subsection (c) by subsection (b) of this section is
13 amended—

14 (1) by inserting “(1) provide and” before “pre-
15 serve open-space land”, and

16 (2) by inserting before the period at the end
17 thereof the following: “, and (2) beautify and improve
18 open-space and other public urban land, in accordance
19 with programs to encourage and coordinate local public
20 and private efforts toward this end”.

21 INCREASED GRANT LEVEL FOR PRESERVATION OF OPEN-
22 SPACE LAND

23 SEC. 802. Section 702 (a) of the Housing Act of 1961
24 is amended by striking out “20 per centum” and “30 per
25 centum” and inserting in lieu thereof “30 per centum” and
26 “40 per centum”, respectively.

1 SUBSTITUTION OF APPROPRIATION AUTHORITY FOR GRANT

2 CONTRACT AUTHORITY

3 SEC. 803. (a) Section 702 (a) of the Housing Act of
4 1961 is amended—

5 (1) by striking out “enter into contracts to” in the
6 first sentence, and

7 (2) by striking out all of the third sentence.

8 (b) Section 702 (b) of such Act is amended by striking
9 out the first two sentences and inserting in lieu thereof the
10 following: “There are hereby authorized to be appropriated
11 such amounts as may be necessary to carry out the purposes
12 of this title.”

13 (c) Section 702 of such Act is further amended by
14 adding at the end thereof the following new subsection:

15 “(f) No grant shall be made under this title after
16 October 1, 1969, except pursuant to a contract or commit-
17 ment entered into on or before such date.”

18 (d) Section 703 (a) of such Act is amended by striking
19 out “enter into contracts to”.

20 GRANTS FOR PROVISION OF OPEN-SPACE LAND IN BUILT-UP

21 URBAN AREAS

22 SEC. 804. Title VII of the Housing Act of 1961 is
23 amended by redesignating sections 705 and 706 as sections
24 708 and 709, respectively, and by inserting after section
25 704 the following new section:

1 "GRANTS FOR PROVISION OF OPEN-SPACE LAND IN BUILT-
2 UP URBAN AREAS

3 "SEC. 705. (a) The Administrator is further author-
4 ized to make grants to States and local public bodies to help
5 finance the acquisition of title to, or other permanent in-
6 terests in, developed land in built-up portions of urban areas
7 to be cleared and used as permanent open-space land, as
8 defined herein. The Administrator shall make such grants
9 only where the local governing body determines that ade-
10 quate open-space land cannot effectively be provided through
11 the use of existing undeveloped or predominantly undevel-
12 oped land and the Administrator determines that the pro-
13 posed acquisition is important to the comprehensively
14 planned development of the locality. Grants under this
15 section shall not exceed the lesser of (1) \$500,000 or (2)
16 40 per centum of the cost of acquiring such title or other
17 interests and of necessary demolition and removal of im-
18 provements.

19 "(b) Financial assistance extended to any project under
20 this title may include grants for relocation payments, as
21 herein defined. Such grants may be in addition to other
22 financial assistance under this title, and no part of the
23 amount of such relocation payments shall be required to be
24 contributed as a local grant. The term 'relocation payments'
25 means payments by the applicant which are (1) made to an

1 individual, family, business concern, or nonprofit organization
2 displaced, after March 4, 1965, by a project assisted under
3 this title, (2) not otherwise authorized under any Federal
4 law, and (3) made only on such terms and conditions and
5 subject to such limitations (to the extent applicable, but not
6 including the date of displacement) as are provided for relo-
7 cation payments, at the time such payments are approved, by
8 sections 114 (b), (c), and (d) of the Housing Act of 1949.
9 Relocation payments authorized by this subsection shall be
10 made subject to such rules and regulations as may be pre-
11 scribed by the Administrator.”

12 GRANTS FOR URBAN BEAUTIFICATION AND IMPROVEMENT

13 SEC. 805. (a) Title VII of the Housing Act of 1961
14 is further amended by inserting after section 705 (as added
15 by section 804 of this Act) the following new section:

16 “GRANTS FOR URBAN BEAUTIFICATION AND IMPROVEMENT

17 “SEC. 706. The Administrator is authorized to make
18 grants, as herein provided, to States and local public bodies
19 to assist in carrying out local programs for the greater use
20 and enjoyment of open-space and other public land in urban
21 areas. The Administrator shall establish criteria for such
22 programs to assure that each (1) represents significant and
23 effective efforts, involving all available public and private
24 resources, for the beautification of such land and its improve-

1 ment for open-space uses, and (2) is important to the com-
2 prehensively planned development of the locality. Grants
3 made under this section shall not exceed 40 per centum of
4 the amount by which the cost of the activities carried on by
5 an applicant during a fiscal year under an approved program
6 exceeds its usual expenditures for comparable activities:
7 *Provided, That, notwithstanding any other provision of this*
8 *section, the Administrator may use not to exceed \$5,000,000*
9 *of the funds available for grants under this section to make*
10 *grants in amounts up to the full cost of activities which he*
11 *determines to have special value in developing and demon-*
12 *strating new and improved methods and materials for use in*
13 *carrying out the purposes of this section."*

14 (b) Section 702 (c) of such Act is amended by insert-
15 ing after "development costs" the following: "(except as
16 authorized under section 706), or the additional price which
17 is attributable to improvements to be retained on open-space
18 land which are not incidental to the proposed open-space
19 uses,".

20 LABOR STANDARDS

21 SEC. 806. Title VII of the Housing Act of 1961 is
22 further amended by inserting after section 706 (as added by
23 section 805 of this Act) the following new section:

“LABOR STANDARDS

1
2 “SEC. 707. (a) The Administrator shall take such ac-
3 tion as may be necessary to insure that all laborers and
4 mechanics employed by contractors or subcontractors in the
5 performance of construction work financed with the assist-
6 ance of grants under this title shall be paid wages at rates
7 not less than those prevailing on similar construction in the
8 locality as determined by the Secretary of Labor in accord-
9 ance with the Davis-Bacon Act, as amended. The Admin-
10 istrator shall not approve any such grant without first obtain-
11 ing adequate assurance that these labor standards will be
12 maintained upon the construction work.

13 “(b) The Secretary of Labor shall have, with respect to
14 the labor standards specified in subsection (a), the authority
15 and functions set forth in Reorganization Plan Numbered
16 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-
17 15), and section 2 of the Act of June 13, 1934, as amended
18 (48 Stat. 948; 40 U.S.C. 276c).”

USE OF FUNDS FOR STUDIES AND PUBLICATION

20 SEC. 807. The second sentence of the section of the
21 Housing Act of 1961 redesignated as section 708 by section
22 804 of this Act is amended to read as follows: “The Admin-
23 istrator is authorized to use during any fiscal year not to

1 exceed \$100,000 of the funds available for grants under
2 this title to undertake such studies and publish such
3 information.”

4 CONFORMING AMENDMENTS

5 SEC. 808. (a) The heading of section 702 of the Hous-
6 ing Act of 1961 is amended to read as follows: “GRANTS
7 FOR PRESERVATION OF OPEN-SPACE LAND”.

8 (b) Section 702 (a) of such Act is amended by striking
9 out “provisions of this title” and “purposes of this title” and
10 inserting in lieu thereof “provisions of this section” and
11 “purposes of this section”, respectively.

12 (c) Section 702 (e) of such Act is amended by striking
13 out “served by the open-space land acquired” in the second
14 sentence and inserting in lieu thereof “assisted”.

15 (d) Section 703 (a) of such Act is amended by striking
16 out “this title” and inserting in lieu thereof “section 702 (a)”.

17 (e) Section 704 of such Act is amended by striking
18 out “for which” in the first sentence and inserting in lieu
19 thereof “for the acquisition of which”.

20 TITLE IX—RURAL HOUSING

21 LOANS FOR PREVIOUSLY OCCUPIED BUILDINGS AND

22 MINIMUM SITE ACQUISITION

23 SEC. 901. (a) Section 501 (a) of the Housing Act of
24 1949 is amended—

25 (1) by inserting after “their farms,” in clause (1)

1 the following: "and to purchase previously occupied
2 buildings and land constituting a minimum adequate site,
3 in order"; and

4 (2) by inserting after "rural areas" in clause (2)
5 the following: "for the construction, improvement, al-
6 teration, or repair of dwellings, related facilities, and
7 farm buildings and to rural residents for such purposes
8 and for the purchase of previously occupied buildings and
9 the purchase of land constituting a minimum adequate
10 site, in order".

11 (b) Section 501 (c) of such Act is amended by insert-
12 ing "or a rural resident" in clause (1) after "or that he is
13 the owner of other real estate in a rural area".

14 INTEREST RATE ON DIRECT RURAL HOUSING LOANS

15 SEC. 902. Section 502 (a) of the Housing Act of 1949
16 is amended by striking out "with interest at a rate not to
17 exceed 4 per centum per annum on the unpaid balance of
18 principal." and inserting in lieu thereof the following: "with
19 interest in the case of loans under this section pursuant to
20 clauses (1) and (2) of section 501 (a) at a rate not to ex-
21 ceed 5 per centum per annum on the unpaid balance of prin-
22 cipal and in the case of loans under this section pursuant to
23 clause (3) of section 501 (a) and under sections 503 and
24 504 at a rate not to exceed 4 per centum per annum on such

1 unpaid balance. Borrowers with loans made or insured
2 under this title shall pay such fees and other charges as the
3 Secretary may require.”

4 INSURED RURAL HOUSING LOANS

5 SEC. 903. (a) Title V of the Housing Act of 1949 is
6 amended by adding at the end thereof the following new
7 sections:

8 “INSURANCE OF LOANS

9 “SEC. 517. (a) The Secretary is authorized to insure
10 and to make loans to be sold and insured in accordance with
11 the provisions of sections 501, 502, 514, and 515, and this
12 section, other than the provisions of section 514 (a) (3)
13 and (5) and (b) and section 515 (a) and (b) (4), except
14 that such loans in accordance with sections 501 and 502—

15 “(1) to persons of low or moderate income as de-
16 fined by the Secretary shall not exceed amounts neces-
17 sary to provide adequate housing modest in size, design,
18 and cost, as determined by the Secretary, and shall bear
19 interest at a rate not to exceed 5 per centum per an-
20 num; and the aggregate of such loans made and insured
21 in any one fiscal year shall not exceed \$300,000,000;
22 and

23 “(2) to persons other than those of low or moderate
24 income shall bear interest and provide for insurance or
25 service charges (at rates determined by the Secretary)

1 comparable to the combined rate of interest and premium
2 charges then in effect under section 203 of the National
3 Housing Act.

4 “(b) The Secretary may use the Rural Housing Insur-
5 ance Fund created by this section for the purpose of making
6 loans to be sold and insured under this section, provided that
7 the aggregate of such loans made and not disposed of at any
8 one time shall not exceed \$100,000,000.

9 “(c) The Secretary may insure loans advanced by
10 lenders other than the United States, and may sell and insure
11 loans made from or held in the Rural Housing Insurance
12 Fund by the Secretary, for the payment of principal and
13 interest thereon as it becomes due. The Secretary is author-
14 ized to make agreements with respect to servicing loans
15 held by or insured by the Secretary under this section and
16 purchasing such insured loans on such terms and conditions
17 as he may prescribe: *Provided*, That no purchase agreement
18 shall obligate the Secretary to purchase such an insured loan
19 before the expiration of an initial period of five years from
20 the date of the note. Any contract of insurance executed
21 by the Secretary shall be an obligation supported by the full
22 faith and credit of the United States and incontestable except
23 for fraud or material misrepresentation of which the holder
24 has actual knowledge. In connection with loans insured
25 under this section the Secretary may take liens running to

1 the United States notwithstanding the fact that the notes evi-
2 dencing such loans may be held by lenders other than the
3 United States. Notes evidencing such loans shall be freely
4 assignable but the Secretary shall not be bound by any
5 assignment until notice thereof is given to and acknowledged
6 by the Secretary.

7 “(d) After ninety days after the original capitalization
8 of the Rural Housing Insurance Fund, no loans, other than
9 loans then held or insured by the Secretary pursuant to
10 section 514 or 515 (b), shall be made or insured under
11 section 514 or 515 (b) except in accordance with this section.

12 “(e) There is hereby created the Rural Housing In-
13 surance Fund (hereinafter in this section referred to as the
14 ‘Fund’) which shall be used by the Secretary as a revolving
15 fund for carrying out the provisions of this section. There
16 are authorized to be appropriated to the Secretary such sums
17 as may be necessary for the purposes of the Fund.

18 “(f) Money in the Fund not needed for current opera-
19 tions shall be invested in direct obligations of the United
20 States or obligations guaranteed by the United States.

21 “(g) All funds, claims, notes, mortgages, contracts, and
22 property acquired by the Secretary under this section, and
23 all collections and proceeds therefrom, shall constitute assets
24 of the Fund; and all liabilities and obligations of such assets
25 shall be liabilities and obligations of the Fund. Loans may

1 be held in the Fund and collected in accordance with their
2 terms or may be sold by the Secretary with or without agree-
3 ments for insurance thereof. Loans may be sold by the
4 Secretary at prices within the range of market prices for the
5 particular class or classes of loans involved, as determined by
6 the Secretary from time to time. The aggregate of (1) any
7 amount by which the balance outstanding on loans at the
8 time of sale exceeds the price at which the loans are sold
9 and (2) the amount of any fees and charges paid in con-
10 nection with any sales of loans shall be reimbursed to the
11 Fund by annual appropriations.

12 “(h) The Secretary is authorized to issue notes to the
13 Secretary of the Treasury to obtain funds necessary for
14 discharging obligations under this section and for author-
15 ized expenditures out of the Fund, but, except as may be
16 authorized in appropriation Acts, not for the original capi-
17 tal or any additional capital of the Fund or to reimburse the
18 Fund for losses from any sales of loans at less than par
19 value. Such notes shall be in such form and denominations
20 and have such maturities and be subject to such terms and
21 conditions as may be prescribed by the Secretary with the
22 approval of the Secretary of the Treasury. Each note shall
23 bear interest at such rate as may be determined by the
24 Secretary of the Treasury, taking into consideration the
25 current average market yields on outstanding marketable

1 obligations of the United States with remaining periods to
2 maturity comparable to the average maturities of the loans
3 held by the Secretary in the Fund, adjusted to the nearest
4 one-eighth of 1 per centum, during the month of June
5 preceding the fiscal year in which the loans were made.
6 The Secretary of the Treasury is authorized and directed
7 to purchase any notes of the Secretary issued hereunder, and
8 for that purpose the Secretary of the Treasury is authorized
9 to use as a public debt transaction the proceeds from the
10 sale of any securities issued under the Second Liberty Bond
11 Act, and the purposes for which such securities may be is-
12 sued under such Act are extended to include purchases of
13 notes issued by the Secretary under this subsection. All re-
14 demptions, purchases, and sales by the Secretary of the
15 Treasury of such notes shall be treated as public debt trans-
16 actions of the United States. The notes issued by the Secre-
17 tary to the Secretary of the Treasury shall constitute obliga-
18 tions of the Fund.

19 “(i) The Secretary may retain out of interest payments
20 by the borrower an annual charge in an amount specified
21 in the insurance or sale agreement applicable to the loan.
22 Of the charges retained by the Secretary, if any, not to
23 exceed 1 per centum per annum of the unpaid balance of the
24 loan shall be deposited in the Fund. Any retained charges
25 not deposited in the Fund shall be available for administra-

1 tive expenses in carrying out the provisions of this title, to
2 be transferred annually and become merged with any appro-
3 priation for administrative expenses of the Farmers Home
4 Administration, when and in such amounts as may be author-
5 ized in appropriation Acts.

6 “(j) The Secretary may also utilize the Fund—

7 “(1) to pay amounts to which the holder of a
8 note is entitled in accordance with an insurance or sale
9 agreement under this section accruing between the date
10 of any prepayment by the borrower to the Secretary and
11 the date of transmittal of such prepayment to the
12 holder of the note; and, in the discretion of the Secre-
13 tary, prepayments other than final payments need not
14 be remitted to the holder until due;

15 “(2) to pay the holder of any note insured under
16 this section any defaulted installment or, upon assign-
17 ment of the note to the Secretary at the Secretary’s
18 request, the entire balance outstanding on the note;

19 “(3) to purchase notes in accordance with agree-
20 ments previously entered into;

21 “(4) to pay taxes, insurance, prior liens, expenses
22 necessary to make fiscal adjustments in connection with
23 the application and transmittal of collections, and other
24 expenses and advances to protect the security for loans

1 which are insured under this section or held in the Fund,
2 and to acquire such security at foreclosure sale or other-
3 wise; and

4 “(5) to pay fees and charges in connection with
5 sales by the Secretary of loans insured under this
6 section.

7 “RURAL HOUSING DIRECT LOAN ACCOUNT

8 “SEC. 518. (a) There is hereby created the Rural
9 Housing Direct Loan Account (hereinafter in this section
10 referred to as the ‘Account’) which shall be used by the Sec-
11 retary for carrying out the provisions of this section. There
12 are authorized to be appropriated to the Secretary such sums
13 as may be necessary for the purposes of the Account.

14 “(b) There are hereby transferred to the Account (1)
15 all funds, claims, notes, mortgages, contracts, and property,
16 and all collections and proceeds therefrom, held by the
17 Secretary under the direct loan provisions of this title, in-
18 cluding those securing notes issued by the Secretary to the
19 Secretary of the Treasury under section 511 and any un-
20 expended balance of amounts borrowed upon such notes,
21 and (2) all unexpended balances of appropriations for direct
22 loans under this title, including the fund authorized by sec-
23 tion 515 (a). All amounts hereafter borrowed by the
24 Secretary from the Secretary of the Treasury under section
25 511 shall be deposited in the Account. All collections and

1 proceeds from assets acquired by the Account shall be
2 deposited in the Account.

3 “(c) When and in such amounts as may be authorized
4 in appropriation Acts, the Secretary may issue notes to the
5 Secretary of the Treasury to obtain funds to be deposited in
6 the Account. The form, denominations, maturities, and other
7 terms and conditions of such notes shall be prescribed by
8 the Secretary with the approval of the Secretary of the
9 Treasury. Each note shall bear interest at such rate as may
10 be determined by the Secretary of the Treasury, taking into
11 consideration the current average market yields on outstand-
12 ing marketable obligations of the United States with remain-
13 ing periods to maturity comparable to the average maturi-
14 ties of the loans held by the Secretary in the Account, ad-
15 justed to the nearest one-eighth of 1 per centum, during the
16 month of June preceding the fiscal year in which the loans
17 were made. The Secretary of the Treasury is authorized and
18 directed to purchase any notes of the Secretary issued here-
19 under, and for that purpose the Secretary of the Treasury is
20 authorized to use as a public debt transaction the proceeds
21 from the sale of any securities issued under the Second
22 Liberty Bond Act, and the purposes for which such securities
23 may be issued under such Act are extended to include the
24 purchase of notes issued by the Secretary under this sub-
25 section. All redemptions, purchases, and sales by the Sec-

1 retary of the Treasury of such notes shall be treated as public
2 debt transactions of the United States.

3 “(d) The Account shall remain available to the Secre-
4 tary for the payment of interest and principal on notes issued
5 by the Secretary to the Secretary of the Treasury under sec-
6 tion 511 or this section, and for direct loans and related
7 advances under this title in such amounts as are now author-
8 ized by law and in such further amounts as shall be authorized
9 in appropriation Acts. Amounts so authorized for such loans
10 and advances shall remain available until expended.”

11 (b) Section 511 of such Act is amended—

12 (1) by inserting “direct” after “making”, and by
13 striking out “(other than loans under section 504 (b)
14 or 515 (a)) ”, in the first sentence;

15 (2) by striking out “, of which \$50,000,000 shall
16 be available exclusively for assistance to elderly persons
17 as provided in clause (3) of section 501 (a) ”, and by
18 striking out “September 30, 1965” and inserting in
19 lieu thereof “October 1, 1969”, in the second sentence;
20 and

21 (3) by striking out “rate on outstanding marketable
22 obligations of the United States as of the last day of the
23 month preceding the issuance of the notes or obligations
24 by the Secretary” in the fifth sentence and inserting

1 in lieu thereof the following: "yields on outstanding
2 marketable obligations of the United States with remain-
3 ing periods to maturity comparable to the average ma-
4 turities of the loans held by the Secretary in the Rural
5 Housing Direct Loan Account, adjusted to the nearest
6 one-eighth of 1 per centum, during the month of June
7 preceding the fiscal year in which the loans were made".

8 FEDERAL NATIONAL MORTGAGE ASSOCIATION SECONDARY
9 MARKET OPERATIONS FOR INSURED RURAL HOUSING
10 LOANS

11 SEC. 904. (a) Section 302 (b) of the National Housing
12 Act is amended—

13 (1) by inserting immediately after "which are
14 insured under the National Housing Act" the following:
15 "or title V of the Housing Act of 1949";

16 (2) by inserting after "any mortgage" in clause
17 (2) of the proviso the following: ", except a mortgage
18 insured under title V of the Housing Act of 1949,"; and

19 (3) by inserting before the period in the last sen-
20 tence the following: "or title V of the Housing Act of
21 1949".

22 (b) Section 303 (b) of such Act is amended by insert-
23 ing "and other" after "private" in the first sentence.

1 EXTENSION OF RURAL HOUSING AUTHORIZATIONS

2 SEC. 905. (a) Section 512 of the Housing Act of 1949
3 is amended by striking out "September 30, 1965" and in-
4 serting in lieu thereof "October 1, 1969".

5 (b) Section 513 of such Act is amended—

6 (1) by striking out "September 30, 1965" in clause

7 (b) and inserting in lieu thereof "October 1, 1969";

8 (2) by striking out "\$10,000,000" in clause (c)

9 and inserting in lieu thereof "\$50,000,000", and by
10 striking out "September 30, 1965" in the same clause
11 and inserting in lieu thereof "October 1, 1969"; and

12 (3) by striking out "September 30, 1965" in clause

13 (d) and inserting in lieu thereof "October 1, 1969".

14 (c) Section 515 (b) (5) of such Act is amended by
15 striking out "September 30, 1965" and inserting in lieu
16 thereof "October 1, 1969".

17 (d) Section 506 (a) of such Act is amended by strik-
18 ing out "sections 501 to 504, inclusive, and sections 514-
19 516", each place it occurs and inserting in lieu thereof "this
20 title".

21 PAYMENT OF INTEREST TO THE TREASURY ON

22 APPROPRIATIONS FOR RURAL HOUSING LOANS

23 SEC. 906. Title V of the Housing Act of 1949 is
24 amended by adding at the end thereof (after the new sec-
25 tions added by section 903 of this Act) the following new
26 section:

1 “INTEREST ON APPROPRIATIONS FOR RURAL HOUSING

2 LOANS

3 “SEC. 519. (a) The Secretary shall pay to the Secretary
4 of the Treasury interest at a rate determined under the
5 formula contained in section 517 (h) or 518 (c) (as may be
6 applicable) on any portion of any future appropriations
7 deposited in the Rural Housing Insurance Fund or the
8 Rural Housing Direct Loan Account for the purpose of mak-
9 ing loans (as distinguished from appropriations for the
10 purpose of restoring losses or expenditures from such Fund
11 or Account). Such interest shall be payable annually upon
12 any sum so deposited until an amount equal to such sum
13 is paid from the Fund or Account to which it was deposited
14 and returned to miscellaneous receipts of the Treasury
15 “(b) Any sums in the Rural Housing Insurance Fund
16 or the Rural Housing Direct Loan Account which the Sec-
17 retary determines are in excess of amounts needed to meet
18 the obligations and carry out the purposes of such Fund or
19 Account shall be returned to miscellaneous receipts of the
20 Treasury.”

21 TITLE X—MISCELLANEOUS

22 AUTHORIZATION FOR URBAN PLANNING GRANTS

23 SEC. 1001. (a) Section 701 (b) of the Housing Act of
24 1954 is amended by striking out “not exceeding \$105,000,-
25 000” in the fifth sentence and inserting in lieu thereof “such
26 amounts as may be necessary”.

1 (b) Section 701 of such Act is further amended by
2 adding at the end thereof the following new subsection:

3 “(g) No grant shall be made under this section after
4 October 1, 1969, except pursuant to a contract or commit-
5 ment entered into on or before such date.”

6 AUTHORIZATION FOR FEDERAL-STATE TRAINING PROGRAMS

7 SEC. 1002. (a) Section 802 (d) of the Housing Act of
8 1964 is amended (1) by striking out “for grants under this
9 part”, and (2) by striking out “not to exceed \$10,000,000”
10 and inserting in lieu thereof “such amounts as may be
11 necessary to carry out the purposes of this part”.

12 (b) Section 802 of such Act is further amended by
13 adding at the end thereof the following new subsection:

14 “(e) No grant shall be made under this part after
15 October 1, 1969, except pursuant to a contract or commit-
16 ment entered into on or before such date.”

17 (c) Section 803 of such Act is amended (1) by striking
18 out “authorized to be”, and (2) by striking out “by section
19 802 (d)” and inserting in lieu thereof “for the purposes of
20 this part”.

21 AUTHORIZATION FOR PUBLIC WORKS PLANNING ADVANCES

22 SEC. 1003. (a) The second sentence of section 702 (e)
23 of the Housing Act of 1954 is amended (1) by striking out
24 “Housing Act of 1964” and inserting in lieu thereof

1 “Housing and Urban Development Act of 1965”, and (2)
2 by striking out “, not to exceed \$20,000,000,”.

3 (b) Section 702 of such Act is further amended by
4 adding at the end thereof the following new subsection:

5 “(i) No advance shall be made under this section after
6 October 1, 1969, except pursuant to a contract or commit-
7 ment entered into on or before such date.”

8 ADVISORY COMMITTEES—TECHNICAL PROVISION

9 SEC. 1004. Section 601 of the Housing Act of 1949
10 is amended by striking out the second sentence.

11 PUBLIC FACILITY LOANS TO NONPROFIT CORPORATIONS

12 SEC. 1005. Section 202 (c) of the Housing Amend-
13 ments of 1955 is amended by adding at the end thereof
14 the following new sentence: “Notwithstanding any other
15 provision of this title, the Administrator may extend finan-
16 cial assistance, as otherwise authorized by clause (1) of
17 subsection (a) of this section, to private nonprofit corpora-
18 tions to finance the construction of works for the storage,
19 treatment, purification, or distribution of water or the con-
20 struction of sewage, sewage treatment, and sewer facilities,
21 if needed to serve such smaller municipalities, upon a deter-
22 mination that no existing public body is able to construct
23 and operate such facilities.”

1 FHA CONFORMING AMENDMENTS

2 SEC. 1006. (a) Section 2 (f) of the National Housing
3 Act is amended by striking out all that follows the first
4 sentence.

5 (b) Section 8 of such Act is amended—

6 (1) by striking out “Title I Housing Insurance
7 Fund” in subsection (g) and inserting in lieu thereof
8 “General Insurance Fund”; and

9 (2) by striking out subsections (h) and (i).

10 (c) Section 203 (k) of such Act is amended—

11 (1) by striking out “a separate section 203 Home
12 Improvement Account to be maintained as hereinafter
13 provided under the Mutual Mortgage Insurance Fund”
14 in clause (3) of the first sentence and inserting in lieu
15 thereof “the General Insurance Fund”;

16 (2) by striking out “the section 203 Home Im-
17 provement Account or in debentures executed in the
18 name of such Account” in clause (4) of the first sen-
19 tence and inserting in lieu thereof “the General Insur-
20 ance Fund or in debentures executed in the name of
21 such Fund”;

22 (3) by striking out all of the third sentence which
23 follows “refer to this section 203 (k)” and inserting in
24 lieu thereof a period; and

1 (4) by striking out the fourth, fifth, and sixth
2 sentences.

3 (d) Section 204 of such Act is amended—

4 (1) by striking out “or section 210” in the first
5 sentence of subsection (a) ;

6 (2) by striking out all of the second sentence of
7 subsection (c) after “the mortgagee” and inserting in
8 lieu thereof “from the Mutual Mortgage Insurance
9 Fund.”;

10 (3) by striking out all of the first sentence of sub-
11 section (d) after “shall be negotiable” the first place it
12 appears and inserting in lieu thereof a period;

13 (4) by striking out “the Fund” each place it ap-
14 pears in subsection (d) and inserting in lieu thereof
15 “the Mutual Mortgage Insurance Fund”;

16 (5) by striking out “or the Housing Fund, as the
17 case may be,” in the fifth sentence of subsection (d) ;

18 (6) by striking out “or the Housing Fund” in the
19 sixth sentence of subsection (d) ; and

20 (7) by striking out the matter in subsection (f) (1)
21 (i) which follows “section 203” and precedes the
22 colon.

23 (e) Section 207 of such Act is amended—

1 (1) by striking out “and section 210” in the first
2 sentence of subsection (d) ;

3 (2) by striking out “of the Housing Insurance
4 Fund issued by the Commissioner under this title” in
5 the first sentence of subsection (d) and inserting in lieu
6 thereof the following: “issued by the Commissioner
7 under any title and section of this Act, except debentures
8 of the Mutual Mortgage Insurance Fund”;

9 (3) by striking out subsections (f), (m), and (p) ;
10 and

11 (4) by striking out “the Housing Insurance Fund”
12 and “the Housing Fund” each place they appear in
13 subsections (b), (h), (i), (j), (k), and (l) and in-
14 serting in lieu thereof “the General Insurance Fund”.

15 (f) Section 209 of such Act is amended by striking out
16 “or account or accounts,” in the second sentence.

17 (g) Section 213 of such Act is amended—

18 (1) by striking out “the Housing Fund” in subsec-
19 tion (a) (3) and inserting in lieu thereof “the General
20 Insurance Fund”; and

21 (2) by striking out “(l), (m), (n), and (p)” in
22 subsection (e) and inserting in lieu thereof “(l), and
23 (n)”.

24 (h) Section 220 of such Act is amended—

25 (1) by striking out “the section 220 Housing

Insurance Fund" each place it appears in subsections (d) (2) and (f) and inserting in lieu thereof "the General Insurance Fund";

(2) by inserting "and" immediately before "(B)" in the second full sentence in subsection (f) (3), and by striking out ", and (C)" and all that follows in such sentence and inserting in lieu thereof a period;

(3) by striking out subsections (g) and (h) (4); and

(4) by striking out "the section 220 Home Improvement Account" each place it appears in subsections (h) (5) and (h) (7) and inserting in lieu thereof "the General Insurance Fund".

(i) Section 221 of such Act is amended—

(1) by striking out "the section 221 Housing Insurance Fund" each place it appears in subsections (d) (4), (f), (g) (1), and (g) (3) and inserting in lieu thereof "the General Insurance Fund";

(2) by striking out all of subsection (g) (2) after "mortgages insured under this section" and inserting in lieu thereof "; or";

(3) by inserting "and" immediately before "(B)" in the first full sentence in subsection (g) (3), and by striking out ", and (C)" and all that follows in such sentence and inserting in lieu thereof a period; and

1 (4) by striking out subsection (h).

2 (j) Section 222 of such Act is amended—

3 (1) by striking out “Servicemen’s Mortgage In-
4 surance Fund” in subsection (e) and inserting in lieu
5 thereof “General Insurance Fund”; and

6 (2) by striking out subsection (f).

7 (k) Section 229 of such Act is amended by striking out
8 “and Accounts” in the first sentence.

9 (l) Section 231 of such Act is amended—

10 (1) by striking out “the section 207 Housing In-
11 surance Fund” in subsection (c) (4) and inserting in
12 lieu thereof “the General Insurance Fund”; and

13 (2) by striking out “(f), (g), (h), (i), (j), (k),
14 (l), (m), (n), and (p)” in subsection (e) and in-
15 serting in lieu thereof “(g), (h), (i), (j), (k), (l),
16 and (n)”.

17 (m) Section 232 of such Act is amended—

18 (1) by striking out “the section 207 Housing In-
19 surance Fund” in subsection (d) (1) and inserting in
20 lieu thereof “the General Insurance Fund”; and

21 (2) by striking out “(f), (g), (h), (i), (j), (k),
22 (l), (m), (n), and (p)” in subsection (f) and insert-
23 ing in lieu thereof “(g), (h), (i), (j), (k), (l),
24 and (n)”.

25 (n) Section 233 of such Act is amended—

(1) by striking out “the Experimental Housing Insurance Fund” in clause (1) of the third sentence of subsection (f) and inserting in lieu thereof “the General Insurance Fund”;

(2) by inserting “and” immediately before “(2)” in the third sentence of subsection (f), and by striking out “, and (3)” and all that follows and inserting in lieu thereof a period; and

(3) by striking out subsection (g).

(o) Section 234 of such Act is amended—

(1) by striking out “the Apartment Unit Insurance Fund” in subsections (d) (2) and (g) and inserting in lieu thereof “the General Insurance Fund”;

(2) by striking out subsection (h) and inserting in lieu thereof the following:

“(h) The provisions of subsections (d), (e), (g), (h), (i), (j), (k), (l), and (n) of section 207 shall be applicable to mortgages insured under subsection (d) of this section.”; and

(3) by striking out subsection (i) and redesignating subsection (j) as subsection (i).

(p) Section 604 of such Act is amended by striking out “the War Housing Insurance Fund” each place it appears in subsections (c), (d), and (f) (1) (i) and inserting in lieu thereof “the General Insurance Fund”.

1 (q) Section 608 of such Act is amended—

2 (1) by striking out “the War Housing Insurance
3 Fund” each place it appears in subsections (b) (1) and
4 (d) and inserting in lieu thereof “the General Insur-
5 ance Fund”; and

6 (2) by striking out subsection (f) and inserting
7 in lieu thereof the following:

8 “(f) The provisions of section 207 (k) of this Act shall
9 be applicable to mortgages insured under this section, except
10 that, as applied to such mortgages, the reference therein to
11 subsection (g) shall be construed to refer to subsection (c)
12 of this section.”

13 (r) The first sentence of section 609 (f) of such Act is
14 amended by striking out clause (1) and redesignating clauses
15 (2), (3), and (4) as clauses (1), (2), and (3),
16 respectively.

17 (s) Section 707 of such Act is amended by striking
18 out “the Housing Investment Insurance Fund” and insert-
19 ing in lieu thereof “the General Insurance Fund”.

20 (t) Section 708 of such Act is amended by striking out
21 “the Housing Investment Insurance Fund” each place it
22 appears in subsections (c), (e), (g), and (h) and inserting
23 in lieu thereof “the General Insurance Fund”.

24 (u) Section 803 of such Act is amended—

25 (1) by striking out “the Armed Services Housing

Mortgage Insurance Fund” each place it appears in subsections (b) (1), (b) (2), (e), (f), and (g) and inserting in lieu thereof “the General Insurance Fund”; and

(2) by striking out subsection (h) and inserting in lieu thereof the following:

“(h) The provisions of section 207 (k) and section 207 (l) of this Act shall be applicable to mortgages insured under this title and to property acquired by the Commissioner hereunder, except that, as applied to such mortgages and property, the reference in section 207 (k) to subsection (g) shall be construed to refer to subsection (d) of this section.”

(v) Section 809 of such Act is amended by striking out “the Armed Services Housing Mortgage Insurance Fund” each place it appears in subsections (b), (e), and (g) and inserting in lieu thereof “the General Insurance Fund”.

(w) Section 810 of such Act is amended—

(1) by striking out “the Armed Services Housing Mortgage Insurance Fund” in subsection (e) and inserting in lieu thereof “the General Insurance Fund”;

(2) by striking out “(l), (m), (n), and (p)” in subsection (j) and inserting in lieu thereof “(l), and (n)”; and

(3) by striking out the proviso in subsection (j) and inserting in lieu thereof the following: “: *Provided,*

1 That wherever the words ‘Fund’ or ‘Mutual Mortgage
2 Insurance Fund’ appear in section 204, such reference
3 shall refer to the General Insurance Fund with respect
4 to mortgages insured under this section”.

5 (x) Section 903 of such Act is amended by striking
6 out “the National Defense Housing Insurance Fund” each
7 place it appears in subsection (a) and inserting in lieu
8 thereof “the General Insurance Fund”.

9 (y) Section 904 of such Act is amended—

10 (1) by striking out “the National Defense Housing
11 Insurance Fund” each place it appears in subsections
12 (c) and (d) and inserting in lieu thereof “the General
13 Insurance Fund”; and

14 (2) by striking out all of subsection (e) which
15 follows “of this Act” and inserting in lieu thereof a
16 period.

17 (z) Section 908 of such Act is amended—

18 (1) by striking out “the National Defense Housing
19 Insurance Fund” in subsection (b) (1) and inserting in
20 lieu thereof “the General Insurance Fund”;

21 (2) by striking out all of subsection (d) which
22 follows “of this Act” and inserting in lieu thereof a
23 period; and

(3) by striking out subsection (f) and inserting in lieu thereof the following:

“(f) The provisions of section 207 (k) and section 207 (1) of this Act shall be applicable to mortgages insured under this section and to property acquired by the Commissioner hereunder, except that, as applied to such mortgages and property, the reference therein to subsection (g) shall be construed to refer to subsection (c) of this section.”

(aa) Sections 219, 602, 605, 710, 802, 804, 902, and 905 of such Act are repealed.

SAVINGS AND LOAN ASSOCIATIONS

SEC. 1007. Section 5 (c) of the Home Owners' Loan Act of 1933 is amended—

(1) by adding at the end of the first paragraph the following new sentence: “Loans on the security of buildings substantially all of which are used or are to be used after completion for college dormitories, fraternity houses, or sorority houses, or for residential purposes by the staffs of community hospitals, shall be considered as loans on ‘other dwelling units’ for the purposes of this subsection.”;

(2) by inserting before the period at the end of the next to last paragraph (as determined without re-

1 gard to the new paragraphs added by this Act) the
2 following: “: *Provided*, That in any State or area within
3 a State where the Board shall find that a substantial part
4 of the land occupied by or suitable for residential struc-
5 tures is available for purchase only on a leasehold basis,
6 any such association may make a loan on the security of
7 a first lien on the remainder of the term of any such
8 leasehold which extends or is renewable for at least ten
9 years beyond the maturity of such loan”; and

10 (3) by adding at the end thereof (after the new
11 paragraph added by section 201(b) (3) of this Act)
12 the following new paragraph:

13 “Any building association, building and loan association,
14 or savings and loan association organized and operating
15 under the laws of the District of Columbia shall have the
16 same powers with respect to the investment of its assets
17 as are authorized for Federal savings and loan associations
18 under this subsection, and shall be governed by such regula-
19 tions as the Board may prescribe in relation to the exercise
20 of such powers by Federal savings and loan associations.”

21 URBAN RENEWAL PROJECT IN JOHNSON CITY, TENNESSEE
22 SEC. 1008. Notwithstanding the date of commencement
23 of the installation of certain underground electrical wiring in
24 Johnson City, Tennessee, expenditures made in connection
25 with such installation shall, to the extent otherwise eligible,

1 be counted as a local grant-in-aid to Johnson City's proposed
2 downtown urban renewal project (Tennessee R-80) in ac-
3 cordance with the provisions of title I of the Housing Act of
4 1949.

5 REPAYMENT OF CERTAIN PLANNING GRANTS

6 SEC. 1009. Notwithstanding any other provision of law,
7 no advance made under section 501 of Public Law 458,
8 Seventy-eighth Congress; Public Law 352, Eighty-first Con-
9 gress; or section 702, Housing Act of 1954, Public Law 560,
10 Eighty-third Congress, for the planning of any public works
11 project shall be required to be repaid if construction of such
12 project has been heretofore or is hereafter initiated as a result
13 of a grant-in-aid made from an allocation made by the Presi-
14 dent under the Public Works Acceleration Act.

[Report No. 365]

A BILL

To assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities.

By **Mr. PATMAN**

MAY 6, 1965

Referred to the Committee on Banking and Currency

MAY 21, 1965

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

See no 15, 1965

16. HOUSING. Began debate on H. R. 6927, to establish a Department of Housing and Urban Development. pp. 13212-34, pp. 13263-4
The "Daily Digest" states that the Rules Committee "Granted an open rule ...on H. R. 7984, the omnibus housing bill." p. D531
17. FARM LABOR. Rep. Roosevelt inserted responses given the subcommittee by the Labor Dept. in the course of hearings on amendments to the Fair Labor Standards Act including questions on minimum wages in agriculture. pp. 13244-48
Rep. Talcott discussed three "misleading comments regarding the farm labor fiasco in California." p. 13249
18. TRANSPORTATION. Rep. Multer commended the Urban Mass Transportation Act of last Congress, stated that it is just the beginning of the administration's attack on a "serious problem" and inserted two articles on the subject. pp. 13266-8
19. FORESTRY. Received an Ill. Legislature petition "supporting the implementation of the national forest program for the Shawnee Hills of southern Illinois, including the planning and development of the George Rogers Clark Recreation Way, the Kincaid, Lusk Creek, Eagle Creek and Little Saline Lakes." p. 13284
20. LEGISLATIVE PROGRAM. The "Daily Digest" states that on Wed. the House will further consider the bill to establish a Dept. of Housing and Urban Development, and will act on bills relating to construction of Garrison diversion unit, Missouri River Basin project, and construction of Auburn Folsom south unit, American River division, Calif. p. D530

ITEMS IN APPENDIX

21. HIGHWAYS; RECREATION. Extension of remarks of Rep. Fulton criticizing alleged action by the Bureau of Public Roads to block proposed programs on highway beauty and recreational and wildlife facilities. pp. A2093-4
Rep. Reuss inserted an article supporting the President's proposed highway program. p. A3102
22. EDUCATION. Rep. Cohelan inserted an analysis of aid to education programs, "School Report--Federal Aid to Education Discussed." pp. A3095-6
23. FARM LABOR. Extension of remarks of Rep. Talcott urging the recruitment of competent farm labor "so that union members employed in industries allied with agriculture can go back to work." p. A3098
24. WHEAT. Extension of remarks of Rep. Cooley defending wheat provisions of the farm bill and inserting a letter "complaining that we are about to raise the price of wheat" and calling the proposed legislation a "bread tax." pp. A3105-6

BILLS INTRODUCED

25. FARM LABOR. H. R. 9045 by Rep. Battin, and H. R. 9052 by Rep. Cramer, to provide for the establishment of a program under which foreign agricultural workers can be recruited for temporary employment in the continental United States; to Agriculture Committee.

26. LABOR STANDARDS. H. R. 9048 by Rep. Burton, Calif., to amend the Fair Labor Standards Act to extend its protection to additional employees, to improve its maximum hours standards; to Education and Labor Committee.
27. RESEARCH. H. R. 9064 by Rep. Rogers, Fla., to establish a National Commission of Oceanography; to Merchant Marine and Fisheries Committee.
28. POPULATION. H. R. 9065 by Rep. Rosenthal, to provide for certain reorganizations in the Department of State and Department of Health, Education, and Welfare; to Government Operations Committee. Remarks of author p. 13264
29. TIME. H. R. 9066 by Rep. Saylor, to provide a uniform period of daylight saving time; to Interstate and Foreign Commerce Committee.
30. PUBLIC WORKS. H. R. 9067 by Rep. Saylor, to provide grants for public works and development facilities, other financial assistance, and the planning and coordination needed to alleviate conditions of substantial and persistent unemployment and underemployment in economically distressed areas and regions; to Public Works Committee.
31. PERSONNEL. H. R. 9073 by Rep. Love, to amend the Federal Employees' Group Life Insurance Act of 1954 to permit an employee subject to such act to be insured on the basis of the highest rate of of compensation received by him in the course of his employment; to Post Office and Civil Service Committee.
32. WILDLIFE. H. Con. Res. 440 by Rep. Reuss, expressing the sense of the Congress with respect to the worldwide conservation of wildlife and the convening of an international conference on the conservation of wildlife under sponsorship of the United Nations; to Foreign Affairs Committee. Remarks of author pp. 13257-61

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COMMITTEE HEARINGS:

June 16: Omnibus farm bill, S. Agriculture (Secretary Freeman to testify).

Farm bill, H. Agriculture (exec).

Poverty bill, H. Rules.

June 22: Dingell bills on pesticides that might injure fish and wildlife, H. Merchant Marine and Fisheries (Anderson, ARS, to testify).

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vide for the payment of legislative salaries and expenses by the government of Guam; and H.R. 8721, to amend the Revised Organic Act of the Virgin Islands to provide for the payment of legislative salaries and expenses by the government of the Virgin Islands. Prior to taking action on the measures, the subcommittee heard testimony from Santiago Polanco-Abreu, Resident Commissioner of Puerto Rico (H.R. 3433), a Department of the Interior witness (all three measures); and public witnesses (H.R. 8720 and H.R. 8721).

Held a hearing on H.R. 555, and related bills, regarding Antarctica study and research programs. A statement was presented from Dr. Laurence Gould, Chairman, Committee on Polar Research, National Academy of Science.

CLEAN AIR ACT

Committee on Interstate and Foreign Commerce: Subcommittee on Public Health and Welfare resumed hearings regarding amendment of the Clean Air Act of 1964. Testimony was heard from public witnesses.

RAILWAY LABOR ACT

Committee on Interstate and Foreign Commerce: Subcommittee on Transportation concluded hearings on H.R. 701, 704, and 706 (related bills), to amend the Railway Labor Act regarding the National Railroad Adjustment Board. Testimony was given by public witnesses.

MERCHANT MARINE ACT

Committee on Merchant Marine and Fisheries: Subcommittee on Merchant Marine continued hearings on H.R. 728 and H.R. 729, bills to amend the Merchant Marine Act. Heard testimony from Nicholas Johnson, Maritime Administrator; and public witnesses.

FEDERAL EMPLOYEES' PAY

Committee on Post Office and Civil Service: Subcommittee on Compensation resumed hearings on the Federal employees' pay increase. Testimony was given by the President of the Letter Carriers Union.

ZIP CODE

Committee on Post Office and Civil Service: Subcommittee on Postal Facilities and Modernization met in executive session on H.R. 5180, to encourage the use by volume mailers of ZIP code through postage rate concessions. No final action was taken.

PUBLIC WORKS

Committee on Public Works: Met in executive session on S. 1648, the Public Works and Economic Development Act of 1965. No final action was taken.

CIGARETTES

Committee on Rules: Granted an open rule, with 3 hours of debate, on H.R. 3014, regarding labeling and advertising of cigarettes.

Testimony was given on the request for a rule by Representatives Harris, and Harvey of Michigan.

HOUSING

Committee on Rules: Granted an open rule, waiving points of order, with 6 hours of debate, on H.R. 7984, the omnibus housing bill. Testimony was given on the request for the rule by Representatives Widnall, Fino, Barrett, Harvey of Michigan, Brock, Talcott, Mize, and Pelly.

AUTOMOTIVE PRODUCTS AGREEMENT

Committee on Ways and Means: Met in executive session and ordered reported favorably to the House H.R. 9042 (a bill to supersede H.R. 6960), the Automotive Products Trade Act of 1965.

BILLS SIGNED BY THE PRESIDENT

New Laws

(For last listing of public laws, see DIGEST, p. D525, June 14, 1965)

S. 435, extending the boundaries of Kaniksu National Forest, Idaho. Signed June 14, 1965 (P.L. 89-39).

H.R. 7597, establishing veterans reopened insurance fund in the Treasury. Signed June 14, 1965 (P.L. 89-40).

COMMITTEE MEETINGS FOR WEDNESDAY, JUNE 16

(All meetings are open unless otherwise designated)

Senate

Committee on Agriculture and Forestry, to begin hearings on S. 1702, and other pending farm legislation, 10 a.m., 324 Old Senate Office Building.

Committee on Appropriations, executive, to mark up H.R. 6453, fiscal 1966 appropriations for the D.C., 10 a.m., 1223 New Senate Office Building.

Subcommittee, on H.R. 7997, fiscal 1966 appropriations for independent offices, 11 a.m., room S-128, Capitol.

Subcommittee, on H.R. 8639, State, Justice, Commerce appropriations for fiscal 1966, to hear Commerce Department officials, 11 a.m., room S-126, Capitol.

Committee on Armed Services, executive, on S. 1771 and H.R. 8439, military construction authorizations, 10 a.m., 212 Old Senate Office Building.

Committee on Banking and Currency, on H.R. 7105, and other proposals to amend and extend the Export Control Act of 1949, 10 a.m., 5302 New Senate Office Building.

Committee on Commerce, Surface Transportation Subcommittee, on S. 1588, authorizing research and development into

Next meeting of the SENATE

12:00 noon, Wednesday, June 16

high-speed ground transportation, 10 a.m., 5110 New Senate Office Building.

Committee on the District of Columbia, executive, on S. 268 and 1118, D.C. home rule; S. 1718 and 1719, overtime pay for D.C. policemen and firemen; and S. 1817, aid to dependent children of unemployed parents in the D.C., 10 a.m., 6226 New Senate Office Building.

Committee on Finance, executive, on H.R. 6675, social security—medicare bill, 10 a.m., 2221 New Senate Office Building.

Committee on Government Operations, Subcommittee on National Security and International Operations, to continue its hearings on national security policy, to hear former Air Force Chief of Staff Gen. T. D. White on the link between sound military programs and effective foreign policies, 10 a.m., 3110 New Senate Office Building.

Committee on the Judiciary, Immigration and Naturalization Subcommittee, on S. 500, and other proposed immigration legislation, 10:30 a.m., 2228 New Senate Office Building.

Subcommittees on Constitutional Rights and Improvements in Judicial Machinery, to continue joint hearings on S. 1357, proposed Bail Reform Act, 10:30 a.m., room G-308 (auditorium) New Senate Office Building.

Committee on Post Office and Civil Service, Subcommittee on Health Benefits and Life Insurance, on S. 272, 628, and H.R. 6926, relating to Federal employees' life insurance, 10 a.m., 6202 New Senate Office Building.

Special Committee on Aging, to hold hearings on assistance to the elderly under the poverty program, 10 a.m., 4200 New Senate Office Building.

House

Committee on Agriculture, executive, on H.R. 7097, re rural economic opportunity, 10 a.m., 1301 Longworth House Office Building.

Committee on Banking and Currency, executive, on H.R. 7371, the Bank Holding Company Act of 1936, 9:30 a.m., 2128 Rayburn House Office Building.

Subcommittee on Domestic Finance, on Federal Services Finance Corp., 10 a.m., 2128 Rayburn House Office Building.

Next meeting of the HOUSE OF REPRESENTATIVES

12:00 noon, Wednesday, June 16

Committee on the District of Columbia, Subcommittee No. 3, on H.R. 556, re law practice in D.C.; and H.R. 748, re use of certain property as a chancery, 10 a.m., 1310 Longworth House Office Building.

Committee on Education and Labor, General Subcommittee on Education, on H.R. 2362, re education improvement, 9:30 a.m., 2257 Rayburn House Office Building.

General Subcommittee on Labor, on proposed amendments to the Fair Labor Standards Act, 9:45 a.m., 2175 Rayburn House Office Building.

Committee on Foreign Affairs, Subcommittee on Africa, on African Students and study programs in the U.S., 10 a.m., 2200 Rayburn House Office Building.

Committee on House Administration, executive, on pending legislation, 10:30 a.m., H-329 U.S. Capitol Building.

Committee on Interior and Insular Affairs, on the silver bill, 9:45 a.m.; to be followed by the Subcommittee on Irrigation and Reclamation, on the saline water program.

Committee on Interstate and Foreign Commerce, Subcommittee on Public Health and Welfare, on amendment of the Clean Air Act of 1964, 10 a.m., 2123 Rayburn House Office Building.

Committee on the Judiciary, Subcommittee No. 2, executive, on pending legislation, 10 a.m., 2237 Rayburn House Office Building.

Subcommittee No. 3, on H.R. 4347, and related bills, re copyright law revision, 10 a.m., 2226 Rayburn House Office Building.

Committee on Rules, on H.R. 8283, the poverty bill, 10:30 a.m., H-313 U.S. Capitol Building.

Joint Committee

Joint Committee on Atomic Energy, executive, to receive a briefing from CIA Director Adm. Wm. Raborn, 10 a.m., to be followed by consideration of S. 2103 and H.R. 8856, to amend section 271 of the Atomic Energy Act regarding the supply of power to Stanford Linear Accelerator (SLAC), 11:45 a.m., room AE-1, Capitol.



Congressional Record

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Digest of CONGRESSIONAL PROCEEDINGS

OFFICE OF
BUDGET AND FINANCE

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OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE

Washington, D. C. 20250

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U. S. Department of Agriculture

Issued June 17, 1965

For actions of June 16, 1965

89th-1st, No. 109

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HIGHLIGHTS: House passed bill to establish Dept. of Housing and Urban Development. House Rules Committee cleared omnibus housing bill including title on rural housing. Senate passed cigarette labeling bill. Senate passed bill to expand salt-water research program.

SENATE

1. CIGARETTE LABELING. Passed, 72-5, as reported S. 559, to provide for regulation of labeling of cigarettes so as to state that smoking may be a health hazard. pp. 13404-38, 13440-4
2. DEBT LIMIT. Passed, 61-26, without amendment H. R. 8464, providing for a 1-year increase in the public debt limit to \$328 billion. pp. 13394-7, 13399-404 This bill will now be sent to the President.
3. D. C. APPROPRIATION BILL. The Appropriations Committee reported with amendments this bill, H. R. 6453 (S. Rept. 333). p. 13361
4. RECREATION. The Interior and Insular Affairs Committee reported with amendments

S. 360, to provide for establishment of the Indiana Dunes National Lakeshore (S. Rept. 334). p. 13361

5. EXPORT CONTROL. Sen. Robertson said he plans to recommend passage of H. R. 7105, to extend the Export Control Act for 1 year without amendment, in view of the short time remaining before expiration of the Act. Such action would involve rejection of the McGovern amendment to change the requirement that half of our Public Law 480 wheat exports be in American vessels. p. 13370
6. ELECTRIFICATION. Passed with amendment S. 1761, to authorize a third power plant at the Grand Coulee Dam. pp. 13375-7
7. WATER. Sen. Ribicoff discussed and inserted an article analyzing the "debate" between those favoring more dams and those favoring preservation of natural beauty. pp. 13382-3
Passed without amendment S. 24, to authorize appropriation of \$200 million additional for the period ending with the fiscal year 1972, for salt-water research through the Interior Department. p. 13404
8. ECONOMIC SITUATION. Sen. Magnuson inserted an address by Secretary of Commerce Connor, "The Growing Economy." pp. 13385-6
9. POLLUTION. Sen. Byrd, W. Va., inserted his address favoring air and water pollution control. pp. 13386-8
10. INTERGOVERNMENTAL RELATIONS. Sen. Symington inserted Vice President Humphrey's speech on cooperative efforts at Federal and local levels. pp. 13392-4
11. FOREIGN AID. Sen. Harris charged that, while accepting our wheat shipments, UAR is exporting rice. p. 13394

HOUSE

12. HOUSING. The Rules Committee reported a resolution for the consideration of H. R. 7984, to assist in the provision of housing for low and moderate income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities (p. 13312). Title IX of this bill "would provide a new program of insured housing loans under the Farmers Home Administration to permit private capital to make mortgage financing available in rural and rural nonfarm areas.
Passed as reported H. R. 6927, to establish a Department of Housing and Urban Development. pp. 13286-304
13. TAXATION. Received the conference report on H. R. 8371, to reduce excise taxes (H. Rept. 525) (pp. 13354-8). Conferees were appointed earlier (p. 13304).
14. TREASURY, POST OFFICE, AND EXECUTIVE OFFICE APPROPRIATION BILL, 1966. Conferees were appointed on this bill, H. R. 7060. p. 13285
15. APPROPRIATIONS. The Appropriations Committee was granted permission to file, by midnight June 17, reports on Defense Department and public works appropriations, 1966. pp. 13285-6

CONSIDERATION OF H.R. 7984

JUNE 16, 1965.—Referred to the House Calendar and ordered to be printed

Mr. O'NEILL, of Massachusetts, from the Committee on Rules,
submitted the following

REPORT

[To accompany H. Res. 425]

The Committee on Rules, having had under consideration House Resolution 425, report the same to the House with the recommendation that the resolution do pass.



House Calendar No. 100

89TH CONGRESS
1ST SESSION

H. RES. 425

[Report No. 524]

IN THE HOUSE OF REPRESENTATIVES

JUNE 16, 1965

Mr. O'NEILL of Massachusetts, from the Committee on Rules, reported the following resolution; which was referred to the House Calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That upon the adoption of this resolution it
2 shall be in order to move that the House resolve itself into
3 the Committee of the Whole House on the State of the Union
4 for the consideration of the bill (H.R. 7984) to assist in the
5 provision of housing for low- and moderate-income families,
6 to promote orderly urban development, to improve living
7 environment in urban areas, and to extend and amend laws
8 relating to housing, urban renewal, and community facilities,
9 and all points of order against said bill are hereby waived.
10 After general debate, which shall be confined to the bill and
11 continue not to exceed six hours, to be equally divided and
12 controlled by the chairman and ranking minority member of

1 the Committee on Public Works, the bill shall be read for
2 amendment under the five-minute rule. At the conclusion of
3 the consideration of the bill for amendment, the Committee
4 shall rise and report the bill to the House with such amend-
5 ments as may have been adopted and the previous question
6 shall be considered as ordered on the bill and amendments
7 thereto to final passage without intervening motion except
8 one motion to recommit.

RESOLUTION

Providing for consideration of H.R. 7984, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities.

By Mr. O'NEIL of Massachusetts

JUNE 16, 1965

Referred to the House Calendar and ordered to be printed

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
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OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
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Issued June 29, 1965
For actions of June 28, 1965
89th-1st; No. 116

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HIGHLIGHTS: Both Houses passed appropriations continuing resolution. Senate passed military construction bill including item to repay CCC. House debated housing bill including title on rural housing. Senate committee reported housing bill, including title on rural housing. Sen. Kuchel inserted his testimony criticizing the rice provisions of the farm bill. Rep. Purcell urged postponement of referendum on mandatory wheat program for 1966.

SENATE

- 1. APPROPRIATIONS.** Both Houses passed without amendment H. J. Res. 553, the appropriations continuing resolution. This measure will now be sent to the President. Sen. Hayden stated: "This joint resolution is similar to continuing resolutions ...agreed to in prior years, and provides, pending the enactment of the regular appropriation bills, for the continuation of appropriations for programs and activities of the Federal Government. All authority under this resolution expires on July 31, 1965." pp. 14313-6, 14392, 14425.
- 2. MILITARY CONSTRUCTION.** Passed, 89-0, as reported H. R. 8439, the military construction bill, which includes an item for payment of CCC for certain family housing which was financed from the sale of surplus commodities. Senate conferees were appointed. pp. 14460-93

3. TREASURY-POST OFFICE APPROPRIATION BILL. Both Houses agreed to the conference report on this bill, H. R. 7060. The bill will now be sent to the President. pp. 14316-9, 14480-1
 4. BANKING; FOREIGN TRADE. The Foreign Relations Committee reported with amendments S. 1742, to authorize amendments to the articles of agreement of the International Bank for Reconstruction and Development and the International Finance Corporation (S. Rept. 372) (p. 14422). Several Senators discussed this and related matters (pp. 14422, 14447-51, 14451-5, 14492-3).
 5. HOUSING LOANS. The Banking and Currency Committee reported without amendment an original bill, S. 2213, on housing and urban redevelopment, including a title on rural housing loans (S. Rept. 378). p. 14422
 6. PUERTO RICO. Passed without amendment S. 2154, to extend the life of the Commission on the Status of Puerto Rico through September 30, 1966, and increase its authorization. pp. 14395-6
 7. RICE. Sen. Kuchel inserted his testimony opposing the rice provisions of S. 1700 the farm bill. p. 14428
 8. FORESTRY. Sen. McGee inserted an article describing the Flaming Gorge Dam. pp. 14435-6
 9. AIR POLLUTION. Sen. Ervin inserted an article on the "damaging effects of air pollution." pp. 14438-9
 10. TRUTH-IN-PACKAGING. Sen. Morse inserted statements favoring the truth-in-packaging bill. pp. 14440-1
- HOUSE
11. D. C. APPROPRIATION BILL, 1966. Conferees were appointed on this bill, H.R. 6453 (p. 14313). Senate conferees have not yet been appointed.
 12. HOUSING LOANS. Began debate on H. R. 7984, to assist in the provision of housing for low and moderate income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities. This bill contains a title on rural housing loans. pp. 14327-51, 14379-80
 13. WATERSHEDS. The Public Works Committee approved the work plans for the following watersheds: Lower Little Tallapoosa River, Ga.; Uncle John Creek, Okla.; Wilson Spring Creek, Tenn.; Attoyac Bayou, Tex., Castleman Creek, Tex.; and Donahoe Creek, Tex. pp. 14312-13
 14. FARM LABOR. Rep. Cohelan stated that Labor Secretary Wirtz has "done a commendable job in the administration of his responsibilities involving foreign labor" since the termination of the bracero program and reviewed and evaluated the situation. pp. 14364-73
 15. WHEAT. Rep. Purcell stated "action is urgently needed to postpone the date for holding a national referendum on a mandatory wheat program for 1966, pending final decision on an extension of the present voluntary wheat program" as farmers are now planning their winter crops. pp. 14381-2

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

HOUSING AND URBAN DEVELOPMENT ACT OF 1965

Mr. PEPPER. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 425, and ask for its immediate consideration.

The Clerk read as follows:

H. RES. 425

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 7984) to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and continue not to exceed six hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Public Works, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from Florida [Mr. PEPPER] is recognized for 1 hour.

Mr. PEPPER. Mr. Speaker, before yielding to the distinguished gentleman from Illinois [Mr. ANDERSON], I would like to announce that by inadvertence on page 2 of the rule the Committee on Public Works was named in lieu of the Committee on Banking and Currency. Therefore, at the conclusion of the debate on this rule, I shall offer the following amendment:

On page 2, line 1, strike out "Committee on Public Works" and insert "Committee on Banking and Currency."

Mr. Speaker, I yield to the distinguished gentleman from Illinois [Mr. ANDERSON] 30 minutes and myself such time as I shall consume on this rule.

Mr. Speaker, House Resolution 425 provides for the consideration of H.R. 7984, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities. The resolution provides an open rule with 6 hours of general debate and waives points of order.

Prompt action on H.R. 7984, the housing and urban development bill, is urgently needed because this bill provides additional authorizations and extensions of authority for most of our programs in this field and a number of those programs have reached or are close to the

limits in existing law. These include the entire program of FHA mortgage insurance, urban renewal, public housing, the college dormitory program and farm housing. For years the Congress has sought to achieve as much continuity in these programs as is consistent with congressional control and it is important that we act on this bill without further delay so that our cities, the home build- and home financing industries, our universities and others can make their plans for the future.

This bill is necessarily lengthy and complex because the problems with which it deals are serious and involve the welfare of many millions of our citizens, the future development of our towns and cities, the health of our economy, and a number of specialized problems such as the housing conditions of the elderly. I will give only a brief summary of the bill and leave the more detailed explanation for the extended general debate provided by the rule.

Title I of the bill covers most of the new and existing programs aimed directly at the housing problems of lowest income families. The first section embodies President Johnson's proposal for rent supplements to help poor families to obtain decent housing. In addition to being low income, the families eligible would be those displaced by Government action, the elderly and handicapped, and those now living in slum housing. The housing would be rental and cooperative housing financed under the FHA program and sponsored by private non-profit or limited dividend corporations or cooperatives. The supplement would be the difference between one-fourth of the occupant's income, which he would pay as rent in the normal way, and the full market rental for the unit. The housing would be privately built, privately financed, and privately owned, with the Federal assistance confined only to that margin of aid needed to enable eligible poor families to live there.

Mr. Speaker, this is clearly the most controversial provision of this bill and I know it will be discussed at length during the general debate so I will not go into any further detail at this point.

The second section of the bill would extend for years the increasingly successful FHA program of below-market interest financing for rental and cooperative housing for families of modest incomes. It would also put a ceiling of 3 percent on the interest rate of these loans which would otherwise go to 4 percent on June 30. Sections 103 and 104 would continue the low rent public housing program for 4 years at an annual rate of 60,000 units a year and provide flexibility in the formula so that local housing authorities can use existing privately owned units as well as new construction. The next section of the bill would extend the program of low-interest direct loans for housing for the elderly created in 1959 and limit the interest rate under that program to 3 percent. Finally this title would provide a very promising new authority under the urban renewal program for

grants up to \$1,500 for lowest income homeowners in urban renewal areas to enable them to bring their homes up to code requirements and thereby avoid eviction. This will be an important step toward achieving the goal we have long sought of encouraging rehabilitation of run-down areas where possible and avoid the personal tragedy of putting people out of their homes and at the same time avoid the public cost of relocation payments and other aid now provided for the displaced.

Title II of the bill covers FHA operations and has three main provisions. First, it would extend all FHA insurance programs for an addition 4 years. Unless we act on this bill FHA will be out of business after September 30 of this year. In addition, title II would authorize a new program of FHA mortgage financing to help finance land acquisition and development for subdivisions. This provision is not as broad as the original administration proposal which would have included the development of entire new communities but that was taken out of the bill by the committee. The third main provision of title II would for the first time permit no downpayment loans for veterans under the FHA insurance programs.

Title III would continue the urban renewal program for 4 years at an annual rate of \$700 million. In addition, it would tighten the urban renewal program requirements to minimize relocation hardships and encourage more efficient program operation. It would continue the 3-percent rehabilitation loan program authorized in the Housing Act of 1964 for 4 years, and would provide a new program of lease guarantees for small business concerns displaced by urban renewal projects.

Title IV—compensation of condemnees—would provide a new feature designed to protect displaced homeowners and businesses. It would do this through increased relocation payments and also by assuring owners a prompt and substantial partial payment for their properties pending final court settlement.

Title V would continue the very successful college housing program. It would increase the authorization for college housing loans by \$300 million a year over each of the next 4 years and would establish a maximum interest rate of 3 percent.

Title VI of the bill would offer new aid for local community facilities. It would authorize Federal grants to meet one of the most urgent problems facing our towns and cities today, that of adequate and safe water supply. The grants could cover up to 50 percent of the cost of providing basic water and sewer facilities and would be available to towns and cities of all sizes. Another section of this title would provide a new program of grants covering two-thirds of the cost of needed community centers to serve the social and recreational needs of the poorer sections of our cities, and the bill provides a priority for projects undertaken in connection with the Economic Opportunity Act of 1964.

Title VII would increase the mortgage purchasing authority of the Federal National Mortgage Association special assistance program by a total of \$1.6 billion over the next 4 years. This money is needed to continue the FHA below-market interest rate program for low and moderate income families.

Title VIII of the bill would amend the open space land program to liberalize the grants in existing law and to make the aid available in built-up areas. It would also provide assistance to towns and cities which increase their efforts in the field of urban beautification.

Title IX would extend our housing programs in rural areas for 4 years and would add an insured home loan program to make liberal financing available in very small towns and farm areas which cannot be fully served by regular private mortgage lenders.

The last title of the bill, title X, includes a number of miscellaneous provisions, the most important of which are 4-year extensions of the existing urban planning grant program and the public works planning advance program.

Mr. Speaker, as I said before any delay in acting on this bill would be damaging to our housing programs. I believe the rule is noncontroversial; it had bipartisan support in the hearings before our committee, even from those who are critical of some of the provisions in the bill. I urge the House to approve it.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. PEPPER. I gladly yield to my distinguished friend from Iowa.

Mr. GROSS. The gentleman has given us quite a rundown on the bill, but I do not believe he stated why the rule provides for waiving point of order. Could the gentleman tell us why the rule would waive points of order?

Mr. PEPPER. That matter came up in the Rules Committee. Those who presented the application for the rule to the committee felt that technical questions might arise which would make it appropriate to provide in the rule for the waiver of points of order.

In a complex bill like this, which affects many provisions of existing law and has many ramifications, it was felt that full and fair consideration of the bill and the whole subject matter thereof by the House would require or make desirable the provision in the rule for waiving points of order, which, as the able gentleman knows, is not an unusual provision for a rule to contain. However, the able gentleman also knows 6 hours of debate are allowed in this rule, and it is an open rule. Therefore, the House will have ample opportunity for thorough debate on the measure.

Mr. GROSS. Mr. Speaker, will the yield further?

Mr. PEPPER. Yes. I yield to the able gentleman.

Mr. GROSS. I suppose there are technical questions concerning almost any bill brought on the floor of the House. I still await some kind of bill of particulars as to why all points of order were waived or will be waived by the adoption of this rule. Has it just become fashionable for the Committee on Rules to bring out rules

waiving all points of order? Is that the story?

Mr. PEPPER. I will say to the able gentleman that when the Committee on Rules is requested to provide in the rule for the waiving of points of order, it always gives pause to the committee in the consideration of the matter. The committee never does it without deliberating on it and raising the very question that the able gentleman raised as to whether or not it is desirable for the rule to provide for waiver of points or order. I will say, as Mr. Justice Holmes said, "Everything from the 12 tables down to the present is a matter of degree." In this particular case the Rules Committee thought the provision for the waiver of points or order was appropriate to the subject matter.

Now, Mr. Speaker, I yield to the gentleman from Illinois [Mr. ANDERSON].

Mr. ANDERSON of Illinois. Mr. Speaker, I yield myself 10 minutes.

(Mr. ANDERSON of Illinois asked and was given permission to revise and extend his remarks.)

Mr. ANDERSON of Illinois. Mr. Speaker and Members of the House, to continue just for a moment or two the colloquy which has just taken place between the gentleman from Iowa [Mr. Gross] and my distinguished colleague from the Committee on Rules, the gentleman from Florida [Mr. PEPPER], I would share with the gentleman from Iowa the feeling that there is an unfortunate growing tendency on the part of those who appear before the Committee on Rules to ask for waivers of points of order almost as a matter of course, whether or not it can really be demonstrated to the satisfaction of the committee that this is truly necessary. I think the gentleman performed a service here today in pointing out that we ought to be prepared, unless there is very good cause shown to the contrary, to be willing to abide by the rules of the House and not to resort to this frequent practice of the waiving of points of order.

Mr. Speaker, Members of the House will recall that last year we had before this body a bill which was referred to as a barebones housing bill. I am sure no one in this Chamber today, least of all the members of the Committee on Banking and Currency, who have studied this legislation, would suggest that we are today considering anything in the nature of a barebones legislative package. This is far from that. I have not been able to determine, even after several days of hearings in the Committee on Rules, how much this is going to cost the taxpayers. Some people have put a price tag of \$6 billion on it. Someone else said \$7 billion. There are those who are going to point out during general debate, I am sure, that under one section alone, section 101, the eventual cost to the taxpayers could be \$8 billion. There are others who will point out, I think, under section 104, the public housing section, of this bill, the eventual cost may run to \$7 billion.

Be that as it may, I think the point can be amply substantiated that this is a multibillion-dollar bill. Not only is it gigantic in cost, but it is a bill that is

revolutionary in its philosophy which it espouses and the concepts it seeks to introduce into the field of housing legislation.

I do not know how many Members of the House, but maybe all of them, got the same little do-it-yourself kit that I got when this session of Congress opened in January, which was kindly provided to us from the Housing and Home Finance Agency, telling about all of the programs they had. I brought just a few, not all, of the pamphlets that they were thoughtful enough to include in this little packet: "FHA Mortgage Insurance for Urban Renewal," "FHA Home Mortgage Insurance," "Housing Loans for Major Home Improvements," "FHA's Rental Housing Program," "FHA and the Homebuying Servicemen," "FHA Mortgage Association for Condominiums," "FHA Assistance for Home Trade-ins," "Mortgage Insurance for Rental and Cooperative Housing for Families of Low and Moderate Income," "Mortgage Insurance on Housing for the Elderly," and "FHA Financing for Home Purchases and Home Improvements."

I could go on and on and on with a list of problems that already exist in HHFA. And yet today, as the gentleman from Florida has pointed out, we are faced not only with extending for 4 years many of the well-known and familiar programs of that agency but starting some brandnew, very expensive programs as well.

This, of course, is a pretty good illustration of the legislative technique that has been used by this administration consistently in this session of Congress. It is the omnibus-bill tactic. It is the package approach. All the time they tell us, why, of course, all of these programs are functioning beautifully, they are doing fine for the elderly and for the servicemen and for rental housing and for all of these diverse groups. But despite all of the praise that is heaped on these programs, it is not quite enough. We have got to start something that is a little bit better, a little bit different and, of course, we are going to start very modestly, as we do in this rental supplement program with only \$50 million a year authorization, but next year inexorably as the hand of time moves, the program is going to go up to \$100 million, then \$150 million, then \$200 million.

And, as I think the gentleman from Michigan and others on the Committee on Banking and Currency can point out during the time we will have on general debate, this is just the beginning of a program that could literally lead to the subsidization of housing for million and millions of American families.

According to the testimony of Mr. Ed Mendenhall, representing the National Association of Real Estate Boards, the administration's subsidy program for America's middle class will eventually include all families whose housing costs exceed 20 percent of the family income. According to the 1960 census figures, this would include at least 40 percent of our Nation's population.

In Mr. Mendenhall's words:

The rent supplement program by reaching into the income levels even in excess of the

median income of all families constitutes a gross misrepresentation of the capabilities of the American family to acquire adequate shelter through its own resources.

The 1960 census figures also tell us that 72 percent of the families who earn less than \$4,000 a year, and 92 percent of families earning between \$4,000 and \$8,000 annually live in adequate housing. The administration's bill seems to be based on the mistaken premise that everyone, regardless of income and present conditions, is entitled to a new dwelling unit. The absurdity of such an undertaking is obvious. In the words of the gentleman from Wisconsin [Mr. REUSS]:

We'll have rent supplements for everybody who does not live on Park Avenue.

I am not going to take the time to go through, as my friend from Florida has done in excellent fashion, all of the various authorizations that are contained in this bill that would be continued on new programs. But it reminds me pretty much of that old expression—something old, something new, something borrowed, something blue.

I think it is the taxpayers who are going to be singing the blues when they get to examining all of the provisions that are to be found in this bill. There is one that said it is going to promote the goals of the Great Society and as the majority report makes clear in connection with one of the new programs to finance the construction of community recreation and neighborhood centers, this bill is part of the poverty program; to carry out the poverty program.

We will have a bill, I can remind you, and perhaps I need not, another bill of close to \$2 billion to carry out the poverty program a little bit later this week.

Over the weekend I noticed a speech that was delivered by a Mr. Donald Henderson who is the director of research, I believe, for the united planning organization, the group which coordinates the antipoverty program in the District of Columbia. I mention this because of the reference in the majority report to the fact that this bill is clearly necessary to implement the poverty program.

In his speech as reported, he is supposed to have said that this is necessary to coordinate the poverty program in the District of Columbia. He said that the war on poverty should be aimed at bringing about fundamental changes in the American social structure.

And one of the things that he went on to stress as being necessary to produce those changes is, "facing the inevitability of the welfare state."

Believe me, we not only face, we accept in this bill the inevitability of the introduction of the welfare state. This is nothing short of a Brannan plan for city dwellers, a Brannan plan where there will be compensatory payments to allow the renter to upgrade his housing without any effort on his part but at the expense of the American taxpayer.

No longer is the administration content to single out the lower class as the prime target in the war on poverty. Now it is supposedly a war crime to be-

long to the lower middle class. We have been led to believe that the war on poverty is an attempt to help the poor help themselves. This is a most commendable goal. Yet the reasoning behind the rent subsidy plan is a curious contradiction to this goal. The rent subsidy plan would extend Federal assistance to those who have managed to pull themselves up by their bootstraps and stand on their own feet. It provides for additional Federal aid where it is not really needed. In short, it is a crutch that is being offered to those who have just learned to walk. Its only possible effect will be to cripple for life those who have just overcome a major handicap. It does not offer a helping hand; it only imposes a lifelong brace.

Allow me to illustrate this point. A family in the \$3,000-a-year income bracket, that's \$250 a month, would pay \$62.50 a month on a \$100 apartment under the rent subsidy plan. The Government would pay the difference between 25 percent of the family's income and the cost of the apartment, or \$37.50 a month. Should that family's income be raised to \$300 a month, its own rent payment would be upped to \$75 and the Government subsidy would drop to \$25.

And if the family's income were raised to \$400 a month, it would be forced to pay all of the rent. In other words, the family has no incentive to increase its income as long as it can live in the same accommodations earning \$250 a month as it could earn \$400.

Or if the family wished, it could move into a \$200-a-month apartment and still receive a Government subsidy since the law only specifies that the standard housing should be suitable to the tenant's needs and desires as determined by the housing administrator.

It is called by some a social experiment. Well, I wonder if there is a single Member listening to me in this Chamber who thinks that this experiment, once started, will ever end.

Mr. Speaker, we have had public housing, I would remind you, since 1937. If my memory serves me correctly, we still have only about 540,000 public housing units, costing about \$191 million, in fiscal 1964.

Under this proposal, in just 4 short years, not 25 years, you are going to have 500,000 subsidized units costing as I have said previously \$200 million a year at least.

Mr. Speaker, this is one of those never-ending experiments that once begun is certainly not going to be discontinued.

You know, it was Arthur Krock, I thing, who commented in an article which I read not long ago on this program which appeared in the New York Times on May 26, as follows, and I quote:

The rent supplement plan is merely the latest, though the most extreme, expression of the political philosophy which would create an egalitarian socioeconomy, irrespective of individual merit, with subsidies financed by the ambitious, the industrious, and the worthy, the real issue is whether the Federal Union is to undergo its greatest transformation thus far into a collectivist state.

Those, Mr. Speaker, were the words of Arthur Krock.

So, Mr. Speaker, I beg the Members of this body to listen during the 2 or 3 days that we will be engaged in the debate on this bill because the decision you make on this section is going to have one of the most far-reaching effects that Members of this Congress have been asked to enact to date.

Mr. HALL. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of Illinois. I am happy to yield to the gentleman from Missouri.

Mr. HALL. I appreciate the gentleman's comment and the beautiful exposition of some of the objections to this rule. I certainly would like to associate myself with the comments of the gentleman concerning the prior colloquy with the gentleman from Iowa and the gentleman from Florida [Mr. PEPPER] who brings this rule to the floor of the House today.

Mr. Speaker, I fail to see why we should waive all points of order on these bills and on these rules.

I wonder if the gentleman from Illinois could go into that a little further to say that it is more appropriate to waive points of order in the opinion of the majority of the Committee on Rules on any given legislation without specifying earlier or why, in a bill of particulars, points of order are waived, is the difference between tweedle-dum and tweedle-dee.

I would urge the gentleman for the benefit of the Members of the House to explain that further.

The SPEAKER pro tempore (Mr. ALBERT). The time of the gentleman from Illinois has expired.

Mr. ANDERSON of Illinois. I yield myself 2 additional minutes.

The SPEAKER pro tempore. The gentleman is recognized for 2 additional minutes.

Mr. ANDERSON of Illinois. Mr. Speaker, I would like to take the time to go into this in detail but there are others who have requested to be heard under the rule and I must conclude my remarks. But, perhaps, suffice it to say, as the gentleman said earlier, it is simply a question of the committee chairman and those who come before the Committee on Rules just getting into the habit of asking on almost everything and on almost each and every occasion for a rule waiving points of order. I have not been satisfied on several occasions with the explanations that have been given as to why this is necessary. Yet that is the kind of rule that has been granted, according to the will of the majority of the Committee on Rules.

Mr. HALL. Mr. Speaker, will the gentleman yield further?

Mr. ANDERSON of Illinois. I yield further to the gentleman from Missouri.

Mr. HALL. There are many of us working night and day on the rules of the Congress under Senate Concurrent Resolution 2. Should not the rules as to the procedures of each body interrelate between the two bodies and not allow things that are nongermane to be considered or to waive points of order that might otherwise, under existing

rules of the House, be objected to by Members of the House?

Mr. ANDERSON of Illinois. I certainly agree with the gentleman's view and I would like to have the gentleman's committee address itself to that very problem during the course of its hearings.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of Illinois. I yield to the gentleman from Iowa.

Mr. GROSS. I should like to commend the gentleman for the excellent statement he has made in connection with this bill and say again that I am opposed to this rule for the reason that it waives points of order. I hope, therefore, the rule will be defeated.

Mr. ANDERSON of Illinois. I want to say just one thing before I yield to the gentleman from Michigan. A large part of the hearings which were held in the Committee on Rules, much of the time spent thereon, was stimulated because of the issuance of what is depicted as a committee print, a document called "Corrections of Misleading and False Statements Concerning Rent Supplement Program Made in Minority Report on the Housing and Urban Development Act of 1965."

Mr. Speaker, it developed in the hearings that were held in the committee that this was a document—and this is my impression of the hearings—which was prepared by the Housing and Home Finance Agency and then issued under the imprimatur of the Committee on Banking and Currency.

Mr. Speaker, I think this represents a mighty poor procedure for any committee of this House to indulge in such a travesty on the Members of the Congress and the House itself.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield 10 minutes to the gentleman from Michigan [Mr. HARVEY].

(Mr. HARVEY of Michigan asked and was given permission to revise and extend his remarks.)

Mr. HARVEY of Michigan. Mr. Speaker, I rise to discuss the open rule granting 6 hours' debate on H.R. 7984, the Housing and Urban Development Act of 1965. I certainly want to emphasize that I do not approve of a rule waiving points of order.

At the outset, Mr. Speaker, I want to make my own position clear. I believe that by and large, both urban renewal and public housing, which are dealt with in this bill, have made significant contributions to our Nation's welfare. I may occasionally have differences insofar as the amount of these programs is concerned, or with the manner in which they are being administered, but I support the concept of both programs and do not question the need or necessity. I say that as a former mayor in a Michigan city of 100,000 population, who has worked with the problems of blighted downtown areas, slums, and the housing of both low-income and minority groups.

But, Mr. Speaker, one issue in this bill overshadows all the rest. I refer, of course, to section 101, the proposal to begin a massive \$8 billion program of rent supplements to middle-income fam-

ilies. If this rent supplement program is still in the bill when we come to final passage, I intend to vote against the bill. If it is eliminated, as I hope, I will vote for the bill—and it is just that simple.

It is a pity that this housing bill has come to be characterized by this rent supplement program. I say that because, by and large, with the exception of the rent supplement section, the remainder of the bill represents a bipartisan effort. I have been proud of the contributions from our minority Members, for more than 20 major Republican proposals have found their way into this legislation. Look, for example, at the amendment of the gentleman from New Jersey [Mr. WIDNALL], found on page 44—in section 211—entitled "FHA Mortgage Financing for Veterans." It is a fact that the present VA home loan program is being phased out of existence. This section, suggested by Mr. WIDNALL, will insure that every veteran who has not used up his eligibility will be entitled to secure an FHA "no downpayment" mortgage on homes costing up to \$20,000 and with only 5 percent down on homes up to \$30,000.

We hear loud noises about the need for rent supplements in order to boost the housing construction industry. Mr. Speaker, with the passage of this section of the bill, granting VA-type mortgage insurance to all veterans, we will be creating far more potential demand for new housing construction than could ever be created by rent supplements. More important, in the process of doing so, we will be correcting a great wrong to those tens of thousands of cold war GI's who have never been made eligible for the VA housing program. We will be serving notice to our boys in Vietnam and Santo Domingo that the 89th Congress has not turned its back on their future needs.

It would be an oversight at this point if I did not give credit to the distinguished chairman of our subcommittee, the gentleman from Pennsylvania [Mr. BARRETT], who readily recognized and accepted this worthy provision.

Look also at page 58, for the minority had added to this measure a bill of rights for those poor unfortunate souls whose businesses and homes happen to stand in the way of a Federal bulldozer. I refer, of course, to title IV of the bill which establishes a uniform land acquisition procedure. Too often in the past the byproduct of urban programs has been the tragic loss of homes and businesses and long, drawn-out legal battles with city hall in a hopeless attempt by the landowner to receive a fair price for the property desired for urban renewal. Title IV was inspired by the minority and it corrects this evil.

Under this title reasonable efforts to negotiate are required. Further, if agreement cannot be reached, the landowner is entitled to receive 75 percent of the most recent fair price before eminent domain proceedings begin.

Mr. Speaker, I think my remarks make it abundantly clear that in many respects this is a bipartisan bill. Again, I commend the gentleman from Pennsylvania [Mr. BARRETT], chairman of our subcommittee, for the friendly spirit of coopera-

tion he displayed in accepting many of these fine features. It is, therefore, unfortunate that we find ourselves this afternoon about to consider one of the most bitterly debated pieces of legislation to come before Congress in several years. As the dean of Washington correspondents, Mr. Arthur Krock, said recently in the New York Times:

Of all the legislation proposed by President Johnson, none has reached a more basic issue of political philosophy than section 101 of the housing bill.

It is fair to ask: How did this rent supplement plan come about? It came about because the administration recommended phasing out section 221(d)(3), below-market-interest-rate program. But the committee decided not to do this and has tacked the rent supplement program into the below-market-interest-rate program.

It is fair to ask also: Who is the rent supplement program intended to benefit? It is intended to benefit—not the low income group—but the moderate group. Show me just one instance where "low income" appears in the language of section 101. If you do not believe me, then ask yourself why Dr. Weaver, the Housing Administrator, told a Pittsburgh audience just 2 days after this bill was reported out, "one would have to have a heart of gold and a head of lead" to think that low income families would benefit from rent supplements. Dr. Weaver told the Senate committee virtually the same thing. Look at our minority views on page 183. In no uncertain terms, the Housing Administrator made clear that this plan is not intended for the low income groups.

Mr. Speaker, no other piece of legislation before us this year has attained such a universal consensus—a consensus of bitter criticism.

No other piece of legislation has received so little vocal support from the President. He has been eloquent by what he has failed to say.

No other piece of legislation is so regressive in its social impact, for in no other legislation do we authorize the expenditure of so much to help those who truly need it so little.

Yes, Mr. Speaker, nowhere in section 101 do the words "low income" appear. In fact, nowhere in section 101 do any limits whatsoever appear. The intent is clearly spelled out in line 3 of page 4, where it says, "as deemed by the Administrator pursuant to procedures and regulations established by him." This sentence summarizes the whole of section 101.

I want to compliment the gentleman from Pennsylvania [Mr. BARRETT] again for being so candid in his description of the lack of support for this program. It was not a member of the minority, but our distinguished chairman himself, who said the following, and I quote:

Frankly, I have been somewhat surprised at some of the public interest groups who have either directly opposed the rent supplement program, or have damned it with faint praise.

This, then, is the brief history of rent supplements. The only support for this program comes from those who would

reap a "one-shot profit" from the construction of 500,000 apartment units, and if one Washington special interest group constitutes a consensus, we are traveling down a dangerous road indeed.

Mr. Speaker, there is no reason why this year's housing bill cannot achieve a ringing vote of confidence from both sides of the aisle as it has in years past. The rent supplement program set forth in section 101 is the only thing that stands in the way of such broad support.

Mr. PEPPER. Mr. Speaker, I yield 5 minutes to the able gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Speaker, I should like to discuss the provision about waiving points of order. This question came up in the Rules Committee.

It is traditional, in respect to housing bills, for points of order to be waived.

Our Committee on Banking and Currency has much of which to be proud. The Banking and Currency Committee has never asked for a closed rule. We never have, not even once. Even during World War II, when there were unpopular price controls and wage control bills, involving 8 million prices and wages—8 million—notwithstanding that, we never asked for a closed rule. We came to the floor of the House on an open rule, and any Member could offer any amendment concerning any of those 8 million prices or wages.

We had some difficult times then. We had some hard work to do. But we never asked for a closed rule.

In this case I do not believe we should be criticized or censured because we have asked to continue the traditional policy in respect to a housing bill. There are many things which cannot be anticipated, which cannot be foreseen, in respect to this bill. The Committee on Rules has always granted a rule to waive points of order on this subject.

Does that inconvenience the House? Does that inconvenience the membership? Not at all. A majority can always work its will. So when anyone objects to waiving points of order he is in effect saying, "We want a very small minority to pick up anything to make a point of order on—just one thing—and perhaps override the will of the whole House by making the point of order."

I believe the democratic way, as well as the traditional way, has been that if anything should be discussed in respect to the bill, which is considered objectionable, any Member can offer a motion to strike it out and then a majority of the Members present can strike it out.

In fact, we are perpetuating and recognizing the majority rule when we waive points of order on a bill. That is exactly what we are doing here.

The original bill which was introduced was 80 pages long. The clean bill we are now considering is 105 pages long, or 25 pages more.

The committee, in considering this bill—and particularly the subcommittee which did the work on the bill, under the chairmanship of the distinguished and honorable gentleman from Pennsylvania [Mr. BARRETT]—wanted to make sure that everything was included in the right way.

In rewriting a bill that is as huge as this bill is, no one can anticipate and foresee the possibility of something in the bill that might be subject to a point of order. So you do not lose your rights. You just lose the right of one person getting up and saying, "I will make a point of order." It may be something that is vital and very necessary for the welfare of the country. Notwithstanding that, he could overrule the sentiment of the entire House with just one point of order.

So it occurs to me it is a very fine thing for this committee and a very fine record for our committee, never having asked for a gag rule and never having asked for a closed rule and having handled some of the most intricate and some of the most unpopular bills that have ever been in the Congress of the United States. What we are asking for is a procedure so as not to deny the majority the right to pass on it, no, because a majority always works its way and works its will in this body.

The SPEAKER pro tempore (Mr. ALBERT). The time of the gentleman has expired.

Mr. PEPPER. Mr. Speaker, I yield the gentleman from Texas an additional 3 minutes.

Mr. YOUNGER. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from California.

Mr. YOUNGER. The gentleman from Texas makes a very good argument, it is true, but my experience this year is that the majority is unwilling to accept any kind of an amendment. We had an example the other day about the elimination of 16 elevator operators for the automatic elevators in the Rayburn Building. Even this small amendment would not be passed. Now the elevator service has been slowed down materially.

Mr. PATMAN. Let us stay on the housing bill. Who are the majority? It is not necessarily a party that represents the majority. I do not know of any major bill that does not receive support and opposition from both political parties. That is all right. So we do not know who the majority is always. However, one thing is sure. The majority always works its way and its will. I have never known a major law to become a law or a major bill to pass both House of Congress involving as much as this housing bill involves which did not represent a compromise of view or a sacrifice of opinion on the part of practically every Member of the House and of the other body. We cannot always have our way. We cannot have everything as we want it. We have to give and we have to take. We have to compromise. That is legislation. Without compromise there can be no legislation. If every Member were adamant and said we must have it this way or not at all, we would not have any kind of a bill ever pass the House.

Mr. HALL. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Missouri.

Mr. HALL. It would seem to me that the gentleman's exposition "doth pro-

test too much," for, if we had from the gentleman who is the author of the bill but one or two items which he is trying to protect by the waiver of all points of order, I think perhaps the minority, whose rights we strive to protect, as he adamantly declaims for the overwhelming power of the majority, we would probably be assuaged in our feelings and would resume our seats. It is of no avail, I think, to proclaim the process of democracy and the rule of the majority, simultaneously, while doing away with Jefferson's own rules which involve the protection of the rights of the minority, including germaneness, points of order, and other very valuable and proved rules through the decades of this Congress history. They are points that might well be made. I would very much like to hear item No. 1 of what is being protected in this bill consisting of 11 titles and many pages.

The SPEAKER pro tempore. The time of the gentleman from Texas has again expired.

Mr. PEPPER. I yield the gentleman 2 additional minutes.

Mr. PATMAN. I would like to answer the gentleman. Maybe the gentleman can see farther down the road, around the curve and over the hill, than we can see. We do not know of any provision in this bill that is subject to a point of order. If the gentleman knows of one, I wish he would tell it to us now.

Mr. HALL. If the gentleman will yield further, if he knows of none, could he not use his overpowering majority to have his point made if an objection is raised?

Mr. PATMAN. Yes, the majority could.

Mr. HALL. Absolutely. Then, why do you object so strenuously to a simple question about a waiver of points of order?

Mr. PATMAN. Because we cannot anticipate all that is in a 105-page bill every time. We cannot foresee; we cannot see down the road far enough.

Now, I have great respect for the gentleman, but I feel he ought to name something in this bill that he would move to strike out on a point of order. I do not know of anything. This rule is traditional on a 105-page bill. We cannot anticipate everything that might come up. Therefore this is for the purpose of permitting the majority to carry out its will. That is all we are doing.

Mr. HALL. Mr. Speaker, if the gentleman will yield further, I would say that he is building mightily on a frail frame if, indeed, he does not have more faith in the legislative counseling service, or what he himself has drafted in this bill. It is not incumbent upon us to name in advance the weak points, the nongermane elements of this bill; we have had less than 2 days in which to study this bill. It is incumbent upon the gentleman, when he asks the Committee on Rules to offer a resolution on the bill waiving all points of order, to state why he has done so.

Mr. PATMAN. I am proud of my position, because I am on the side of majority rule. The gentleman is on the side of one-person rule.

Mr. PEPPER. Mr. Speaker, I have no further requests for time.

Mr. ANDERSON of Illinois. Mr. Speaker, I have no further requests for time.

AMENDMENT OFFERED BY MR. PEPPER

Mr. PEPPER. Mr. Speaker, to correct an inadvertence in the resolution, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PEPPER: On page 2, line 1, strike out "Committee on Public Works" and insert "Committee on Banking and Currency".

The amendment was agreed to.

Mr. PEPPER. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the "ayes" appeared to have it.

Mr. HALL. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 230, nays 115, not voting 89, as follows:

[Roll No. 157]

YEAS—230

Adams	Fino	Kornegay
Addabbo	Flood	Krebs
Albert	Flynt	Landrum
Anderson, Tenn.	Fogarty	Leggett
Annunzio	Foley	Lennon
Ashley	Ford	Long, Md.
Aspinall	William D. Love	
Baldwin	Fountain	McCarthy
Bandstra	Friedel	McDade
Barrett	Fulton, Tenn.	McFall
Beckworth	Fuqua	McGrath
Bell	Gallagher	McMillan
Bennett	Garmatz	Machen
Bingham	Gettys	Mackay
Blatnik	Giammo	Madden
Boggs	Gibbons	Mahon
Boland	Gilbert	Mathias
Brademas	Gonzalez	Matsunaga
Brooks	Green, Oreg.	Matthews
Brown, Calif.	Green, Pa.	Meeds
Burke	Grider	Miller
Burton, Calif.	Griffiths	Mills
Cabell	Hagan, Ga.	Minish
Callan	Hagen, Calif.	Mink
Cameron	Hamilton	Moeller
Carey	Hanley	Moorhead
Casey	Hanna	Monagan
Cleveland	Hansen, Iowa	Morgan
Clevenger	Hardy	Morris
Cohelan	Harris	Morrison
Conte	Hathaway	Moss
Conyers	Hawkins	Multer
Cooley	Hechler	Murphy, Ill.
Corman	Helstoski	Natcher
Craley	Hicks	Nedzi
Culver	Holifield	O'Brien
Daddario	Hosmer	O'Hara, Ill.
Daniels	Howard	O'Hara, Mich.
Dawson	Hull	O'Konski
de la Garza	Hungate	Olsen, Mont.
Delaney	Huot	Ottlinger
Denton	Ichord	Patman
Dow	Irwin	Patten
Downing	Jacobs	Pelly
Dulski	Jarman	Pepper
Duncan, Oreg.	Joelson	Perkins
Dwyer	Johnson, Calif.	Pickle
Dyal	Johnson, Okla.	Pike
Edmondson	Jones, Ala.	Poage
Evans, Colo.	Jones, Mo.	Price
Everett	Karsten	Pucinski
Fallon	Karth	Purcell
Farbstein	Kastenmeier	Quile
Farnum	Kee	Quillen
Fascell	Kelly	Race
	King, Utah	Randall

Redlin
Reid, N.Y.
Reuss
Rivers, Alaska
Rivers, S.C.
Roberts
Rodino
Rogers, Colo.
Rogers, Fla.
Rogers, Tex.
Ronan
Roncalio
Rooney, N.Y.
Rooney, Pa.
Rosenthal
Rostenkowski
Roush
Scheuer
Schisler
Schmidhauser
Schwelker
Scott

Secrest
Shipley
Sickles
Sikes
Sisk
Slack
Smith, Iowa
Staggers
Stalbaum
Steed
Stephens
Stubblefield
Sullivan
Sweeney
Taylor
Teague, Tex.
Thompson, N.J.
Thompson, Tex.
Todd
Trimble
Tunney
Tuten

Udall
Ullman
Van Deerlin
Vanik
Vivian
Walker, N. Mex.
Watts
Weltner
White, Idaho
White, Tex.
Whitener
Widnall
Willis
Wilson,
Charles H.
Wolff
Wright
Wylder
Yates
Young
Zablocki

NAYS—115

Abbitt
Abernethy
Adair
Anderson, Ill.
Andrews,
George W.
Andrews,
Glenn
Ashbrook
Ashmore
Ayres
Bates
Battin
Belcher
Berry
Betts
Bolton
Bray
Brook
Broomfield
Broyhill, N.C.
Buchanan
Burleson
Burton, Utah
Byrnes, Wis.
Callaway
Cederberg
Clancy
Clausen,
Don H.
Clawson, Del.
Collier
Colmer
Cunningham
Dague
Davis, Wis.
Devine
Dole
Dorn
Duncan, Tenn.

Edwards, Ala.
Ellsworth
Erlenborn
Findley
Fisher
Ford, Gerald R.
Frelinghuysen
Gathings
Goodell
Griffin
Gross
Grover
Gubser
Gurney
Haley
Hall
Hansen, Idaho
Harvey, Mich.
Hébert
Henderson
Herlong
Horton
Hutchinson
Johnson, Pa.
Jonas
Keith
King, N.Y.
Kunkel
Langen
Latta
Lipscomb
Long, La.
McClory
McCulloch
McEwen
MacGregor
Mailliard
Marsh
May
Minshall

Mize
Moore
Mosher
Murray
O'Neal, Ga.
Passman
Pirnie
Poff
Pool
Reid, Ill.
Reifel
Reinecke
Rhodes, Ariz.
Robison
Roudebush
Rumsfeld
Satterfield
Schneebeli
Selden
Skubitz
Smith, Calif.
Smith, N.Y.
Smith, Va.
Springer
Stafford
Stanton
Talcott
Teague, Calif.
Thomson, Wis.
Tuck
Utt
Waggonner
Walker, Miss.
Watkins
Whalley
Whitten
Wyatt
Younger

NOT VOTING—89

Andrews,
N. Dak.
Arends
Baring
Bolling
Bonner
Bow
Brown, Ohio
Broyhill, Va.
Byrnes, Pa.
Cahill
Carter
Celler
Chamberlain
Chelf
Clark
Conable
Corbett
Cramer
Curtin
Curtis
Davis, Ga.
Dent
Derwinski
Dickinson
Diggs
Dingell
Donohue
Dowdy
Edwards, Calif.

Evins, Tenn.
Farnsley
Felghan
Fraser
Fulton, Pa.
Gilligan
Grabowski
Gray
Greigg
Halleck
Halpern
Hansen, Wash.
Harsha
Harvey, Ind.
Hays
Holland
Jennings
Keogh
King, Calif.
Kirwan
Kluczynski
Laird
Lindsay
McDowell
McVicker
Macdonald
Mackie
Martin, Ala.
Martin, Mass.
Martin, Nebr.

Michel
Morse
Morton
Murphy, N.Y.
Nelsen
Nix
Olson, Minn.
O'Neill, Mass.
Philbin
Powell
Resnick
Rhodes, Pa.
Roosevelt
Roybal
Ryan
St Germain
St. Onge
Saylor
Senner
Shriver
Stratton
Tenzer
Thomas
Thompson, La.
Toll
Tupper
Vigorito
Watson
Williams
Wilson, Bob

Mr. Cahill for, with Mr. Brown of Ohio against.

Mr. Tupper for, with Mr. Cramer against.
Mr. Kirwan for, with Mr. Baring against.
Mr. Halpern for, with Mr. Derwinski against.

Mr. King of California for, with Mr. Laird against.

Mr. Evins of Tennessee for, with Mr. Martin of Nebraska against.

Mr. Dent for, with Mr. Bob Wilson against.
Mr. Celler for, with Mr. Curtis against.

Mr. Byrne of Pennsylvania for, with Mr. Andrews of North Dakota against.

Mr. Hays for, with Mr. Watson against.
Mr. Philbin for, with Mr. Dickinson against.

Mr. O'Neill of Massachusetts for, with Mr. Shriver against.

Mr. Donohue for, with Mr. Dowdy against.
Mr. Tenzer for, with Mr. Carter against.

Until further notice:

Mr. McDowell with Mr. Chamberlain.
Mr. Bonner with Mr. Arends.
Mr. Gray with Mr. Saylor.
Mr. Macdonald with Mr. Martin of Massachusetts.

Mr. Dingell with Mr. Harsha.
Mr. Toll with Mr. Michel.

Mr. Feighan with Mr. Halleck.
Mr. Powell with Mr. Farnsley.

Mr. Stratton with Mr. Conable.
Mr. St. Onge with Mr. Corbett.

Mr. Holland with Mr. Diggs.
Mr. Davis of Georgia with Mr. Martin of Alabama.

Mr. Edwards of California with Mr. Fraser.
Mr. Murphy of New York with Mr. Grabowski.

Mr. Nix with Mr. Harvey of Indiana.
Mr. Jennings with Mr. Morse.

Mr. Roosevelt with Mr. Thomas.
Mr. Kluczynski with Mr. Roybal.

Mr. Rhodes of Pennsylvania with Mr. Senner.

Mr. Vigorito with Mr. Thompson of Louisiana.

Mr. Chelf with Mr. Morton.
Mr. Olson of Minnesota with Mr. Fulton of Pennsylvania.

Mrs. Hansen of Washington with Mr. Bow.
Mr. St Germain with Mr. Curtin.

Mr. McVicker with Mr. Broyhill of Virginia.
Mr. Greigg with Mr. Mackie.

Mr. Resnick with Mr. Gilligan.

Mr. LONG of Louisiana changed his vote from "yea" to "nay."

Mr. PELLY changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

Mr. PATMAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 7984) to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 7984, with Mr. Flood in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

So the resolution was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Keogh for, with Mr. Williams against.
Mr. Lindsay for, with Mr. Nelsen against.

Mr. PATMAN. Mr. Chairman, I yield myself 20 minutes.

Mr. Chairman, I consider it a privilege, as chairman of the Banking and Currency Committee, to lay before this body a bill of such major importance to our people and our Nation as the housing and urban development bill of 1965.

This legislation is a landmark bill that ranks in scope and significance with the great Housing Acts of 1949, 1955, and 1961. It represents another great step forward toward the goal set by Congress in 1949 of a decent home and a suitable living environment for every American family.

This is a bill very close to my long-standing interests as a legislator. For the past 20 years or more, much of my legislative effort has centered on the development of better housing and community life. At the end of the war I participated in setting up the emergency operation to restore our housing economy to a peacetime operation. I authored the Veterans' Emergency Housing Act to provide housing for our returning veterans. I have supported and participated in every progressive housing and urban bill enacted since that time.

I now tender this legislation confident that it embodies the best thinking and the most considered set of measures for our day and time that the experience and dedication of the members of your committee, from both parties, can produce.

This is truly a committee bill, worked out by the subcommittee and fully reviewed by our full committee. It is also truly a bipartisan bill, incorporating proposals developed by members of both parties and adopted by the nearly unanimous consensus of the members of the Housing Subcommittee.

I want to acknowledge the able work of the gentleman from Pennsylvania, Congressman WILLIAM A. BARRETT, as head of this subcommittee, in shaping this legislation.

And I want to express my appreciation for the important contributions and the constructive cooperation of the ranking minority member of the subcommittee, the gentleman from New Jersey, Congressman WILLIAM B. WIDNALL.

The original bill introduced to carry out the President's broad-ranging proposals for housing and community assistance has been thoroughly considered. In many cases these proposals have been reshaped and augmented by the committee membership of both parties. The resulting bill carries out all the essentials of the President's message, and improves and expands upon them.

Virtually all the basic programs for housing and urban development established over the years have come before us for review and decision as to their future.

This legislation, therefore, provides over the next 4 years authority for the mortgage insurance programs of the FHA, the college housing loan program, the urban renewal and urban planning assistance programs, the farm housing programs, the public housing program on an enlarged basis, the new rehabilitation loans program authorized in 1964, and the programs for public works plan-

ning, open space, and the mortgage purchase operations of the Federal National Mortgage Association.

I feel that I need not argue the case for programs that the Congress has time after time affirmed, except to point out that this legislation is necessary for their continuance.

But this bill is concerned with more than what we have been doing. It is geared also to other things that need to be done to meet the persistent and changing needs of our housing and community problems today. To this end it contains a number of major new proposals and approaches.

The bill before us today would establish a new program of matching grants to local public bodies and agencies to finance construction of basic water and sewer facilities. The grants authorized by the bill could also be made for projects to expand, enlarge, or improve existing water and sewer systems and would be available to large and small communities throughout the country.

Mr. Chairman, one of the most pressing problems facing many American communities today is the need to provide adequate water and sewer facilities. This has been testified to repeatedly in hearings held by our committee in recent years.

Many small communities are caught in a vicious circle. They cannot attract industry and provide jobs for their young people because they cannot offer adequate water and sewer facilities—and they lack the financial ability to construct adequate water and sewer facilities because without industry they have no economic base. Even the larger cities already find that their water and sewer facilities are no longer adequate to meet the increased demands for water and sewer services of their existing population—and we know that these larger cities will absorb much of the population growth that will take place in this Nation in the next 25 years.

All of the members of this body know that our towns and cities are hard pressed. Sources of tax revenue are under heavy strain, and individual government units are at a disadvantage in imposing additional tax burdens because this often has the effect of driving industry and employment to other locations. I believe that the new matching grant program for water and sewers provided by the bill will be a very great help to our communities and permit them to make a significant start toward working off the great backlog of needed water and sewer facilities.

Another new program contained in the bill would authorize FHA to insure mortgage loans for developing residential building sites which will be part of good neighborhoods adequately served by schools and other community facilities. There is a pressing need to make the well-established FHA credit assistance available to enable builders to develop land more efficiently and at lower cost. The rising cost of land has been one of the principal causes of the increased prices of new homes.

Many of the Members of this body will recall that a similar provision was in-

cluded in the Housing Act of 1961. But, unfortunately, in that year we were unable to persuade the conferees to include this provision in the housing bill enacted. Over the last 4 years the problem has become more acute, and the need for this new program of FHA mortgage insurance for land development is now widely recognized.

Another new program authorized by the bill would provide Federal assistance for the acquisition of parks and playgrounds and for the beautification and improvement of these and other public areas. This program would, at moderate cost, enable local communities to increase their activities to improve our public places.

The deterioration of the appearance and spirit of our countryside and our cities has become a problem of national concern. I believe this new program will help spark the beginning of a drive to improve the beauty and quality of the physical environment of our Nation's communities.

The bill also contains a provision which would establish a new program of liberal FHA mortgage insurance to serve our veterans. This new program would help our young veterans, who have not had the benefit of the GI home loan program, to acquire good housing, and would stimulate construction of additional new housing.

A new program contained in this bill would authorize grants of up to \$1,500 to very low income homeowners in urban renewal areas to enable them to repair and rehabilitate their homes to bring them up to standards required in the community by housing or building codes or the urban renewal plan for the area.

Generally, these grants will be made to elderly homeowners in urban renewal areas whose incomes are very low and who cannot afford the cost of repairs that are required to be made to their homes. Without the grants authorized by this new program, the homes of these people would often have to be acquired by a local public agency and these homeowners displaced and faced to seek some other place to live.

The most discussed and far reaching of the new programs authorized by this bill is the program of rent supplements. The rent supplement program will make it possible for low- and moderate-income families to be able to afford standard housing. It will harness the energies and abilities of the American free enterprise system. By increasing the number of families that can afford standard housing, it will enable American private enterprise to construct and finance, over the next 4 years, approximately 500,000 dwelling units of modest design which will serve low- and moderate-income families who cannot now afford decent housing.

Others will discuss the rent supplement program in more detail, but I would like to comment on several aspects of it.

As submitted to the Congress, the rent supplement program was not available to families with incomes sufficiently low to enable them to qualify for admission to public housing projects. It was lim-

ited to families whose incomes were too high to enable them to qualify for admission to public housing, but still too low to enable them to acquire standard private housing in their communities.

The committee felt that it was inequitable to deny the benefits of this rent supplement program to families just because their incomes were sufficiently low to enable them to qualify for admission to public housing. Many communities still do not have public housing programs in operation. And even in those communities which have public housing programs, there are long waiting lists for admission to public housing units. The committee was informed that there are 500,000 families on waiting lists. The testimony before the committee was to the effect that the public housing program could not absorb a larger number of additional public housing units than the 60,000 a year authorized by this bill. In these circumstances the committee believed that the rent supplement program ought to be available to these people.

The committee also considerably reduced the amount of income a family may have and still be eligible to have a rent supplement payment made on its behalf.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Massachusetts [Mr. McCORMACK], the distinguished Speaker of the House.

Mr. McCORMACK. With reference to the rent supplement program as contained in the pending bill, it is my understanding that this section of the bill is for the purpose of enabling private housing to be available for certain low-income families and the payment of these rent supplements in such cases would be made by the administrator under contracts with owners of such housing and therefore this housing would be privately financed and is strictly in the field of private business.

Mr. PATMAN. It is strictly a private enterprise project. I thank the distinguished Speaker.

This was done by limiting rent supplements to families who cannot obtain standard housing with 25 percent of their monthly income rather than 20 percent as proposed to the Congress.

Let me give you an example of the effect of the committee amendment to the proposal.

Assume a community in which the lowest monthly rental at which a family can obtain a standard two-bedroom unit is \$80.

Under the program, as submitted to the Congress, a three- to four-person family in this community would have been eligible for a rent supplement if it was elderly, displaced or handicapped, or living in substandard housing and had a monthly income of less than \$400 or an annual income of less than \$4,800. That is, if it could not pay the \$80 a month in rent with 20 percent of its monthly income.

Under the committee amendment such a three- to four-person family in this community would be eligible for a

rent supplement only if its income was less than \$320 a month or \$3,840 annually. That is, if it could not pay the \$80 a month in rent with 25 percent of its monthly income.

The effect of this committee amendment is to lower by 20 percent the income levels of families who may have rent supplements paid on their behalf.

I believe that this amendment will assure that rent supplement payments are paid only on behalf of families who need them. It will also assure that families receiving rent supplement payments are paying as much as they can toward the cost of the standard housing the rent supplement program will provide.

It was claimed before our subcommittee by one spokesman that public housing would cost less than rent supplements. That is not an accurate reading of the facts, and I think that erroneous impression should be dispelled. The figures supporting that statement left many things out of account.

They took no account of the income and property tax exemption, which is also a part of the public cost of public housing. They were based on annual subsidies covering public housing built over many past years when costs were lower—not on today's costs. They did not take into account the fact that under this bill, as we have revised it, the tenant under rent supplements would pay 25 percent of his income for rent compared to less than 20 percent in public housing.

They did not take into account the fact that land and construction costs for private housing under the rent supplement program would be less than for public housing. This housing would have a much wider range of selection of sites, including outlying areas, would involve no substantial clearance in most cases, and while meeting FHA mortgage requirements, would not have to meet some of the special construction problems in public housing projects.

Compared to a current level of about \$58 a month per unit for annual subsidies in public housing, it is estimated that the average subsidy cost under rent supplements would run about \$40 a month per unit.

Some who have fought and obstructed the public housing program for 30 years now pretend to fear the rent supplement program will hurt public housing. This is not true.

Now, when our attention is being focused, perhaps more closely than ever, on the housing needs for low-income families, I am happy to see that this bill would provide for public housing a renewed commitment from the Congress, with new authorization and new programs.

The bill would authorize an additional 60,000 units a year for the next 4 years—240,000 units in all. This would be one of the largest authorizations for public housing in the history of that program.

New approaches authorized in the bill would give the public housing program greater flexibility in meeting the housing needs of low-income families. These new approaches will permit public housing to purchase, or purchase and re-

habilitate, existing units, and lease privately owned units for use under the public housing program. In many communities, where such units are available, local housing authorities would be able to obtain housing units more quickly and more economically than by building new projects.

These new approaches represent a major step forward in the effort to house low-income families.

Furthermore, the bill would eliminate the requirement that there be a 20-percent gap between the upper rental limits for admission to low-rent housing projects and the lowest rents at which private enterprise is providing a substantial supply of standard housing. This gap has already been eliminated with respect to displaced families and the elderly. The across-the-board removal of this requirement, as provided in the bill, will enable the public housing program to expand its operations and serve an even larger number of low-income families.

In short, I believe that the public housing provisions of the bill reflect the proven value of the program and would serve not only to continue, but substantially broaden the program and enable it even more successfully to fulfill its traditional function of providing housing for low-income families.

There is one area that I, personally, have been especially concerned with in considering this housing legislation. That is the question of interest rates.

We are already paying more than \$5 billion too much on the national debt because of drastic interest rate increases during the 1950's. The interest rate increases since we passed the Housing Act of 1961 have already destroyed much of what the Congress hoped to accomplish through that bill.

The most important provision in the 1961 Housing Act was the 221(d)(3) program designed to make reasonable interest rate financing available so that housing could be provided for displaced and other lower and moderate income facilities at rentals they could afford. Under the statutory interest rate formula Congress adopted the program interest rate then was 3½ percent. Now it is 3¾ percent, and I understand it will shortly be going up to 4¼ percent.

A 1-percent increase may not sound like a very important change, but it results in a \$10-a-month increase in rent that a family has to pay under the program. The same thing has happened in other housing and public facilities loan programs.

The program of housing for the elderly we started in 1959 is almost at a standstill. Under the statutory interest rate formula Congress adopted the program interest rate then was 3½ percent. Now it is 3¾ and I understand will shortly be going up to 4 percent.

In the college housing program, the interest rate will shortly be a full 1¼ percent higher than the rate we provided by special legislation in 1955.

These programs are important for the whole country from Texarkana College in my district to a moderate-income housing project in New York. I do not

want the people we have been trying to help through these programs to think that we have joined forces with the banking interests. We have heard all kinds of new and old excuses raised in the past several years, attempting to justify why we must have high interest rates in our country. The shopworn argument is that inflation is just around the corner, or that this is necessary because of the balance-of-payments problems. These and other reasons have been given why we have to continually jack up interest rates. Not a one of these reasons has any basis in fact. In my opinion, we have more than run out of excuses for not making available adequate financing at reasonable interest rates for our housing and urban development loan programs. If these programs Congress has enacted with a specific interest rate in mind are to accomplish their ends, the Congress, not the private banker, must determine the costs of money under these programs.

Accordingly, in this bill we have followed the same course that the Congress took in 1964 when it limited the new rehabilitation loan rate to a 3 percent interest maximum. We have set this same 3 percent maximum in this bill for the FHA 221(d)(3) below-market moderate income program, for housing loans for the elderly, and for college housing loans.

This comprehensive legislation that is offered you here today is one of the most forward-looking and extensive ever to come before the Congress. It is needed to house the poor. It is needed to build and improve our towns, cities, and suburbs. It is needed to raise the housing standards on our farms. It is needed to help our veterans. It is needed to expand our housing production, provide employment, and to root out poverty.

This landmark bill represents a set of measures to carry out principles and achieve goals that the Congress has consistently and repeatedly supported and endorsed over the past quarter of a century. I strongly urge enactment of this bill.

Mr. WIDNALL. Mr. Chairman, I yield myself such time as I may require.

For the past 2 years the members of the Subcommittee on Housing have labored and labored long trying to bring out a bill that could pass the House with support from both sides of the aisle. I personally want to thank the members of the majority party for their very earnest consideration of proposals that were made by minority members of the subcommittee. I do believe that what has come out of the subcommittee and been approved by the full committee has been a consensus of proposals that mean a lot to the welfare of America and to enterprise in the housing field.

Particularly I want to commend the chairman of the subcommittee, the gentleman from Pennsylvania [Mr. BARRETT], who was certainly most patient in trying to work these things out and to see what could be done to develop a better program giving a full hearing to the view of the minority members of the subcommittee.

Also, the gentleman from Texas [Mr. PATMAN], the able chairman of the full

committee fully cooperated toward molding a bill reflecting divergent proposals and viewpoints.

I believe that this legislation finally voted by the committee has contained many improvements in programs which unfortunately in practice have not lived up to their promise and have in many cases drifted away from the original goals established by Congress.

This year's bill contains a number of new suggestions which emanate in part or in whole from the minority. I think it would be useful for judging the bill as a whole and for guiding those who in the future may search for congressional intent in these areas for some additional comment to be made on these provisions. I feel there is a need for emphasizing this because the chairman of the full committee, the gentleman from Texas [Mr. PATMAN], has gone over the provisions of the entire bill and given a very enlightening development of the various phases of the bill for the Members.

In the field of low-income housing, the committee bill accepts a minority-proposed rent certificate program, in section 103, title I, which was originally suggested last year. It is designed to coordinate with the present public housing program and reach the income levels represented in public housing. It differs from both conventional and public housing and the proposed rent supplement program in that it makes use of existing private housing on a voluntary basis. It differs from the rent supplement program in that it is confined solely to low-income people.

By making use of available private rental housing, the rent certificate approach offers some hope of cutting down immediately on the long waiting lists presently existing throughout the country for conventional public housing. At the same time, it eliminates the major cost of the conventional public housing program, which is the construction and related costs of new housing units. If used in conjunction with a well-planned code enforcement effort, it can also be a stimulus to the rehabilitation of deteriorating areas. By providing that only 10 percent of the units in any one building can be used for public housing tenants, with certain exceptions, the rent certificate approach provides an economic mix without the wide divergence in income possible under the rent supplement approach. This program was first offered by the Republican minority last year and, as originally proposed, would have put 60,000 additional units into operation within 2 years. Had this program been enacted last year, there might very well have been no need for the rent supplement program contained in this year's legislation. A proposal by Congressman FINO to remove the 20-percent gap in the public housing income formula was also accepted in the bill.

Several major changes were proposed by the minority and incorporated into the bill with reference to the operation of the Federal Housing Administration. A new proposal for FHA insured mort-

gages for veterans provides a 100-percent guarantee for the first \$20,000 of value and an 85-percent guarantee on any additional value, up to the FHA maximum of \$30,000. The program will be open to all veterans who have not used their eligibility under the Veterans' Administration mortgage insurance program. This will cover all veterans since the Korean war, and is a significant step in recognizing the contributions of those Americans who have served in the defense of their country since that time. In particular, it is a recognition of the sacrifices that have been or are being made in such diverse areas as Berlin, the Lebanon and Formosa Straits crises of the 1950's, and the Korean truce line, as well as Vietnam and Santo Domingo.

In addition, a minority suggestion to lower the interest rates on mortgages which may be insured by FHA under the section 221(d)(3), the below market interest rate program, is included in the bill. Under the present formula, the rate is 3 $\frac{7}{8}$ percent, and will rise to 4 percent or higher on June 30, 1965. The increased cost of borrowing money which was not contemplated by Congress when the program was enacted, must, of course, be passed on in the form of higher rents, thus defeating the purpose of the program. The new formula will set an interest rate ceiling of 3 percent. A compromise has also been achieved on the minority proposal to increase the mortgage limit for homes in outlying areas under the FHA section 203(I) program. There the dollar limit will now be increased from \$11,000 to \$12,500.

In two other areas involving college housing and elderly housing programs, both of which have been highly successful with no defaults, the interest rate formula was recognized by the minority as being out of line with the original intent of Congress. At a time when the baby boom of the postwar years is reaching college age and providing increasing burdens for higher educational facilities throughout the country, the increase in borrowing cost for college housing represented a major threat to our ability to meet these needs.

In the case of elderly housing, the increased interest rates have been passed on in the form of increased rents. Considerable testimony was taken by the Special Housing Subcommittee regarding both programs and the need to continue both programs at a reasonable rate of interest.

Although there were requests for an even lower rate of interest, we believe a ceiling of 3 percent is a realistic figure, or the amount derived under the existing formula, if lower.

Mr. Chairman, it is recognized that there is some subsidy involved, but in my opinion, this is preferable to the costs that would be involved should the pressure for college housing result in the abandonment of the loan program in favor of a construction grant approach. That I feel will be inevitable if we do not do something along the lines recommended by the committee.

Of major importance is title IV, the first attempt to deal on a comprehensive

basis with the problems of those whose property is taken under eminent domain in a program conducted by the Federal housing and urban renewal laws.

That, first, provides a comprehensive land acquisition policy designed to insure fair treatment to a property owner whenever a taking is contemplated. Our files are full of what has been happening to the low-income property owner and to the small businessman by way of unfairness in the current condemnation procedures. The applicant for Federal funds under any program administered by the Housing and Home Finance Agency would have to agree to follow the equitable procedures outlined before any assistance could be given.

Second, a major new innovation involves the access afforded a property owner to money owed him for his property. This is an extremely important provision. In too many cases property owners have been forced to go into debt or, in the case of some small business establishment, have been unable to relocate at all, because a money award has been tied up in rounds of negotiations and court cases dragging on for months and years.

At the suggestion of the minority, 75 percent of the appraised value of the property, as appraised by the governmental agency involved, will be made available to the property owner immediately under the terms of this bill. This will in no wise compromise the property owner's claims against the governmental agency, or prohibit his resort to the courts. It will, however, provide the capital to buy a new home or relocate a business with a minimum of financial hardship.

In a small way, individuals displaced by urban renewal and other housing programs will be further compensated as a result of this bill. Costs for transfer of title to property will be reimbursed and additional money will be made available to the very small businessman.

It is my understanding that the administrators of these programs will include as a part of the reimbursable moving expenses, the cost of insurance and storage and installation of relocated fixtures and equipment, at the request of the committee, and as contained in this bill.

Mr. Chairman, while this is a start toward a fuller compensation policy, it is but a start. In my opinion, Federal, State, and local officials alike will eventually have to agree on the concept of replacement costs, suggested by the minority, if fair and just compensation to all is ever to be fully achieved. No arbitrary figure or award will ever be able to guarantee that the individual affected by a taking will be receiving what would be fair and equitable compensation, no more and no less.

Mr. Chairman, in the urban renewal field, the bill incorporates several additional suggestions on the part of the minority, besides providing for some increased protection in eminent domain takings. It extends the minority proposal adopted last year for low-interest rehabilitation loans for a 4-year period, with an open-end authorization.

Mr. Chairman, although the administration has requested a funding for the \$50 million authorized in last year's Housing Act, I am concerned with the future of this revolving fund program which the President himself has indicated can take the place of the bulldozer. There is no new request made in the fiscal 1966 budget for the loan program.

Last year the Bureau of the Budget fought successfully a bipartisan effort within Congress to gain funds under last year's authorization.

I trust that both the administration and the Congress will be more aware of the need for appropriations for this program in succeeding years. These are loans, replacing expensive grants for clearance, going back into a revolving fund, and I cannot imagine any reason why anyone would object to this more effective, less expensive approach. I might add that there is specific protection for the private lending industry written into the law which requires proof that a loan could not be obtained on terms the individual could afford from private sources before the individual can qualify for the Federal direct loan program.

In addition, the minority has suggested, and the committee adopted, several provisions providing for a lease guarantee program for small businesses in urban renewal areas, and a study by the HHFA of local and State housing and building codes, zoning policies, tax laws and the like in order to provide information by which private enterprise can be used more effectively to serve the entire housing market and the need to rejuvenate our cities. Two provisions restate congressional intent regarding feasible relocation and planning requirements. Another minority suggestion incorporates into law a report from the General Accounting Office regarding publicly owned, and profitable parking lots within urban renewal areas.

Not every suggestion by the minority has been incorporated, or even carried over in full into the bill. There is considerably more, in my opinion, that can be done regarding the present unfortunate inclination toward commercial and luxury housing renewal projects. Suggestions for a limitation on the amount of luxury housing that any one project can have, and a loan program based on increased tax returns to the cities from commercial renewal projects, should receive further consideration. In one case, where the minority suggestion for a minimum of 30 percent of urban renewal projects to be in the rehabilitation and code enforcement fields has been diluted to a 10 percent floor, the final suggestion may well be worse than no provision at all. The Urban Renewal Commissioner has already testified that 17 percent of urban renewal projects are involved in rehabilitation work, and that was before the institution last year of the code enforcement urban renewal project.

I am not at all satisfied with the way the administrators of these new rehabilitation and code enforcement programs have acted to implement what are essentially congressional and bipartisan

programs based on minority ideas. The 10 percent floor could well become a ceiling.

There is then, a good deal in this bill to commend itself for a favorable vote, and by no means is this limited to the proposals made by the minority. There are several sections, such as the new provision for applying the open spaces program to developed land, that deserve fuller consideration and examination by the Congress. On the whole, it is an acceptable bill, but I do not think that anyone would be rash enough to claim that it is perfect. I do urge support of the bill.

Mr. PATMAN. Mr. Chairman, I yield 30 minutes to the gentleman from Pennsylvania [Mr. BARRETT].

Mr. BARRETT. Mr. Chairman, the housing and urban development bill of 1965, which we are considering today, is one of the most important pieces of legislation which will come before the Congress this year. I believe it will be a milestone in the history of legislation on housing and urban development.

As my good friends on both sides of the aisle know, this bill is the first omnibus housing bill it has been my privilege to present to this House. I want to express my deep appreciation to my colleagues on the Committee on Banking and Currency, and the Subcommittee on Housing, and especially to the chairman of the committee, the distinguished gentleman from Texas. Their cooperation on all aspects of the legislation, and their willingness to spend long hours working over its provisions, have been a rewarding experience which I shall not forget.

The bill I present today is basically the bill sent to us by the President to implement the recommendations made in his message to the Congress concerning the problems and future of the central city and its suburbs. It contains most of the President's major recommendations. In my judgment, however, it has been made a better bill by improvements added in committee.

Many of these improvements were suggested by my good friend, the ranking minority member of the committee. I cannot praise too highly the cooperation I and the entire subcommittee received during all stages of our consideration of the bill from the gentleman from New Jersey. Specifically, section 10, the rent certificate program, is Mr. WIDNALL's; the extension of the very successful program of direct loans for housing for the elderly and reduction of the interest rate was proposed by the minority; more than half of the sections in the urban renewal title—title III—were proposed by Mr. WIDNALL; all of title IV, compensation of condemnees, was taken from Mr. WIDNALL's bill; the no downpayment loans for veterans under FHA was Mr. WIDNALL's amendment, and the authorization for college housing loans and the 3-percent interest rate in title V is his amendment. In fact, every section of the bill clearly shows his imprint.

This bill provides the necessary extensions and additional funds to keep new and existing programs of Federal assistance in the housing and urban develop-

ment field in full operation over the next 4-year period.

It makes a major attack on the continuing problem of providing decent housing for our lower income citizens in both urban and rural areas. It authorizes new programs to provide community and neighborhood facilities for the Nation's localities. It establishes new programs to beautify our urban and suburban areas.

After 10 days of intensive hearings, the Subcommittee on Housing reported the bill by a vote of 10 to 1. The full committee held 2 days of closed hearings in executive session and on May 19, the full committee approved the subcommittee bill and reported it by a vote of 26 to 7.

Prompt action is needed on this bill because a number of our housing programs have exhausted or nearly exhausted their current authorizations. These include the urban renewal program, the college housing program, and the public housing program. Moreover, FHA's authority to insure mortgages would expire on September 30 under existing law and it is important that we extend this program as soon as possible.

Since this bill amends and extends nearly every program in the fields of housing aid for low income families, mortgage finance, farm housing, and community development, it is necessarily a lengthy and complex bill. I will not cover all the details which are explained in the committee report but I would like to touch on the major features of each title.

Mr. Chairman, title I of the bill would authorize a major new program of housing assistance to lower income families and provide improvements of existing programs to enable these families to obtain decent, safe, and sanitary housing.

A NEW PROGRAM OF RENT SUPPLEMENTS

The rent supplement program, as recommended by the administration, with certain improving amendments by the committee, is the most important of these tools.

The rent supplement program would enable American private enterprise to construct and finance, over the next 4 years, approximately 500,000 dwelling units designed to serve lower income families who cannot now afford decent housing. It would enable low and moderate income families to be able to afford to occupy these privately constructed and financed units by authorizing Federal rent supplement payments to be made on their behalf.

The rent supplement payments would be made with respect to housing built by private nonprofit or limited dividend corporations, or by cooperatives, and financed with section 221(d)(3) market interest rate mortgages insured by FHA.

The rent supplement payments could be made only on behalf of an individual or family unable to obtain standard privately owned housing in his community at a monthly rental which is equal to or less than one-quarter of his monthly income, and who is either displaced by governmental action, elderly or physically handicapped, or occupying sub-

standard housing. Rent supplement payments could not be made on behalf of anyone whose income was more than four times the minimum monthly rent required to obtain standard private housing in the area.

The amount of the rent supplement payment made on behalf of an individual or family could not exceed the difference between 25 percent of the tenant's income and the full rent—which would, of course, cover heat and the utilities and other services generally provided—that is required for the dwelling unit occupied by the individual or family. For the purpose of determining the amount of the income of an individual or family, all income, from every source, whether taxable or not, of the individual or adult members of the family will be included. If, after he moves into the dwelling unit, the income of the individual or family increases, the amount of the rent supplement payments on his behalf is reduced. If his income increases sufficiently so that he can pay the full economic rent with 25 percent of his monthly income, rent supplement payments on his behalf would cease to be made. The tenant could, however, continue to live in the project and would not be required to pay more than the full economic rent.

The bill establishes precise and objective standards as to the amount of income a family may have and still be eligible to have a rent supplement payment made on its behalf.

Under the bill, the Housing Administrator would be required to make a factual finding as to the lowest rent required, in different areas of the country, to obtain a standard one-, two-, three-, or four-bedroom unit.

If in a community a standard one-bedroom unit can be rented for, for example, \$75 a month, a family which needs a one-bedroom unit can have a rent supplement payment made on its behalf only if its income is less than \$300 a month or \$3,600 a year. In other words, any family which, in its own community, can with 25 percent of its monthly income obtain standard housing is not eligible to participate in the rent supplement program.

The Housing Administrator has no authority to make any rent supplement payment on behalf of a family which, with one-fourth of its monthly income, can pay the monthly rental required for standard housing in the area.

Data submitted to the committee indicated that there are very few areas where a two-bedroom unit suitable for a three- or four-person family cannot be obtained for \$100 per month or less and that even larger families can obtain suitable housing for \$125 or less per month in most communities.

This, of course, assures that in almost every area no three- or four-person family whose income is more than \$400 a month or \$4,800 a year, or a larger family whose income is \$500 a month or \$6,000 a year, will have a rent supplement paid on their behalf.

It should be emphasized, of course, that there are maximum incomes for eligibility purposes. The great bulk of

rent supplement tenants would have incomes below the maximum. And where an occupant's income is up close to the ceiling, the supplement would be correspondingly small and the family would be paying a substantial rent out of its own income.

The organizations owning the project would select the families who would occupy the dwelling units in the project, but would have no voice in determining a family's eligibility to have a rent supplement paid on its behalf or the amount of any supplement payment. Facts relating to eligibility to have a rent supplement paid on a family's behalf or the size of the payment would be determined by the Housing Administrator or his agent.

Prospective occupants or their applications would be referred to agencies such as the community's relocation service or a similar qualified organization designated by the Housing Administrator for the purpose of certifying the facts concerning eligibility. The certification would relate to the tenant's age or physical handicap where this is the basis for eligibility, or displacement, or occupancy of substandard housing. Certifications would also relate to incomes at initial occupancy. Every 2 years thereafter, or more frequently if the Housing Administrator deems it desirable, recertifications of incomes would be required, except in the case of the elderly whose incomes increase so seldom that there would be little need to require recertification.

The housing units that would be utilized under the rent supplement program will be of modest design. The average mortgage amount that FHA will permit for a project in a particular area will not exceed that permitted under FHA section 221(d)(3) below-market interest rate projects in that area. Under the below-market interest rate program, FHA limits the maximum mortgage amounts permissible in an area and assures that only units of such cost are built as will require rents appropriate for moderate-income families in the area.

The national average mortgage amount under the below-market interest rate projects for which FHA has issued commitments to insure is approximately \$12,500. If a rent supplement program had been in operation during this time, the average mortgage amount would have been close to this figure. Rent supplement payments will not be made on high-cost or luxury-type apartments.

Financing would be provided by means of FHA section 221 market interest rate insured loans, with the regular mortgage insurance premium and a maximum term of 40 years.

Under the rent supplement program, the Housing Administrator would enter into a separate contract with the owner of each project in which tenants are to receive the benefit of rent supplement payments. The contract would provide for rent supplement payments by the Housing Administrator to the owner during the period in which the project is covered by an FHA-insured mortgage with the maximum term for any such contract being set at 40 years.

The contract would specify the number of units in the project to be made available to tenants for whom rent supplement payments would be made. It would specify a maximum dollar amount to be paid annually by the Housing Administrator to the owner of the project based on the total rent for the number of units in the project to be made available for rent supplement payments.

The contract would also provide that the amount of monthly payments to be made will be determined on the basis of the total of the amounts required by way of a rent supplement payment for each particular tenant and that these amounts will be adjusted periodically as tenants move out, as new tenants move in, and as there are changes in the income of tenants receiving the supplement payments.

The supplement payments could be made on a monthly or other periodic basis by the Housing Administrator to the project owner. An owner would not receive any payment for units which are not occupied.

The Federal rent supplement payments contracted to be made under this program could not exceed appropriations of \$50 million per annum prior to July 1, 1966, and this amount would be increased by \$50 million on July 1 of each of the years 1966, 1967, and 1968.

Mr. Chairman, the rent supplement program I have outlined is the most important and vital new program which would be established by the bill. In the President's words, it is "the most crucial new instrument in our effort to improve the American city." In my opinion, it is the most promising program yet devised to deal with a housing problem which has plagued this Nation for decades.

Up to now, the Federal Government's primary programs to provide additional housing for low- and moderate-income families have been the low-rent public housing program and the section 221(d) (3) below-market-interest-rate program. However, as helpful as these programs have been, in helping low- and moderate-income families to obtain standard housing, they, and similar State housing programs, reach only a very small part of the total number of lower income families.

Of the 1.6 million housing starts last year, less than 60,000 were units assisted under Federal or State programs designed to help these families.

In the case of public housing, a variety of factors have limited construction. In the case of the (d) (3) program, rising interest rates and land and construction costs have resulted in this program serving a higher income group than originally intended by the Congress in 1961.

Mr. Chairman, the rent supplement program will greatly increase the supply of standard housing at reasonable rentals by using the initiative and resources of private enterprise. Housing under this program will be planned and built by private organizations. It will be financed by private funds. Federal participation will be involved only in the making of those rent supplement payments on behalf of eligible families and persons needed to enable them to be able to afford the units constructed.

Mr. Chairman, some who have for 30 years fought and obstructed the public housing program, now wring their hands and pretend that the rent supplement program will jeopardize the public housing program.

It is not true. It is a smokescreen thrown up to confuse and divide those of us who for many years have stood together and fought to provide better housing for our low income families.

The same title of this bill that will establish the rent supplement program as a new and additional tool to provide standard housing for low income families also authorizes an additional 240,000 units of public housing over the next 4 years. This would be one of the largest public housing authorizations in the history of the public housing program.

The same title of this bill which will establish the rent supplement program authorizes new methods of utilizing the public housing program and will enable local authorities to use existing private housing units for public housing.

And it is safe to predict that those gentlemen who, with tongue in cheek, express such concern that the rent supplement program will jeopardize the public housing program will vote against both the rent supplement program and the public housing program.

No one knows better than I the value of the public housing program. I say to those who have labored long in the cause of public housing that the rent supplement program is no threat to public housing.

There is work enough for all. The housing needs of low and moderate income families cannot be met under existing programs alone.

Mr. Chairman, the committee heard testimony that the number of low income families on the waiting list for public housing units has reached 500,000. In this situation, it is obvious that we must use every possible tool to deal with the housing needs of our low and moderate income families. The public housing program is, and will remain, one of our basic tools for providing standard housing for low income families. To the extent that the rent supplement program can serve these families it will constitute a needed supplement—not a substitute—to public housing. The need is sufficiently great to warrant maximum efforts under both programs.

It is essential to encourage by every means available the construction of a greater volume of housing geared to the needs of lower income families. The rent supplement program can be the most successful approach yet devised for this purpose because it enlists all the initiative and resources of private enterprise. Testimony before the committee indicated that, through this program, the Nation's private civic-minded groups, lending institutions, and business leaders can provide more than 500,000 new housing units designed to serve low and moderate income families over the next 4 years.

Mr. Chairman, I believe that enactment of this program will be the most constructive step the Congress can take in providing decent housing for every American.

MODIFICATION OF INTEREST RATE

Another important provision of the bill places an interest rate ceiling of 3 percent on mortgages which may be insured under the section 221(d) (3) below-market interest rate rental housing program.

The 221(d) (3) program has been, and can continue to be, an extremely effective tool for providing housing designed to meet the needs of moderate-income families. The statutory interest rate formula resulted in mortgages bearing a $3\frac{1}{8}$ interest rate when the program was enacted in 1961. Under the statutory formula mortgages now must bear an interest rate of $3\frac{3}{8}$ percent and the committee has been advised that the rate is expected to rise again to 4 percent or higher at the end of this month.

These rising interest rates, combined with increasing construction and land costs, have resulted in rents in these projects higher than those intended by the Congress through the low rate set in 1961. The 3-percent interest rate ceiling established by the bill will have the effect of reducing rentals charged in these projects to levels within the means of a greater number of low- and moderate-income families.

LOW-RENT PUBLIC HOUSING

The Housing Act of 1964 authorized an interim increase of 37,500 units of low-rent public housing. However, the local communities' demand for additional units, based on the needs of their low-income families and the elderly, has reached 90,000 units. In addition, Housing Agency officials have informed the committee that over the past year, more than 300 communities have initiated new low-rent housing programs. Of these communities, more than 170 are participating for the first time, making a total of more than 700 additional communities since 1961.

To meet this increasing demand for public housing, the bill would increase the authorization for annual contributions contracts to permit the construction of approximately 140,000 units over the next 4 years. In addition, it would permit—through the short-term use of privately owned housing and through low-rent housing in private accommodations—the use, over the next 4 years, of up to 100,000 additional units suitable for low-rent housing purposes.

The committee believes that two new approaches adopted to permit and encourage the use of existing housing will provide localities participating in the program important new tools to supplement their existing programs. Under the first approach, recommended by the administration, local housing authorities will be permitted to purchase, purchase and rehabilitate, or lease existing privately owned housing through enactment of a technical change in the public housing law. This change—which would permit the amortization of a local housing authority's indebtedness over a period less than the 30- to 40-year periods required under the existing annual contributions formula—would enable local housing authorities to provide additional units of various sizes, especially

for large families, in areas where there are substantial vacancies in privately owned housing.

Under the second approach, recommended by the gentleman from New Jersey, a new program of low-rent housing in private accommodations would be established under the public housing program. Under this program, local housing agencies would be permitted to utilize a community's existing inventory of privately owned vacant units by leasing them from owners for use as low-rent housing. Tenants in these private accommodations would be selected by the owners, subject only to existing provisions in the public housing law relating to eligibility. Rentals would be negotiated and agreed to by the owner and the local agency. In no case could the annual contribution payable for the lease of a private unit be greater than that required for new public housing in the community.

The committee believes these new approaches will make it possible for many localities to strengthen their existing programs by permitting them greater flexibility in choosing the most appropriate means of providing low-rent housing. In many cases, for example, local authorities will be able to provide units more quickly, and in greater variety to accommodate various sizes of families, than solely through new construction. In addition, these new approaches should be particularly useful in localities where there are substantial vacancy rates and in gray areas where they would encourage the conservation and improvement of residential properties.

I wish to emphasize one other point regarding the low-income public housing program. The committee heard testimony from many housing organizations concerning the need to provide a broader range of social services to families in public housing projects. Services such as counseling of families moving into or out of public housing projects, counseling on the upkeep of units, family money management, and the availability of community and recreational facilities can help families in these projects make an easier adjustment to urban living conditions.

The committee has been informed that without any additional authorization, the Housing Agency can authorize local housing authorities to provide these services as part of the general cost of project management. In addition, Housing Agency officials have informed the committee that the Public Housing Administration will work with other interested Federal agencies, such as the Department of Health, Education, and Welfare, and the Office of Economic Opportunity on providing a broad range of services to these low-income families. Providing these services will enable the public housing provided by private enterprise, greater contribution in meeting the social needs of low-income families.

The bill would also provide for parity of treatment between the handicapped and the elderly for low-rent housing purposes by extending to the handicapped the advantages of certain provisions of

the public housing law presently applicable to the elderly.

In addition, the bill would eliminate the requirement that there be a 20-percent gap between the upper rental limits for admission to a low-rent housing project and the lowest rents at which private enterprise is providing a substantial supply of standard housing. Previous laws have already eliminated the 20-percent gap requirement for the displaced and the elderly. It is inequitable to exclude any income group from the advantages of the program when they cannot afford housing provided by private enterprise.

REHABILITATION GRANTS TO HOMEOWNERS IN URBAN AREAS

The bill would also authorize a new program of grants to low-income homeowners in urban renewal areas to finance repairs and improvements necessary to bring their homes up to standards required in the community or the urban renewal plan for the area. These grants would be used only in hardship cases, generally to avoid the displacement which would result for those families, particularly the elderly, who have no other means of financing required repairs and improvements.

A rehabilitation grant under the new section 115 may cover the actual cost of the repairs and improvements involved up to a maximum of \$1,500; except that, if the homeowner's income exceeds \$2,000 a year, the grant would in any case be limited to the portion of such cost which cannot be paid for with any available loan that can be amortized without requiring the homeowner's housing expense to exceed 25 percent of his monthly income.

TITLE II—FHA INSURANCE OPERATIONS

Title II of the bill authorizes a new program of FHA mortgage insurance for land development in subdivisions and extends and improves FHA's programs of mortgage insurance.

Section 201 of the bill would add a new title to the National Housing Act and permit the FHA to insure mortgages on projects for land development. This would permit the well-established FHA credit assistance device which has encouraged the flow of private credit for privately built good homes to be available to encourage the flow of credit so that private enterprise can provide a larger and more even supply of properly planned residential building sites. The program has as its immediate purpose an improved supply of credit, at reasonable interest rates, for land preparation. It has as its ultimate purpose an increased supply of moderately priced good building lots in good neighborhoods. No component of housing cost has risen more rapidly than land. There is a pressing need for financial assistance to enable builders to develop land more efficiently and at lower cost.

Among the major beneficiaries, along with consumers, will be small builders, who build perhaps 10 or 20 houses a year and who cannot readily compete with large builders in finding good home sites.

The legislation itself is, to a degree,

experimental; and the program would therefore be limited to a 4-year period to give the Congress a clear opportunity to review it carefully. The FHA-insured loans would finance such activities as the acquisition of land, its clearance, and its improvement with water and sewer facilities, roads, streets, sidewalks, and storm drainage facilities. Only private subdivision developers would be eligible to receive the insured mortgage loan.

The loan could not exceed 75 percent of the FHA's estimate of the aggregate value of the lots after improvement. The loan would also be limited to the sum of 50 percent of the value of the land before development and 90 percent of the cost of the site improvements. In a typical case this formula actually provides for a loan equal to about 75 percent of the sum of the value of the land and the cost of the improvements. The maximum outstanding dollar amount of any insured loan would be \$12.5 million and the maximum maturity would be 7 years.

The project would be required to represent a good insurance risk. That is, the FHA would be required to find that the project was an acceptable risk in the light of the purpose of the legislation—which is to provide credit aid only for well-planned land development contributing to sound and economic urban growth.

The physical improvements and the general development plan of the project would be required to comply, not only with FHA minimum standards, but also with all applicable State and local governmental requirements. In all cases, the lots would be part of good neighborhoods, likely to have a long economic life and adequately served by shopping, school, recreational, transportation, and similar public facilities.

In addition to the new FHA mortgage insurance program for land development authorized by the bill, a new program of no-downpayment, FHA-insured loans for veterans would be authorized. Under this program any veteran of either peacetime or wartime service in the armed services could purchase a home with no downpayment where the value of the home does not exceed \$20,000. If the home costs more than \$20,000 the downpayment would be 15 percent of the value of the home in excess of \$20,000. This loan would not be available for a veteran who has already received a loan under the GI program. Mr. Chairman, before including this program in the bill Mr. TEAGUE, chairman of the Committee on Veterans' Affairs, was consulted. He has assured us that the provision has his approval.

The bill would continue for 4 years—up until October 1, 1969—all of FHA's existing housing programs. It would also make a number of changes in these programs and authorize some changes in their administration.

The revisions of existing programs include an increase in the limit on the amount of a mortgage on a home in an outlying area from \$11,000 to \$12,500. Also, the maximum amount of a mortgage financing the purchase of a home by a serviceman would be increased from

\$20,000 to \$30,000. These larger mortgage limits reflect the increased costs of housing construction.

The per family unit limit on the amount of a mortgage financing rental housing would be raised where the dwelling units consist of four or more bedrooms. This provision should encourage the production of rental units for larger families where needed.

Some liberalization would be made in the FHA provisions limiting the amount of a mortgage financing rehabilitation of 1- to 11-family structures in urban renewal areas. In addition, a mortgage financing rental housing in urban renewal areas would be permitted to finance more nondwelling facilities than under present law. This amendment will encourage early occupancy of rental housing provided in cleared areas.

Substantial economies should result to both FHA and the Treasury from authority provided by the bill for FHA to consolidate around 18 insurance funds into 1 fund, and discretionary authority provided to the Commissioner to pay insurance benefits to lenders in cash instead of issuing debentures. The Commissioner's authority to issue debentures in payment of insurance benefits is carefully retained by the bill so that at any time the Commissioner can revert to the present system of paying most insurance benefits in debentures. Of course, this provision does not change certain programs where advance commitments to make cash insurance payments have previously been authorized as additional inducements to lenders to make the loans.

Another significant FHA provision in the bill is the provision of mutuality for management type cooperatives, which would give these cooperatives the same treatment in this respect as the regular FHA section 203(b) home mortgagors.

It has been brought to the attention of the Banking and Currency Committee that the existing practice of requiring competitive bidding in the sale of FHA-acquired housing unfairly discriminates against cooperatives. Usually, competitive bidding serves a desirable purpose. However, it is unfair to cooperatives because they can only organize for the purpose of acquiring housing if they have reasonable assurance that they can complete the purchase. Cooperatives should be able to negotiate for the purchase of FHA housing at full market value as determined by the FHA Commissioner. He has authority to do this under existing law, and we believe that he should.

TITLE III—URBAN RENEWAL

Title III of the bill continues and strengthens the slum clearance and urban renewal program, begun by the Housing Act of 1949. This program, supported by the Nation's business and civic groups and local government officials, has proven to be of tremendous value and benefit to both large and small cities in every part of the country. It is making possible a comprehensive attack on the slums which blight most of the Nation's communities.

Mr. Chairman, an immensely important benefit of the urban renewal program, which is becoming increasingly

recognized by all, has been the improvement that has resulted in local financial resources throughout the country.

Our communities are faced with an overwhelming demand for more health, police, fire, and other municipal services. This demand is straining their financial resources. One of the most severe problems facing our communities, in trying to meet these demands, is the fact that slum areas need far more municipal services than they return in taxes.

By clearing these slums, and replacing them with new and rehabilitated construction, the urban renewal program has substantially increased tax revenues and thereby enabled many of our localities to increase their municipal services.

This title would increase the capital grant authorization for the urban renewal program by \$2.9 billion, sufficient to carry on this program for an estimated 4 years. In my judgment, this amount is absolutely essential. It is less than the mayors and other local officials of the Nation requested. However, the committee believes that, balanced against our other needs, this amount will be adequate to carry the program at a reasonable level over the next 4 years.

This title also authorizes the Housing Administrator to conduct a comprehensive study of housing and building laws and codes, zoning and land use laws, and tax policies, and to report to the President and the Congress on the results of the study. Mr. Chairman, the committee has heard much testimony in recent years concerning the restraints which these laws often place on builders and developers in providing lower cost housing in our urban areas. The purpose of this study, recommended by the gentleman from New Jersey, is to enable the committee to determine how these various laws can be utilized to more effectively permit private enterprise to produce lower cost housing and to serve a larger part of the need for such housing.

Two important provisions of this title reflect the concern of many individuals for the need to place greater emphasis on code enforcement and rehabilitation activities under the urban renewal program:

The first would make available for urban renewal projects involving primarily code enforcement and rehabilitation, at least 10 percent of the new urban renewal capital grant authority provided in the bill and subsequent bills and the authorization for direct rehabilitation loans under section 312 of the Housing Act of 1964.

The second provision would remove the \$50 million limit on the authorization for funds under the section 312 rehabilitation program which provides 3-percent loans and authorize such additional appropriations as are needed to carry out the program.

These provisions, which we owe largely to the efforts of the gentleman from New Jersey, will minimize the need for demolition and clearance in the urban renewal program in a practical way, without placing a straitjacket on communities carrying out essential clearance activities.

Another provision of the bill strengthens the workable program requirement in

the urban renewal law to require localities, as part of these programs, to establish priorities for individual urban renewal projects and to coordinate such projects with other community activities and programs. This amendment to the law would make clear that the Housing Administrator, in recertifying a locality's workable program, has authority to require that each urban renewal project is consistent with the community's overall renewal objectives and resources.

To meet the requirement of this provision of the bill that the workable program provide sufficient information for the Housing Administrator to evaluate a particular proposed project, the workable program should identify blighted or declining neighborhoods in the community, indicate the factors causing the deterioration, and provide a basis for scheduling urban renewal activities of various kinds.

This amendment should result in localities placing greater emphasis on the planning and scheduling of urban renewal activities in accordance with its overall renewal objectives and priorities and resources.

This title also contains provisions designed to give greater assistance to business concerns and others displaced from urban renewal areas by authorizing a lease guaranty program for small businesses and requiring relocation assistance programs established during urban renewal projects to provide additional information to all displacees.

TITLE IV—COMPENSATION OF CONDEMNNEES

Title IV of the bill deals with a problem of growing concern to many members of the committee and the Congress. In recent years there has been an increasing number of complaints questioning the fairness of procedures followed by local public agencies which acquire land for use in the course of public improvement programs. Many of the programs under which land is taken for public use receive substantial amounts of Federal financial assistance.

Of particular concern in recent years has been the problem of differing methods of land acquisition being followed in various federally assisted programs.

This title of the bill, recommended by the gentleman from New Jersey, would deal with this problem by establishing uniform land acquisition procedures to be followed by local public agencies in the acquisition of land by eminent domain under certain programs administered by the Housing and Home Finance Agency. The programs covered would be the public housing and urban renewal programs, the public facility loan program, the college housing program, the senior citizens housing program, and the open-space land program.

The bill would require local agencies, as a condition of eligibility for Federal assistance under these programs, to satisfy the Housing Administrator that certain policies would be followed in acquiring land by eminent domain in the course of the particular program. These policies would involve such actions by the local agency as making every reasonable effort to acquire the land by negotiation,

rather than through eminent domain; permitting the owner of land an opportunity to accompany the appraiser; and giving owners of land to be taken at least 90 days written notice of the date on which project activities are scheduled to begin.

In addition, where the owner disputes the price established by the local agency as fair and reasonable for the property, the agency would be required to make the owner an advance payment of 75 percent of the most recent price established for the land. This advance payment would later be applied to the ultimate price for the property established by eminent domain proceedings. This provision will help owners of land who often must bear the cost of litigation and moving expenses resulting from eminent domain proceedings over long periods of time.

This title would also make the relocation payment provisions enacted by the Congress in 1964 applicable to the college and elderly housing programs and the public facility loans and open-space land programs. These payments are presently authorized only under the public housing and urban renewal programs.

In addition, this title would increase from \$1,500 to \$2,500 the amount of the relocation payment authorized by the 1964 act to displace small business concerns and authorizes additional payments for expenses which are incidental to the taking of a person's property. These new payments would include such items as expenses incurred for recording fees, transfer taxes, mortgage prepayment penalties, and a pro rata share of real estate taxes covering a period after the owner transfers title to his property. The committee believes these additional payments are clearly justified. An owner of property acquired during a public improvement program should be reimbursed for any expenses resulting from transferring title to his property.

TITLE V—COLLEGE HOUSING

Title V of the bill extends and provides additional funds for the college housing loan program, one of the most successful programs that the Federal Government has ever undertaken. In its 15 years of operation it has helped to provide housing for more than 660,000 students and faculty in over 2,500 projects—and it has done this without experiencing a single default.

Of course, the tremendous job of housing our college and university students and faculty is far from finished. The Office of Education estimates that college enrollment will increase by 1.5 million in the next 4 years and that about 25 percent of this increased enrollment will require housing and related facilities such as student unions, dining halls, and health centers. Accordingly, the bill would provide for increases of \$300 million in the college housing loan authorization in each of the next 4 years.

In addition, the bill establishes an interest rate ceiling of 3 percent on loans under this program, a rate which the committee believes will enable the program to more effectively serve our growing college population. Under the

existing statutory interest rate formula, the program lending rate is currently 3¾ percent and would rise to 4 percent on June 30. The reduced interest rate will serve to lower rentals charged to college students for their housing accommodations.

TITLE VI—COMMUNITY FACILITIES

Title VI deals with two of the most pressing problems facing the Nation's localities—the need for basic water and sewer works and for neighborhood facilities such as health and recreation centers.

Mr. Chairman, the rapid rise in population in recent years, coupled with the increasing demands on the financial resources of our localities, has outpaced the ability of many communities to provide adequate basic water and sewer facilities. The Housing Subcommittee heard repeatedly of the tremendous backlog of additional water and sewer facilities needed to keep up with the surging growth of our population. By 1975, the urban population alone is expected to increase by 50 million and the per capita use of municipal water is expected to increase from 140 to 160 gallons per day.

In addition, many localities have had to forego investment, no matter how greatly needed, in neighborhood facilities such as community recreation centers, health stations, and other public buildings housing health and recreational facilities. Mr. Chairman, such facilities are essential to our communities so that they can effectively meet the undesirable social effects of idleness upon their juvenile and elderly population.

Accordingly, the purpose of title VI of the bill is to provide financial assistance to communities to construct badly needed water and sewer works and neighborhood facilities such as health and recreational centers.

The bill would authorize the Housing Administrator to make grants to localities to finance up to 50 percent of the cost of basic public water and sewer projects. These grants would be available to all communities, regardless of size. They could be used to expand, enlarge, or improve existing water and sewer facilities, as well as to construct new facilities. Eligible water facilities projects would include facilities to store, supply, treat, purify, or distribute safe, potable water for domestic, commercial, and industrial use. Eligible sewer facilities would include sanitary sewer systems for the collection, transmission, and discharge of liquid wastes, storm sewer systems, and other facilities for the collection and disposal of other categories of wastes.

Although this program will cover a wide range of needs in the field of basic water and sewer facilities, it will not duplicate the very successful program of grants for waste treatment plants under the Water Pollution Control Act.

In addition, the bill contains provisions designed to assure that Federal grant funds do not finance uncoordinated or piecemeal water and sewer facilities. Grant funds would be available only for facilities which are designed so that adequate capacity will be available to

serve the reasonably foreseeable growth needs of the area and which are or will be consistent with areawide water or sewer facilities systems.

The bill also authorizes grants to localities to finance specific projects for neighborhood facilities such as community centers, youth centers, health stations, and other public buildings which provide health or recreation or similar social services. Grants would be available to cover up to two-thirds of the cost of these projects, with provision for three-fourths grants in the case of a project located in economically depressed areas.

Neighborhood facilities projects assisted under this new program would have to be so located as to be available for use by a significant portion of an area's low- and moderate-income residents. In addition, a priority is given to applications for projects that primarily benefit members of low-income families or which otherwise further the objectives of a community action program approved under the Economic Opportunity Act. The committee expects that a great majority of neighborhood facilities for which grants will be made under this program will be used in connection with these community action programs.

TITLE VII—FNMA

Title VII of the bill contains important provisions affecting the Federal National Mortgage Association's activities under its special assistance programs.

The first provision would increase the revolving authority under which the President authorizes FNMA to furnish special assistance to mortgage financing of certain housing. This increase would be \$1,625,000 over the next 4 years.

Mr. Chairman, FNMA's special assistance authority has been vital to the success of many of our most important housing programs, and will prove to be even more valuable in the coming years. This is especially true in the case of mortgages insured by the FHA under the section 221(d)(3) below-market-interest-rate program. Because of their below-market interest rates, which would be reduced by the bill to 3 percent, it is clear that all of the mortgages insured by the FHA under this program will be offered to FNMA for purchase. It is the committee's understanding that approximately one and a half billion in new authorization will be set aside by the administration for this one program. Thus, FNMA special assistance authority will continue to do its part in helping to expand the supply of rental housing available for low- and moderate-income families.

Another provision of the bill, although contained in title I, relates to FNMA's activities with respect to these section 221(d)(3) mortgages. The Housing Act of 1964 authorized FNMA to sell participations in pools of mortgages held by it under its special assistance programs or management and liquidations functions, or held by other Federal agencies. These participations permit the substitution of private funds for Treasury funds to finance these mortgage holdings. Because of their below-market interest rates, section 221(d)(3) mortgages have

not been included in the pools. To make it feasible for these mortgages to be included in future pools, the bill would authorize funds to reimburse FNMA for its expenses in including these mortgages in the pools.

This provision would make it possible to substitute private financing for substantial portions of the amounts of section 221(d)(3) mortgages.

TITLE VIII—OPEN-SPACE LAND AND URBAN BEAUTIFICATION AND IMPROVEMENT

As the President emphasized in both his message on natural beauty and his message on cities, one of the greatest needs of our towns and cities is additional Federal assistance for the acquisition of parks and playgrounds and for the beautification and improvement of these and other public areas. The bill would provide that needed assistance.

The open-space land acquisition program, authorized by the Housing Act of 1961, would be strengthened and expanded. Maximum grants under the present program would be increased from 30 to 40 percent.

Forty percent grants would be authorized, also, for the provision of open-space land through the acquisition and clearance of land in built-up areas. This would enable the program to provide increased assistance for downtown and neighborhood parks. The present authority, limited as it is to acquisition only of undeveloped land, has for the most part assisted land acquisition only in the suburbs.

In general, large areas will not be acquired under this new authority. Land in developed areas is expensive, and localities will always think twice about changing it from a taxable asset into a maintenance cost. However, many localities have an urgent need for more open space—both neighborhoods lots for children, and downtown malls and parks for office workers and shoppers. Where localities are willing to do their share in providing such facilities, the Federal Government, also, can count its money as well-spent.

In addition, an entirely new program would authorize grants for local programs for landscaping, park improvement, and other urban beautification and improvement.

The usual Federal grant would be 40 percent of the increased expenditures by the locality for such activities. However, \$5 million would be authorized to be used for higher percentage grants—up to 100 percent of cost—for beautification and improvement projects which would be of special value to other localities in testing and demonstrating new beautification methods and techniques.

This program is a promising new approach in Federal assistance for our towns and cities. Making our parks and other public areas more attractive and useful are problems which must and will be met primarily through local efforts. However, Federal assistance is also needed.

What is more, it can be provided through this program without substituting Federal for local decisions. Assisted activities would have to be part of a locally approved beautification and im-

provement program. These programs would be prepared by the applicant and other interested local bodies. They, rather than the Federal Government, would make the basic decisions as to how much is to be spent and what kinds of activities are to be assisted.

TITLE IX—RURAL HOUSING

Mr. Chairman, title IX of the bill is the rural housing title. The hearings of our subcommittee clearly revealed the immediate need for expansion of the rural housing program.

There is twice the proportion of substandard housing in rural areas as there is in our cities and suburbs.

Half of the rural families with incomes of less than \$3,000 a year are living in houses that are so run-down they need replacement or major repairs to make them decently habitable. These are families who do not have enough income to repair their homes and cannot obtain a modest home improvement loan from conventional creditors.

A widespread housing credit gap continues to exist in rural areas despite the efforts of the Farmers Home Administration and the Federal Housing Administration to reach further and more effectively into rural areas.

An example of the inadequacy of the present rural housing program was brought out in the committee hearings this year where it was revealed that the Farmers Home Administration had a backlog of more than 15,000 housing loan applications on hand. This has been going on for several years. This agency has not had sufficient loan funds to meet this backlog of loan applications totaling more than \$100 million.

New rural housing legislation is obviously called for. The President has recommended it.

Under title IX, rural housing loans totaling \$300 million could be insured each year by the Farmers Home Administration for families in low or moderate income levels who would pay interest at a rate not to exceed 5 percent. Additional loans could be insured each year for families with incomes above the moderate level and these families would pay interest rates comparable to the rates paid on insured Federal Housing Administration loans. The new insured rural housing program will serve to reduce, to some degree, the inequality in opportunities for urban and rural families in the field of housing, without increasing the burden on the Federal budget.

The committee has confidence that the Farmers Home Administration can do an outstanding job in administering this expanded program with proper legislative authority. The committee has noted the experience the Farmers Home Administration has had in the successful operation of the insured loan program for farmownership and soil and water loans under the Consolidated Farmers Home Administration Act of 1961. It makes good commonsense that the same type of insured loan program be adapted to the large rural housing loan needs.

There are, however, several differences

between the two programs: First is that the proposed bill would establish a 5-year minimum repurchase period for the insured notes, whereas the 1961 act permits a 3-year minimum period;

During deliberations of your committee on title IX, we considered very carefully the best way to handle this insured mortgage paper. The administration bill proposed that it be sold to maturity at whatever discount rate might be necessary at the time. It was the feeling of the committee that 33-year notes bearing 5 percent interest could not be sold at par. The observation was made that the Department of Agriculture through the Farmers Home Administration is and has been selling similar paper to local and national lenders at par, but for shorter periods of time. The committee considered the alternatives very carefully and concluded that such notes should not be sold at discount, resulting in request for an appropriation to make up the loss, when they can be sold at par. So it is the intent of the pending legislation that this paper be sold at par as long as possible even though this requires an agreement to repurchase the paper from the original lender after 5 years.

Second, any amount withheld as a loan insurance charge is discretionary with the Secretary of Agriculture under this bill. The act of 1961 requires a minimum charge of one-half of 1 percent. The greater latitude of this bill is designed to provide more flexibility in establishing the interest return to investors in insured loans and thus improve their salability.

Mr. Chairman, there are a number of other features and improvements in this bill that I should like to discuss briefly:

AUTHORITY TO BUY PREVIOUSLY OCCUPIED HOMES AND BUILDING SITES

Throughout rural America there are many vacant houses that are structurally sound and can be purchased and modernized at a cost considerably below the cost of a new house. Under present law, rural housing loans to buy previously occupied dwellings and the sites may be made only to senior citizens who are at least 62 years of age. The committee believes that extending this authority to all age groups in rural areas will be a way of effectively using existing sound structures and in helping low-income families acquire a decent home of their own within their capacity to pay.

INTEREST RATES

In order to make the insured loans salable without substantial discounts, the interest rate would be 5 percent per annum on loans to low- or moderate-income families. For borrowers above the moderate level, rates will be comparable to interest rates and insurance charges paid by families who use Federal Housing Administration insured loans.

The committee also recognizes that many families have such low incomes that they cannot pay the higher rates that are necessary to make insured loans salable. For this reason, the bill provides that, on direct loans to senior citizens and on the specialized direct loans to all low-income families involving minor repairs to make the house safe and

sanitary, the maximum interest rate will remain at 4 percent.

The bill also retains in the Secretary of Agriculture discretionary authority to set rates at less than the statutory maximum for direct loans to families in distress situations, such as those whose buildings are destroyed or damaged by natural disasters and families with low incomes who cannot afford to pay 5-percent interest.

With respect to direct loans to non-profit organizations for senior citizens rental housing, the maximum rate will be 3 percent.

ESTABLISHMENT OF A RURAL HOUSING DIRECT-LOAN ACCOUNT

In order to simplify the budgetary operations of the rural housing program, the bill provides for the establishment of a rural housing direct-loan account. In this account would be deposited borrowings from the Treasury and appropriations for direct loans under title V of the Housing Act of 1949 as well as future collections on direct loans. All rural housing direct loans would be made out of the direct-loan account to the extent authorized annually by the Congress. Collections and other funds in this account would be utilized to make these loans.

EXTENSION OF RURAL HOUSING PROGRAM

The committee recommends an extension to October 1, 1969, of existing authorizations that expire September 30, 1965, to permit orderly administration of the rural housing programs.

RENTAL HOUSING FOR DOMESTIC FARM LABOR

Provisions are also contained in this bill to increase from \$10 to \$50 million the total authorized for section 516 grants to provide low-rent housing for domestic farm labor. This is a most critical housing problem in a number of rural areas. Because of the short period of occupancy of housing by farm laborers, most growers cannot afford the total cost of adequate housing. Because of the seasonally short work period, most farm laborers are unable to pay the rent required to provide the necessary income to repay the loan for the full cost of the housing. These grants, which may be made up to two-thirds of the cost of the rental housing, would speed up the rate of replacing the existing farm labor slums with housing that is more adequate and decent but still modest and economical.

RURAL HOUSING NEEDS

The need for more credit resources for rural housing is great. The fact that insured loans will be made, for the most part, to low- or moderate-income people who are unable to get credit from conventional sources does not mean these will be unsound loans. Quite the contrary.

Experience by the Farmers Home Administration has shown a remarkable repayment record and an almost phenomenal low-loss record for rural housing loans.

Since the beginning of the program in 1949 through January 1, 1956, Farmers Home Administration has made rural housing loans totaling \$783 million to

97,000 rural families. As of January 1, 1965, borrowers had repaid \$176.4 million in principal plus \$87.5 million in interest.

More than 19,000, or 20 percent, of the families had repaid their loans in full, many before they had become due. Borrowers with payments due had paid 104 percent of the amount matured.

Foreclosures were less than one for each thousand loans made.

Losses have been negligible, amounting to less than 1/200 of 1 percent of the amount loaned.

Any way you look at it, the insured rural housing program that will be created by title IX is a good program—it will be a big step forward toward raising livingstandards in rural America and the program is actuarially sound. The program puts no strain on the budget.

TITLE X—MISCELLANEOUS

Title X, the last title of the bill, would eliminate existing dollar ceilings for the appropriation of funds for the urban planning assistance program, the public works planning advance program and the Federal-State training program. A cutoff date of October 1, 1969, would be provided for each program. Funds would be made available only through appropriations.

The title would also extend the investment authority of saving and loan associations by permitting them to make college housing loans and by broadening their power to make leasehold loans. I would like to make it clear that the reference to fraternity houses and sorority houses in section 1007 is not intended to refer to houses that serve merely as meeting places. It is intended, as the context indicates, to cover only such houses as include rooming accommodations so that they may provide what might be called a residence away from home.

Mr. Chairman, this completes the review of the major provisions of H.R. 7984. I realize that this is a large and a complex bill, but that is because the problems of housing and urban development are equally large and complex.

I have not taken the time to touch on every detail in the legislation, but I assure you that the members of the Banking and Currency Committee and the Subcommittee on Housing, as well as the experts of the housing agencies and outside groups interested in the legislation, have considered every point carefully.

I believe that this bill will mark an important forward step in our housing and urban development legislation and will enable the country to embark on an intensive 4-year program to improve housing conditions and the physical environment of our communities in every part of our country and for all of our people. I am hopeful that the Members of the House will recognize the broad range of needs which this bill will meet and approve it as recommended by the committee by an overwhelming margin.

(Mr. BARRETT asked and was given permission to revise and extend his remarks.)

Mr. HARVEY of Michigan. Mr. Chairman, will the gentleman yield?

Mr. BARRETT. I yield to the gentleman from Michigan.

Mr. HARVEY of Michigan. The gentleman referred to the type of structures to be built under this rent supplement at a modest cost and referred to rent subsidies under the low market interest rate in section 221. But the programs we are talking about are all market interest programs, and I understand the limit on this may go up to \$32,900 per unit. Am I correct?

Mr. BARRETT. I appreciate the gentleman asking that question.

Mr. Chairman, I think we ought to bring this down to a position which everyone can understand it. There is no luxurious housing in this program. There are no apartments that cost \$38,000 or anything close to that figure. For the gentleman's edification I would like to make this very simple, and an easily understood explanation of this section of the bill.

What it is necessary here to understand, Mr. Chairman, is who builds these structures. They are built in this fashion: A nonprofit organization may desire to build 300 or 400 or 500 units. He goes to a private lender and tells the private lender what moneys he wants to borrow. When they agree on the amount, then he goes to the FHA with the private lender and if he meets all the necessary requirements for this modest construction, then the FHA would agree to insure the mortgage. There are no dollars that are put into this by the Government at this point. The mortgage is insured for 40 years.

Mr. HARVEY of Michigan. Mr. Chairman, will the gentleman yield?

Mr. BARRETT. If the gentleman will permit me first to explain this more fully, I think it might save many Members of the House from asking a lot of questions relating to the first question that my colleague asked, namely, Will people be able to go into \$38,000 apartments? The answer is—no.

When the owner gets that insurance for the mortgage, then he, the owner and nobody else—no builders, no construction company—but the owner goes to the HHFA and says, I want a contract with you for rent supplements. Then if he meets all of the requirements including the requirement that the construction be of modest design, the HHFA will say to him, All right, we will assure rent supplements in your construction.

Now keep in mind the kind of low-income people who can get rent supplements. First, the individual who wants to occupy this housing as a rent supplement tenant must be in one of these four categories. He must be a displacee, that is, one who is displaced from his home by public action; or second, he must live in substandard housing; or third, he must be an elderly person, or, fourth, he must be a handicapped person.

Now who are these people? In the case of a person considered as a displacee, is that person eligible if he can obtain decent housing for less than one-fourth of his monthly income? No, he is not eligible.

Is he eligible if he lives in a slum and can obtain standard housing—and let me say, decent, safe, and sanitary hous-

ing, for less than one-fourth of his income? That person is not eligible.

Can the elderly obtain this type of apartment? And who are the elderly that we are trying to help here? Is he not the person who may be on social security and who is receiving \$100 a month or so?

If the person does not qualify as being in one of these four categories, then he is not eligible for this type of apartment.

Mr. HARVEY of Michigan. Mr. Chairman, will the gentleman yield?

Mr. BARRETT. I am glad to yield to my colleague.

Mr. HARVEY of Michigan. I want to say to the gentleman I am somewhat astounded because the gentleman really could not have understood my question because I cannot believe that the chairman of our subcommittee, as knowledgeable as he is on this subject and the gentleman from Pennsylvania is a very able chairman I want to say right here and now.

Mr. BARRETT. I thank the gentleman from Michigan.

Mr. HARVEY of Michigan. The gentleman from Pennsylvania could not and would not possibly want to leave the impression with the Members of the House that the type of structures that the gentleman is talking about is being built under the below-market interest rate for housing.

That is what the gentleman said in his remarks. I say that this rent supplement program is included under the market interest rate program. I am sure, in his vast knowledge, the gentleman will agree that the upper limit under this market interest rate for this housing is \$32,900.

Mr. MOORHEAD. Mr. Chairman, will the gentleman yield?

Mr. BARRETT. I yield to the gentleman from Pennsylvania.

Mr. MOORHEAD. Mr. Chairman, I should like to direct the attention of the gentleman from Michigan to page 5 of the report, to the next to the last paragraph. The second sentence of that paragraph clearly says, as the gentleman from Michigan pointed out, that the financing of these programs would be under market interest loans.

Let me read a portion of the first sentence of that paragraph:

projects containing units for which rent supplement payments could be made would be of modest design, constructed to the standards prescribed for the FHA section 221(d) (3) below-market interest rate insured loan program.

Mr. HARVEY of Michigan. Mr. Chairman, will the gentleman yield? Perhaps the gentleman can point out where this appears in the bill. No such language appears anywhere in the bill, to my knowledge. I still say that the limit prescribed by the administrator is \$32,900.

Mr. VANIK. Mr. Chairman, will the gentleman yield?

Mr. BARRETT. I yield to the gentleman from Ohio.

Mr. VANIK. Will the gentleman from Pennsylvania tell me whether the rent supplement payments could be made to the owner or property used in violation

of either the building code or the zoning code of the local community?

Mr. BARRETT. All of these would have to be built according to zoning requirements and codes and would have to meet FHA minimum property standards.

Mr. VANIK. I take it the payments could not be made where there was a violation of the building code or the zoning code.

Mr. BARRETT. The gentleman is correct.

Mr. HARVEY of Michigan. Mr. Chairman, will the gentleman yield? I would ask the gentleman where in the bill that appears? Will the gentleman point out the line or the page?

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. BARRETT. I yield to the gentleman from Ohio.

Mr. ASHLEY. Is it not true that the FHA standards require that already? It does not have to be in the bill.

Mr. HARVEY of Michigan. There is certainly nothing in the language of this bill that requires it.

Mr. ASHLEY. The FHA standards require it. We are building these things under FHA standards, it is reasonable to assume.

Mr. HARVEY of Michigan. I assume that the gentleman will agree with me, then, that \$32,900 is the limit?

Mr. WIDNALL. Mr. Chairman, I now yield 20 minutes to the gentleman from New York [Mr. FINO].

(Mr. FINO asked and was given permission to revise and extend his remarks.)

Mr. STANTON. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count.

Fifty-two Members are present, not a quorum. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 158]

Andrews,	Gilligan	Morse
N. Dak.	Grabowski	Morton
Arends	Gray	Neisen
Baring	Greigg	Nix
Blatnik	Halleck	Olson, Minn.
Bonner	Halpern	Philbin
Bow	Hansen, Wash.	Powell
Brown, Ohio	Harsha	Race
Broyhill, Va.	Harvey, Ind.	Reid, N.Y.
Byrne, Pa.	Hays	Resnick
Cahill	Holland	Rhodes, Pa.
Chamberlain	Hull	Roosevelt
Chelf	Jacobs	Roybal
Clark	Jennings	Ryan
Conable	Keogh	St Germain
Curtin	Kluczynski	Saylor
Curtis	Lindsay	Senner
Davis, Ga.	Long, La.	Shriver
Dent	Long, Md.	Steed
Derwinski	McDowell	Stratton
Dickinson	McVicker	Tenzer
Diggs	Macdonald	Thomas
Dingell	Mackie	Toll
Donohue	Martin, Ala.	Tupper
Dowdy	Martin, Mass.	Ullman
Evins, Tenn.	Martin, Nebr.	Vigorito
Farnsley	Miller	Watson
Fulton, Pa.	Moore	

Accordingly, the Committee rose; and the Speaker pro tempore, Mr. ALBERT, having assumed the chair, Mr. FLOOD, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R.

7984, and finding itself without a quorum, he had directed the roll to be called, when 354 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The gentleman from New York [Mr. FINO] is recognized for 20 minutes.

Mr. FINO. Mr. Chairman, at the very outset, I would like to make my position on this housing bill crystal clear. I have always been a great supporter of housing legislation not only in the Congress of the United States but as a member for 6 years of the New York State Senate.

In the 13 years that I have been privileged to be a Member of this House I have always supported and I have always voted for every housing bill that has come before this House.

Now, let us make no mistakes about my position here today. I still favor and support legislation that will provide adequate, suitable and decent housing for families of low and moderate income.

As for this bill, I will support all of the programs contained in it except for one, and that is the proposal in section 101, commonly referred to as the rent-supplement program, or better known as the rent-subsidy proposal.

Under this section 101, which the Housing Administrator calls an "experiment," massive rent subsidies will be doled out to certain population groups—the elderly, the handicapped, those displaced by urban renewal and those living in substandard housing.

I agree that these people need help, but I seriously question not only the motives but also the real worth of this proposal.

Under this recent supplement or subsidy scheme, persons in four categories may receive rent subsidies if they cannot find standard housing using one-quarter of their annual income. The rent subsidies will then be the difference between the fair market rental and one-quarter of the tenant's income.

At first glance, just looking at the bill this formula might sound reasonable. It might sound fair. But I say to you gentlemen that it is neither reasonable nor fair—it is simply clever.

Let us take a very close look at the eligibility requirements.

First of all, one must be fit into one of the four categories. That sounds fair. Then one must be unable to locate and rent standard housing which is suitable for one-quarter or less of his income. This, too, would seem fair and equitable until—I repeat, until we realize that under this section the Housing Administrator determines and the Housing Administrator defines what is suitable standard housing. By his power of definition he can set standards which suit his purposes.

Let us take an example. Should the Administrator decide that he wants to move a \$6,000 a year family of four persons living in a three-and-a-half room apartment, he would simply define the present accommodation as substandard. He would establish a standard of spacious, air-conditioned, four-room apart-

ments renting at \$150 per month, and then go to work.

The better apartment, at \$150 per month, would cost \$1,800 per year, which is well over the \$1,500 a year which represents one-quarter of the family income. The family in question would qualify for a rent subsidy of \$300 per year, or \$25 per month.

This, my friends, is the kind of power we would give the Housing Administrator under section 101 of this bill.

I say to the Members of this House that there are no safeguards in this legislation. There are no restrictions, and there are no prohibitions.

The rent subsidy proposal is also open to all kinds of abuses. Let us take a closer look at this program.

Under section 101, the Administrator has the power to define and determine what is income. But, what is more important, he has the power to determine what may be excluded from income. He can choose to say that a family with \$10,000 a year income—which could include bank interest, employee bonus, wife's earnings—really has an income of only \$7,000 per year, from which he can exclude \$1,800, under some exclusionary definition the Administrator has the power to draw, thereby leaving a \$5,200 income.

This is the power he has. He can do it, and there is nothing in this section 101 which prohibits the Administrator from doing it.

Now, if this family was eligible under the four categories, it could receive a very nice rent subsidy because obviously with a redefined income of \$5,200 a year it could not afford the apartment it needed for one-fourth of its income as artificially lowered.

I am sure that the proponents of this program will say that things like this will not be done and that such abuses will not occur. I think they will occur because there is nothing in this legislation that prohibits or restricts the Administrator from doing it.

If the proponents of this bill were really concerned with making the rent subsidy program a careful experiment, they could have done a better job on the bill's language. But they did not. They left section 101 loose, ambiguous, and flexible enough to write all kinds of abuses.

I think that is what the Housing Administrator had in mind all the time—far-reaching control that could extend into every nook and corner of American residential patterns. That is why this section does not contain specific protections against the type of abuses that I have mentioned.

As far as I am concerned, the only safeguard we have against the loose language of section 101 is the social philosophy of the Housing Administrator. If he chooses to experiment in reweaving the national social fabric, we will have given him many tools when we give him section 101. Frankly, I am afraid of the power that would be available for such exercise. I am afraid because I do not believe in federalized residential patterns.

As I have already mentioned, this rent subsidy proposal applies to a broad range

of groups—extending well beyond the lower-income group it is supposed to be concentrating on. I seriously doubt that the lower-income group will get much real benefit out of this section.

I think that the low-income group could be better served. I do not believe that the rent subsidy program is intended to put low-income people in appropriate standard housing. I am certain that this program is intended to put certain selected low-income groups in middle-income and near luxury housing. That is what the rent subsidy program is doing in New York State and the people in these middle-income apartments don't like to see people subsidized while they are paying all the rent they can afford on their own initiative and hard work.

I know that the proponents of section 101 will argue that this across-the-board economic integration is a sound idea because it mixes the underprivileged with the privileged. I feel however, that those paying full rent have a valid reason to object to economic integration especially when they additionally have to pay part of the rent of their underprivileged neighbors.

You will also hear it argued that this section 101 will give an incentive to the underprivileged person to improve his lot and will educate the privileged on how the other half lives. As for giving the underprivileged person an incentive for improving his lot, I think the opposite is true because the moment he increases his earnings, he loses his subsidy. So why should he strive to improve himself?

As for educating the privileged person on how the other half lives, it might very well educate him to do exactly what the underprivileged person is doing—cut down on his own initiative and enjoy the same kind of subsidy benefits his neighbor enjoys.

I feel certain that this section is not really concerned with helping people as much as it is with grabbing power. It is a social planning power grab disguised in housing terminology.

This section is more important to the bureaucrats than to the people who it is supposed to help. Let us make no mistake about it—this measure is concerned with power—an extension of Government power to regulate lives and living patterns, and not with people.

Let us not be misled by the arguments of the proponents of this section that this program will help provide housing for those of low incomes. This is only a smokescreen. It is a dense cloud of misinformation. We know and the private builders know that there is no real profit in building low-income housing units—the only housing that will be constructed under this program will be middle-income and upper middle-income housing from which the low-income people will benefit at the added expense of the American taxpayers. The moneys that are to be used on this experimental program could be much better spent in other ways and the Housing Administrator knows it.

If the Administrator was really concerned with people and adequate housing for people in need of help, he would have asked for additional public hous-

ing and a broader rent certificate program. I say this because public housing can do the job for more people and for less money—much less money.

I am fully aware that public housing has shown very real qualitative and numerical shortcomings to date but that merely reflects the sterility of administration programming. The truth of the matter is that a good public housing program would provide more units more quickly at substantially less cost. And, I might point out, it would provide these units for the income ranges that need housing, not the income ranges that the Administrator would like to experiment with.

When Mr. Ira Robbins, president of the National Association of Housing and Redevelopment Officials, testified on section 101 before the Subcommittee on Housing—and incidentally, Mr. Robbins is an expert on housing; he has had 38 years of experience in that field—he was very blunt in his appraisal of the rent subsidy scheme. Mr. Robbins, an expert on housing, said that a \$4,000-a-year family can be subsidized in public housing for \$37 per month while it will cost \$66 per month to subsidize the same family in similar quarters under the rent supplement program. My point is very simple. Nearly twice as many needy families could be provided for by public housing as will be provided for at the same cost by the rent supplement program. But, as I have mentioned before, the Housing Administrator is more concerned with power than with people.

I do not believe that the social planners who drew up this rent subsidy program were really concerned with helping the needy to get housing. If they were, they could have gotten so much more for the same money in other ways. As a matter of fact, the proponents of section 101 have even admitted their lack of interest in low-income groups.

When the Housing Administrator was before the committee he said that the rent supplement program was aimed at low-income groups. Then, 2 days later, he told a Pittsburgh Civic group that only persons with "hearts of gold but heads of lead" would build housing units for low-income families. As I already mentioned, private builders cannot and will not build low-cost housing. I can only conclude that all this talk—all this concern about the needy is sham and trickery. As far as I can see, and I challenge anyone to prove otherwise, this program is an attempt to subsidize rents in middle-income and upper-middle-income housing and thereby impose Federal controls over American residential patterns.

The proponents of this program have urged that this rent subsidy proposal is worth trying on an experimental basis. I might agree that would be worth trying on a small scale under carefully worded legislation. But what we have here is anything but a small-scale experiment. It is a phoney. It is a Trojan horse from which will spring vast Federal control.

Above all, it is not a small, short range experimental program. It is a program that will run for 40 years, involving \$200 million a year for a total of \$8 billion.

Now, Mr. Chairman, how can anyone in his right mind say this is an experiment?

Let us make no mistake about this program. It is a long-range subsidy program that binds this Congress and all of the succeeding Congresses for the next 40 years. That is what this bill does. I ask you, is that what we want?

In voting for section 101 you will not be voting for a small-scale experiment but rather for an incredibly large-scale program which defies the name experiment by its magnitude and longevity. The social planners who have designed section 101 have chosen this Congress, the 89th Congress, as the Congress least likely to assert its rights. They feel that this Congress would insulate and protect their program's future from other Congresses. I am counting on this Congress to prove them wrong.

If the rent subsidy program is not aimed at low-income groups and is not calculated to get low-income housing built, it must have other aims and purposes. I will tell you what they are. Their aim is to put low-income groups in middle-income housing which might be called economic integration and also to subsidize middle-income groups.

Now, I see no financial sense in subsidizing middle-income groups by this rent supplement scheme. We already have housing under section 221(d)(3)—below-market-interest rate loan program which can do the job and should be encouraged to continue to do this job.

Besides, at my suggestion, we have knocked out the 20 percent gap requirement between public housing income ceilings and the lowest rents at which private enterprise is providing an essential supply of standard housing. With the elimination of this 20 percent gap requirement more people will be able to get into public housing.

I know and you know that the rent subsidy scheme does not aim at getting middle income people into appropriate housing any more than it aims at building low-income housing for low-income groups. It should be bluntly obvious that the rent subsidy program aims at social experimentation. Only in this sense is it an experimental plan. The Administrator gets to experiment but the Congress does not get to experiment.

Let me warn you that if this Congress approves this section 101, and I repeat that, if this Congress approves section 101, it will be buying a 40-year program and we can count on an abundance of experiments. Experiments that will cost \$8 billion of the American taxpayers' money.

Let me repeat that under the rent subsidy program, there are no safeguards, no guidelines, no restrictions and no prohibitions that will keep the Housing Administrator from moving the poorest people into the best apartments. It will not concern itself with our primary objective to remove people from substandard housing, it will go far beyond that. As I said before, the Housing Administrator has one aim and purpose and that is to accomplish economic integration through rent subsidies. I do not know whether this is a good sound American idea. All I can say is that we ought

to go very slowly in this sort of direction, and this section 101 is not a safe, go-slow program. It is, and I repeat, a power-grab that the social planners think just might slip by a rubberstamp Congress. It is social legislation not aimed at the housing problem—not aimed at providing low-income housing units—not aimed at providing middle-income housing but aimed at changing social patterns.

If you support section 101, that is exactly what you will be voting for—giving the Housing Administrator vast power to reshape the social and living patterns in this Nation.

To the proponents of the rent subsidy program who say that we need it to deal with our housing problem, I say that is not true.

Let me remind them that we have, in this bill, public housing; we have below-market-interest-rate loans for middle-income housing; and we have rent certificates for privately owned existing structures. These are solid housing measures. The rent subsidy scheme is not. The rent supplement is not a housing measure but a social experiment and nothing else.

In the May 27th issue of the New York Times, Arthur Krock wrote this about the rent supplement:

The real issue is whether the Federal Union is to undergo its greatest transformation thus far into a collectivist state.

These are dire words but they are accurate. The rent subsidy scheme is a tool—a dangerous tool—for the complete federalization of American residential patterns.

I have devoted all of my time to the rent subsidy scheme because I feel—honestly feel—that it is a blemish on a good housing bill. It ought to be wiped away.

Later, a motion will be offered to recommit this bill with instructions to strike out section 101. Your vote on this motion will determine whether or not you want to hand away power to restructure the national social fabric in the guise of housing legislation.

In closing, I would like to quickly recapitulate what section 101 does and does not do.

First. It does not aim at building low-income housing units. The Administrator not only knows it but admits it as well.

Second. It does not aim at providing the most economical standard housing for needy families.

Third. It does not contain effective limitations on the amount of individual subsidies. There is no subsidy ceiling.

Fourth. It does not limit subsidies to the truly needy—those with whom we should be primarily concerned.

Fifth. It does not prohibit rent supplements from amounting to almost all of the rent paid for an apartment.

Sixth. It does not prohibit rent supplements from being used to put low-income families in upper-middle-income housing.

Seventh. Most of all, section 101 does not contain any language that would safeguard against the above abuses.

Look at the bill yourself. Section 101 extends only five pages.

Incidentally, the gentleman from Pennsylvania [Mr. BARRETT] mentioned low-income families. There is nothing in this section that talks about low-income families. It talks about "qualified tenants."

All the safeguards the friends of section 101 talk about do not exist. They will not exist until Dr. Weaver issues regulations, if then. That is not enough for me.

Now, let me say what this bill does do.

First. It runs 40 years, costing \$200 million a year, for a total of \$8 billion—\$8 billion of taxpayers' money.

Let us make no mistakes about what this bill does. It runs for 40 years. If you read the bill—and you do not have to be a lawyer—just read the bill, and then compute those figures. It runs for 40 years because the Administrator has the power to sign up with any builder for 40 years, costing \$200 million a year. That is a total of \$8 billion of the taxpayers' money.

Second. It runs 40 years, so that, once Congress assents to it, Congress loses control over it.

Third. It will build middle-income housing for a select, subsidized low-income group.

Fourth. It will house a select subsidized low-income group far less economically than other low-income groups are provided for in public housing.

Fifth. Its per unit cost will be almost twice as high as public housing because middle-income units will be utilized.

Sixth. It will extend Government control over middle-income housing patterns.

Seventh. It will federalize American residential patterns.

Eighth. It will open the door to Government-enforced economic integration nearly tantamount to collectivism.

Ninth. It will encourage neighbor to spy on neighbor for the amusement of the bureaucrats.

As I said before, I think section 101 is a blot on a good housing bill. I urge you to join with me in opposing it. It is a dangerous provision and has no place in this otherwise good housing bill. In supporting and voting for the motion to recommit you will be striking out only section 101 from this bill—nothing else.

It is a dangerous provision and it has no place in this otherwise good housing bill.

In supporting and voting for this motion to recommit, which will come at the end of the general debate, you will be striking out only section 101 and nothing else. This is the only section we are concerned with and this is the only section that we say is a very dangerous section and should not be in this housing bill.

The CHAIRMAN. The time of the gentleman has expired.

Mr. PATMAN. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. ASHLEY].

Mr. ASHLEY. Mr. Chairman, I suppose there is bound to be controversy with respect to the rent supplement program. This, after all, is a program that

seeks to provide housing for families whose income prevents them from qualifying for decent housing on the private market. If we have learned anything from the discussions and debates that we have had with respect to public housing over the years, it is that no Government program seeking to make available decent housing for the American people can be debated on the floor without intense controversy.

I think if we are going to argue the merits of the rent subsidy program, we should at least try to agree on the extent of the need for the program.

In 1949 the Congress established a national housing policy, establishing a goal of decent, safe, and sanitary housing for every American family. Since that time, as we know, Mr. Chairman, this Congress has enacted a whole range of programs seeking to achieve this goal. We have not achieved the goal and that is why we are here today with this program. Today in the United States there are 3,100,000 families living in substandard housing who have incomes too low for decent private housing in their community as a monthly rental equal to or less than 25 percent of their monthly income—3.1 million families. Add to that 2,100,000 elderly or handicapped and then add to that 80,000 families who each year are being displaced because of governmental action of one kind or another—and the numbers are growing. This is a measurement of the need. According to the gentleman from New York, the rent supplement program has no restrictions. Well, it does have restrictions and it does have safeguards and, as a matter of fact, it is a limited program.

Mr. FINO. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman.

Mr. FINO. Will the gentleman show me on what page it has restrictions?

Mr. ASHLEY. If the gentleman will wait, I will tell him and he will not need to have any further identification.

Mr. FINO. I would like to know because I made the observation that there was no restriction and no prohibitions in this bill and I ask the gentleman to show me where there are any such restrictions or prohibitions.

Mr. ASHLEY. I am going to do that and must now decline to yield further so that I will have an opportunity to respond to the gentleman.

Mr. MULTER. Mr. Chairman, will the gentleman yield at this point?

Mr. ASHLEY. I yield to the gentleman.

Mr. MULTER. I have asked the gentleman to yield at this point before answering the question of my colleague from New York because I think since we are talking about the number of people who need housing, particularly in the lower income groups, the Record at this point ought to show that in the city of New York from which, of course, the gentleman from New York [Mr. FINO] comes and from which city I come, there are in excess of 100,000 families now on the waiting list for public housing who cannot be accommodated.

Mr. ASHLEY. Presumably, the gentleman from New York will offer an amendment to increase the amount of public housing in the bill to take care of those families in New York.

Mr. MULTER. If you were to take all of the public housing called for in this bill and allocate all of it to the city of New York, you would not be able to accommodate them.

Mr. ASHLEY. I say to the gentleman from New York [Mr. FINO] there are restrictions and there are safeguards to assure that the housing under this program will be at minimum cost and will actually provide shelter for the people it is designed to house.

First, what about the cost? The gentleman totally overlooked in his remarks that the sponsors of this housing must be nonprofit, limited dividend, or cooperative groups. Is this not so?

Mr. FINO. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from New York.

Mr. FINO. If the gentleman will read title I, section (b), line 21, it says:

As used in this section, the term "housing owner" means a private nonprofit corporation or other entity, a limited dividend corporation or other entity, or a cooperative housing corporation.

What did they mean by "other entity"?

Mr. ASHLEY. It would seem to me that the congressional intent is quite manifest with respect to kinds of sponsors intended.

Mr. FINO. These are profit organizations.

Mr. ASHLEY. Would the gentleman please not interrupt me in the middle of a sentence? I will yield to the gentleman at any point, but not in the middle of a sentence.

We have experience, as a matter of fact, do we not, under section 221? Do we not know what kinds of sponsors there have been since the inception of that program? These are the same types of sponsors. It is because of this type of sponsor that low-cost housing can be assured. This is one of the safeguards.

Nor can we dismiss lightly the fact that in order to qualify as a tenant under this program, a family must come from one of the four categories described by previous speakers. They must be displacees, or they must be elderly, or they must be handicapped, or they must be presently living in substandard housing. These are additional safeguards, I say to the gentleman.

Mr. MULTER. Mr. Chairman, will the gentleman yield to me at that point, for clarification?

Mr. ASHLEY. I yield to the gentleman from New York.

Mr. MULTER. The language to which the gentleman from New York [Mr. FINO] referred must be read exactly as it written and not torn apart.

When it say "a private nonprofit corporation or other entity," it means a private nonprofit corporation or a private nonprofit entity, not any other entity which may be for profit. The same is true with respect to the limited dividend corporation or other entity. It is a lim-

ited dividend corporation or other limited dividend entity.

Mr. FINO. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from New York.

Mr. FINO. I ask the gentleman from New York why they did not put that in specific language, if that was intended?

Mr. MULTER. Let us not quibble. If that is what the gentleman is arguing about, we will put it in words, if he will offer an amendment.

Mr. ASHLEY. Mr. Chairman, under the bill the Administrator would be required to determine the lowest rent required in each community to obtain a standard one-, two-, three-, or four-bedroom unit. This determination would be a factual one based on a market analysis, exactly the same as FHA has made in thousands of previous cases. If the market analysis disclosed that in a particular community a standard one-bedroom unit could be rented, for example, for \$80 a month, a family which needed a one-bedroom unit could have a rent supplement payment made on its behalf only if its monthly income were less than four times that required rent for that unit, or \$320. There is no discretion involved in this process. It is simply a case of finding the facts—in this case the rent required to obtain a particular unit—and then multiplying by four.

The gentleman from New York says this is an enormous grant of power to the Administrator. I say, on the contrary, this is no enormous grant of authority or power whatever. This is what has been done with respect to public housing for 30 years, as the gentleman most certainly knows.

On that point, Mr. Chairman, I believe a very interesting fact to consider is the preliminary estimate of income limits for families of different sizes recently issued by the FHA.

It showed, for example, for Toledo, Ohio, the district that I represent, that decent housing is available in the private market for families of two persons earning \$4,000 annually or more. For three or four persons in the family it would require \$4,500 annually or more. For five or six persons it would require \$5,500 a year or more, and for seven or eight in the family \$6,000 or more annually.

What this means, of course, is that a family of seven or eight in Toledo earning \$6,000 a year would not be eligible under this program. If this family is earning \$5,000 a year it would be eligible for a rent supplement determined in the following manner: it would be expected to pay 25 percent of its income for rent, and 25 percent of \$5,000 is \$1,250.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. PATMAN. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. ASHLEY. The FHA survey for Toledo found private housing is available for a seven- to eight-member family earning \$6,000, if they allot 25 percent of their income, or \$1,500, for rent. Subtracting \$1,250 from \$1,500, the rent supplement would be \$250 a year or approximately \$20 a month.

Mr. FINO. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. Yes. I yield to the gentleman from New York.

Mr. FINO. The gentleman is talking and discussing figures and incomes, but where in the report, where in the hearings, where in the bill is there such language as you are alluding to?

Mr. ASHLEY. The hearings clearly describe the method of computation and it is set forth in the bill.

Mr. FINO. There are no figures in this bill, and there are no figures in the hearings or in the report. Let me point out this on page 4.

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. Let us see if the chairman of the subcommittee has a comment.

Mr. BARRETT. Since this is a new program, the Housing Administrator did not have firm figures available at the time of the hearings. Since then HHFA has gotten data based on the next supplement plan included in last year's housing bill and has given us estimates for a number of cities.

If the gentleman will yield further, on June 21 I put these 25 cities in the RECORD on page A3213 for the benefit of the Members of the House.

Mr. MULTER. Will the gentleman yield at that point?

Mr. ASHLEY. Yes. I yield to the gentleman from New York.

Mr. MULTER. I am pleased to hear the gentleman from New York [Mr. FINO] say that there is nothing in the record to sustain the figures, because this proves that the minority report, which pretended to give the Congress figures, is completely inaccurate. These figures they have in their minority report, which try to show it is a luxury program, for luxury incomes, are apparently pulled right out of the air.

Mr. ASHLEY. Let me say to the gentleman that the formula is abundantly clear if there are not any figures. Is not the gentleman clear on how the formula works?

Mr. FINO. We are very familiar with the formula, but what disturbs and bothers me is subsection (e), which says that for the purpose of carrying out the provisions of section 101 the Administrator shall establish the criteria and procedures for determining the eligibility of occupants and rental charges, including criteria and procedures which respect to periodic review of tenant incomes and periodic adjustment of rental charges. These are the things that disturb me about this bill.

Mr. ASHLEY. Do you not think there should be a periodic review of incomes that the tenants are receiving?

Mr. FINO. I say we are giving all of this power to the Administrator to determine what is income and what is the ceiling and the rental and everything that goes under this program. That is the objection I have.

Mr. ASHLEY. The gentleman has made quite a case for public housing, and it is a good case. It does not satisfy me, quite frankly. I have been a friend of public housing for a good many years but it simply has not done the job. There is

presently a 500,000 backlog in applications for public housing.

We have only built since the inception of the public housing program a total of some 580,000 units. There are almost as many today on the waiting list as there are units that have been constructed since the program was initiated in 1937. If all of the public housing were constructed that is needed to meet the demand for decent housing for families that cannot afford at this time private housing, we would then have the largest federally-operated housing operation in the world. Is this what the gentleman wants? Why is the gentleman so reluctant, let me ask him, to have this need met by the private sector of our economy as well as by the public?

Mr. FINO. Mr. Chairman, if the gentleman will yield, we do have section 221(3)(d) which is private. We do have the rent certificate proposed by the ranking member of the subcommittee. So it is not a question of objecting to meeting the demand.

The CHAIRMAN. The time of the gentleman from Ohio [Mr. ASHLEY] has expired.

Mr. PATMAN. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. BROCK. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman.

Mr. BROCK. I wonder if the gentleman would answer this question. When he mentioned \$6,000 for Toledo, did he mean gross income or net, and under whose standards? By what standards does the gentleman arrive at that \$6,000?

Mr. ASHLEY. Let me make it clear that the Administrator would have discretion and would be expected to write regulations to spell out exactly what is contemplated by income. But again we get to standards and the experience that has been derived under the public housing program.

There has been the comment made that nothing is said specifically about assets of rent-supplement families. Yes, these would be considered, too; there is no question about that. The Administrator has so testified.

Mr. BROCK. Mr. Chairman, if the gentleman will yield further, I should like to comment that there is nothing in the bill which mentions assets at all. Then I would ask him this question. If we apply the standards, as if permissible under this bill, which are applied under public housing rules by giving the Administrator the right to set standards, is it not true that the gross income in Toledo could be \$8,000, with a \$2,400 exclusion, so that there is a gross income of \$8,000 and not \$6,000?

Mr. MULTER. Mr. Chairman, will the gentleman yield to me?

Mr. ASHLEY. I yield to the gentleman.

Mr. MULTER. Mr. Chairman, I know the gentleman has the answer to that question, but I have the record in front of me. I am referring to the report at page 5. It says:

The committee expects that, for the purpose of determining the amount of the income of an individual or family, all income,

from every source, whether taxable or not, of the individual or adult members of the family will be included.

Further, with reference to the figures that have been asked for, they are not only in our hearings, but in addition to that, our distinguished chairman of the subcommittee [Mr. BARRETT] on June 21, placed in the RECORD a letter from the Administrator, Dr. Weaver, together with all the figures. They appear in the RECORD for those who want them.

Mr. WIDNALL. Mr. Chairman, I yield 1 minute to the gentleman from Indiana [Mr. BRAY].

(Mr. BRAY asked and was given permission to revise and extend his remarks.)

Mr. BRAY. Mr. Chairman, there are programs for Federal aid to housing that have been aimed at those Americans who simply cannot pay for the housing that they need. However, the rent-subsidy proposal in the legislation before us is nothing less than an attempt to make the Federal Government the landlord for the entire American middle class. It has been estimated that this plan could eventually cover 40 percent of all American families. Yet, the Government's own census figures show that over 90 percent of all families in the \$4,000 to \$8,000 income group are adequately housed.

Who will police such a program? How will the Government determine that those receiving rent subsidies are not falsifying their income figures? An open invitation to the American people to turn into informers was freely given during the hearings on this bill before the Committee on Banking and Currency. The gentleman from New York [Mr. FINO] asked Robert Weaver, Administrator of the Housing and Home Finance Agency, to explain:

How would I be in difficulty if you do not police it, or investigate it, supervise it and watch me?

Mr. Weaver replied that:

There will be spot checks * * * and there is one other check, too, which I hate to say. Your friends and neighbors would be very much concerned about this. They are the best investigators that you have in these projects.

Mr. Weaver later piously told a newspaper:

We are not encouraging snooping. I was just reporting a fact of life.

How ironic, that this House, which has heard so many ringing speeches denouncing informers, should now be asked to approve legislation that, more than any other bill that has ever come before us, would turn Americans into a collection of snoops and sneaks, running to some Government agency with tales about their neighbors' income. And this has been gratuitously suggested by an administration official who will have a major part to play in the operation of this program if it becomes law.

If this provision becomes law, we can look forward to the day when there is just one landlord for all Americans: the Federal Government. When Nikita Khrushchev visited the United States, he bragged that in the Soviet Union,

the Government took care of everyone's housing. That is true, but by American standards almost all of Russian housing would be classed as slums. A bureaucrat, in Russia called a commissar, determines whether you will live in a house the equal of a pigsty or in one of the better houses. Is this what we want in our country?

Why stop with subsidies for rent? The same distorted logic which seeks to justify this program may be just as easily applied to automobiles, clothes and, for that matter, television sets. Why not subsidize them as well? The Government is already on its way to paying doctor bills and this program would provide for rent. What is next on the list?

With the national debt at an all-time high—and we just voted another "temporary" increase in the debt limit—and the value of the dollar at an all-time low, and with our deficit in the balance of payments threatening to destroy the value of the dollar abroad, I think it is time the administration cut back some of its spending.

The minority report on this bill sums up the rent-subsidy provision very well: it is foreign to American concepts; it kills the incentive of the American family to improve its living accommodations by its own efforts; it kills the incentive for home ownership; it makes renters wards of the Government; it is a system of economic integration of housing through Government subsidy and it is the way of the socialistic state.

Mr. WIDNALL. Mr. Chairman, I now yield 15 minutes to the gentlewoman from New Jersey [Mrs. DWYER.]

(Mrs. DWYER asked and was given permission to revise and extend her remarks.)

Mrs. DWYER. Mr. Chairman, for the most part, the pending bill deserves support in this body. It is one of the best and most constructive housing bills which has been reported by the Banking and Currency Committee since I have been privileged to be a member. As a member, too, of the Subcommittee on Housing, I can testify to the spirit of cooperation and bipartisanship which has gone into this legislation and which helped us to produce a bill which both Republicans and Democrats can support.

We can support this bill, that is, subject to one major qualification—the elimination of section 101, which would establish a new program of rent subsidies for middle-income families.

This proposal, Mr. Chairman, is so thoroughly unjustified that its presence in the housing bill may jeopardize the omnibus measure itself. I hope, therefore, that the House will be able to agree that the rent supplement program must go and, having done this, will then approve the balance of a bill which can benefit millions of our fellow citizens.

I fear, Mr. Chairman, that we shall be hearing so much today and tomorrow about rent supplements that it will be all too easy to overlook the many virtues in the rest of the bill. Since the bill is a composite of proposals advanced by both the majority and the minority, I should like to call special attention to

some of the more significant provisions and, in doing so, to pay tribute to the leadership displayed by the subcommittee chairman, the distinguished gentleman from Pennsylvania [Mr. BARRETT] and the ranking minority member of the subcommittee and the full committee, my distinguished colleague from New Jersey [Mr. WIDNALL]. As one of those who joined with the ranking minority Member in introducing the Republican alternative, I am deeply gratified that so much of our bill is included in the legislation reported by the committee.

In addition to the rent supplement proposal, title I of the bill includes four programs especially designed to help low-income families, the elderly and disabled, and those displaced by government projects to find decent housing.

One of the most useful and successful of these programs is the program of direct loans for housing for the elderly and the handicapped. As a long-time supporter of this and related elderly housing programs, I have been pleased to note the way in which interest in the program has grown and the way in which the program has helped our older people to live their declining years in comfort and security and dignity.

With the above-65 portion of our population growing at a faster than average rate and with retired persons required, in general, to sustain themselves on lower incomes, the need for this program has greatly increased. To meet the need, the committee has extended the authority to make loans to October, 1969, and has removed the existing dollar limitation from the program, thus authorizing Congress to appropriate whatever funds it believes the program needs.

The section 103 program, Mr. Chairman, is a new one and makes a promising new departure from the conventional public housing program, a supplement to low-rent housing which Republicans on the Housing Subcommittee proposed both this year and last. Under this program, local housing authorities would be authorized to lease units in existing privately owned housing and make them available to low-income families whose rental payments would be based on the conventional program. The housing authority would pay the difference between the rent charged by the owner and the amount which the low-income families could afford up to a maximum equivalent to the annual contributions established for newly constructed housing. This program is not to be confused with rent supplement plans.

The advantage of this rent certificates plan would be great. It would introduce valuable flexibility into the low-rent housing program. It would utilize existing housing which would be made immediately available. Use enough for their needs at rental payments they can afford. It would provide a feasible alternative to reliance exclusively on the huge, depersonalized, high-rise buildings which have so often served to keep low-income families separated from their own communities. And it would encourage the conservation and rehabilitation of housing in areas which might, without

special effort, become the slums of tomorrow.

In addition, Mr. Chairman, title I would authorize the acquisition of 60,000 units of low-rent public housing in each of 4 more years. This would include both the conventional public housing and units acquired through the new rent certificate plan. Additional flexibility in the public housing program would also be provided by permitting local housing authorities to use older housing, with or without rehabilitation for periods less than the usual 30 or 40 years required under the present subsidy formula. Here, again, local authorities would be given a useful tool in finding the kind of housing most needed in meeting local situations.

In the area of moderate-income housing, title I would extend for 4 additional years the increasingly successful program under section 221(d)(3) of the Housing Act which provides long-term loans at below-market interest rates. As a result of the special financing provided by this program, low- and moderate-income families are enabled to find housing suited to their needs which they would otherwise not be able to afford.

In another new departure, Mr. Chairman, title I of the committee bill would authorize grants to low-income homeowners in urban renewal areas for the purpose of financing repairs and improvements necessary to bring their homes up to the standards for decent, safe, and sanitary housing. Among other benefits, this program would reduce the cost of property acquisition in urban renewal projects. It would permit residents of the area to save their homes and avoid the hardship of forced dislocation. And it would save the Government the expenses of relocating such homeowners in other housing. The program is both practical and humane.

In order to make the loan programs in title I work more effectively—and these include housing for the elderly and section 221(d)(3) as well as college housing in title V—the committee has recommended that a stable below-market interest rate of 3 percent be established. Steadily rising interest rates under existing formulas are just as steadily reducing the advantages of these low-interest loan programs. If Congress intends these programs to function properly, then we must either maintain a ceiling on interest rates or provide an alternative form of direct subsidy. The committee's recommendation to follow the former course is, I believe, a sound one.

Among other features of the committee bill, Mr. Chairman, I would emphasize especially the improvements we have recommended in the urban renewal program. In addition to providing funds and authority for 4 more years of the program, the bill would tighten up program requirements to minimize relocation hardships and encourage more efficient operation. It would stress the rehabilitation of existing houses as an alternative to the bulldozing of entire project areas. It would encourage better enforcement of building codes as a means

of preventing the growth of slums. It would help local redevelopment agencies plan their projects more realistically and help to minimize such wasteful conditions as the existence of cleared land which is allowed to sit idle and undeveloped for periods up to several years in length.

Properly planned and executed urban renewal projects can be extremely important in preventing the decay of our cities and in encouraging their growth and development as healthy, vital, and attractive places in which to live and work. With the tools Congress has already provided and those recommended in the committee bill, there will be no excuse for local redevelopment agencies to fail to make this program work as Congress has intended it should.

In a related area, Mr. Chairman, the bill would correct a number of inequities of long standing in connection with land acquisition practices under urban renewal and related urban development programs. The bill would establish uniform land acquisition procedures, provide for increased relocation payments to homeowners and businessmen displaced by such projects, and assure more prompt payment and fairer treatment for those whose property is acquired through eminent domain proceedings.

Finally, Mr. Chairman, I should like to add a word about the proposed rent supplement plan—a proposal which is, in my judgment, the major flaw in an otherwise generally sound and progressive bill. The rent supplement proposal not only would cost more than all the other programs in this bill put together but it would also use this money—approximately \$8 billion—for purposes which I believe to be unnecessary, unjustified, and inequitable.

In this very bill, Mr. Chairman, the committee has recommended new or improved programs which would do everything the rent supplement program proposes to accomplish. These include the public housing program, the rent certificate plan, section 221(d)(3) housing loans, and housing for the elderly. The committee has also removed the existing 20-percent gap between the income of persons eligible for public housing and the income necessary for standard available private housing. This action, when combined with the section 221(d)(3) program, should effectively fill the need for which rent supplements were proposed, especially when you add the benefits to be expected from the 3-percent interest rate.

If further efforts are needed to provide suitable housing for families which cannot afford such housing, the way to do it, I believe, is through the wide variety of programs already in existence or otherwise provided in this bill. These programs are directed at those in need. They provide proper standards and criteria. The rent supplement program as proposed by the administration would do neither.

At a time when we have embarked on a massive war against poverty, when millions of American families lag tragically far behind the general prosperity of the country, I cannot believe we would be

justified in providing additional housing subsidies for families with incomes well above the median income of families, nationally.

By means of the committee bill now before us, Congress can take a giant stride forward in meeting the housing needs of all our people. The rent supplement plan would be a retreat, a wasteful retreat, from the direction and objectives pursued by the rest of the bill. I hope, Mr. Chairman, that we can defeat the rent supplement program and go on to enact a housing bill which deserves the approval of the Nation.

Mr. PATMAN. Mr. Chairman, I yield 1 minute to the gentleman from Georgia [Mr. FLYNT].

Mr. FLYNT. Mr. Chairman, after the conclusion of general debate on the bill, H.R. 7984, and at the appropriate point when the bill is being read for amendment, I will offer an amendment which will authorize the transfer of certain land in the city of Macon for urban renewal purposes from the housing authority of the city of Macon, Ga., to the Urban Renewal Department of Macon.

This amendment has been requested by the Macon Council of the city of Macon and is concurred in by the Housing Authority of the city of Macon and the Urban Renewal Department of the city of Macon. The amendment which I referred to is as follows:

On Page 107, after line 14, add the following new section:

"TRANSFER OF LAND FOR URBAN RENEWAL PURPOSES BY HOUSING AUTHORITY OF THE CITY OF MACON, GEORGIA

"SEC. 1010. (a) Notwithstanding the provisions of title I of the Housing Act of 1949 and the United States Housing Act of 1937, the Housing and Home Finance Administrator and the Public Housing Commissioner are authorized and directed to consent to the transfer by the Housing Authority of the City of Macon, Georgia, to the Urban Renewal Department of the City of Macon, Georgia, of all property acquired by the Housing Authority for low-rent housing project numbered Georgia 7-8, on condition that (1) an amount which, together with any funds of the Housing Authority available for the purpose, is sufficient to pay and discharge all obligations incurred by the Housing Authority in connection with such low-rent housing project and owing at the time of transfer, will be paid by the Urban Renewal Department of the City of Macon to the Public Housing Administration to be applied in satisfaction of the Housing Authority's obligations which it cannot meet with its own funds available for the purpose, and (2) the total amount so paid by the Urban Renewal Department of the City of Macon will be included in the gross project cost of its Coliseum Urban Renewal Project, Georgia R-95.

"(b) The Housing and Home Finance Administrator and the Public Housing Commissioner are authorized to modify any contracts heretofore entered into and to take any other appropriate action necessary to carry out the provisions of subsection (a)."

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. FLYNT. I yield to the gentleman from Pennsylvania.

Mr. BARRETT. We have had a chance to study this amendment and I think the committee on this side will have no objection to it.

Mr. FLYNT. I thank the gentleman from Pennsylvania.

Mr. COHELAN. Mr. Chairman, will the gentleman yield?

Mr. FLYNT. I yield to the gentleman. (Mr. COHELAN asked and was given permission to revise and extend his remarks.)

Mr. COHELAN. Mr. Chairman, this bill before us today does not, in my estimation, accomplish all that it could or should. It will certainly not meet all of our pressing needs in the field of housing and urban development. But it will assist low- and moderate-income families in their quest for adequate housing. It will help our cities to cope with the problems of urban and suburban expansion. It will continue and improve for 4 years our present programs of housing and community development, and I rise in its support.

The pressures on our urban areas today—the pressures which necessitate this bill—are nothing short of tremendous. Not only do we find fully 70 percent of our total population living there; during the next 15 years their number will have been increased by 30 million—enough to equal the present combined population of New York, Los Angeles, Chicago, Philadelphia, Detroit, and Baltimore.

These new city dwellers will need homes, and schools and public services. By 1970 they will need over 2 million new homes each year. Before the close of this century they will need to double their present facilities and services. It is, as President Johnson suggested in his special message to Congress on cities, as if we had 40 years to rebuild the entire urban United States.

And these ever increasing pressures are being imposed upon cities which are already facing difficult problems. We have over 9 million homes today, most of them in cities, which are run down or deteriorated; over 4 million do not have even running water or plumbing. Many of our major population centers are in need of major surgery, to say nothing of the problems posed by suburban sprawl. These problems are particularly severe for the old, the poor, and the minority groups which are increasingly concentrated in our central cities.

This bill provides many of the tools which are necessary for the tasks at hand. Housing for the elderly and the disadvantaged, FHA mortgage insurance, continuation of urban renewal, more adequate compensation for those whose property is condemned, increased authorization for college housing, construction of community and neighborhood facilities, provision for more open spaces and others are all important if we are to wage successful war on poverty.

It is unfortunate that much if not most of the criticism of this bill is directed at its one new instrument—rent supplements for low-income families who cannot qualify for public housing but are unable to afford decent private housing. It is unfortunate for much of the criticism is misdirected and misinformed.

Here is how the program would, in fact, work:

First, the housing would be rental and cooperative housing restricted to non-profit and limited dividend corporations and cooperatives.

Second, the families to be aided would be low-income families who cannot afford decent private housing by paying one-fourth of their income.

Third, the income ceilings would be set individually for each community in order to reflect different cost levels. They would also differ for family size.

Fourth, in addition to being low income, the family would have to be either elderly, handicapped, displaced by Government action, or now living in sub-standard housing.

Fifth, the family would pay one-fourth of its income for rent and the rent supplement would make up the difference between that amount and the fair market rental of the unit. When a family's income rose to the point where one-fourth of its income would cover the rent, the supplement payments would stop.

This program would enable American private enterprise to construct and finance and own over the next 4 years approximately 500,000 decent dwelling units for low-income Americans. It would enlist the energy and imagination of churches, unions, cooperative, and civic minded groups. It would reduce the impact on the Federal budget of direct Government financing on the whole cost of a unit. And it would provide a flexible formula—a formula that would extend aid to families when they need it, that would curtail aid when their incomes rose, and that would terminate it when they could afford housing on their own. It is a sound program and it should be approved.

As I indicated initially, Mr. Chairman, this bill will not solve all of our Nation's housing needs. They, quite properly, are the primary responsibility of private investment and local initiative. But the Federal Government does have a legitimate role to play and responsibility to fill. This role is met by this bill and I urge its support.

(Mr. WIDNALL asked and was given permission to revise and extend his remarks previously made during general debate.)

Mr. RHODES of Arizona. Mr. Chairman, as chairman of the Republican policy committee, I rise to report the position taken by the committee on this bill.

The policy committee cannot endorse this bill in its present form.

Our primary objection to the bill as now written centers around the rent supplement proposal contained in H.R. 7984.

This section of the bill is completely unacceptable to Republicans, as it will be, I am sure, to most Americans.

It would destroy the incentive of low-income families to better their housing situations. It would freeze permanently many low-income families into housing they might try to escape otherwise. It would discriminate against all those Americans not included in the program whose rent dollar would be worth about one-half of that of those in the program.

This proposal is foolish. It is expensive. It is dangerous. It should be stricken from the bill.

Mr. Chairman, I include in the RECORD at this point the statement of the policy committee on this bill:

We cannot endorse H.R. 7984, the Housing and Urban Development Act of 1965, in its present form.

The administration's rent supplement proposal contained in section 101 of this bill is completely unacceptable. The proposal would kill the initiative of the American family to improve its living accommodations by its own efforts. It would kill the incentive for homeownership and would make renters the wards of the Government. It is a complete departure from the ordinary American way of doing things.

From the outset of the hearings on this bill it has been apparent that section 101, rent supplements, was in deep trouble. Even those persons who normally support broader housing legislation have been unrelenting in their criticism.

The proposed program is essentially a subsidy for middle-income families including those well above median income level. It is a program without effective standards and qualifications.

We are certain that the American public will refuse to buy this incredibly wide open subsidy proposal once it is fully advised as to the potential evils of the program. This is a system of making the rent dollar of the beneficiary worth up to double or more the rent dollar of the unassisted taxpayer. It is unequal opportunity in housing by Government fiat. It is legislated discrimination against the self-sufficient citizen.

The Republican policy committee urges that section 101, the rent supplement proposal, be stricken from the bill.

Mr. PATMAN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. Flood, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 7984) to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities, had come to no resolution thereon.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H.J. Res. 553. Joint resolution making continuing appropriations for the fiscal year 1966, and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7060) entitled "An act making appropriations for the Treasury and Post Office Departments, the Executive Office of the President, and certain inde-

pendent agencies for the fiscal year ending June 30, 1966, and for other purposes."

The message further announced that the Senate agrees to the amendment of the House to Senate amendment numbered 10 to the above-entitled bill.

FARM LABOR IN THIS COUNTRY

(Mr. COHELAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. COHELAN. Mr. Speaker, I have asked for a special order of 1 hour at the close of regularly scheduled business today to review the current and objective situation in regard to farm labor in this country.

Unfortunately, a combination of circumstances beyond my control made it impossible for me to make these remarks as originally scheduled last Thursday.

The topic, however, is important. American crops are being harvested this year almost entirely by American farmworkers. Their employment and their income is up significantly and I again encourage all Members who are concerned with this much discussed and frequently misunderstood subject to be present and to participate.

THE NAVAL RESERVE; FIFTY YEARS OF SERVICE

(Mr. HORTON asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and to include extraneous matter.)

Mr. HORTON. Mr. Speaker, as I stand here, over half a million men and women of the Naval Reserve are prepared to defend us, should our national security be threatened. Though we realize it too infrequently, we are continually comforted by this thought. Security seems to be a fact of American life. For 50 years, the Naval Reserve has offered ready reinforcement to our Regular Navy. On the occasion of this golden anniversary, it is especially appropriate that we pause to review the development and honor the achievements of our Naval Reserve.

In 1915, Congress created the Naval Reserve as we know it. Prior to that time the Reserve emerged from its Revolutionary War stage, the "state navy," to the State Naval Militia, used extensively during the Spanish-American War.

By the end of World War I, 30,000 officers and 300,000 enlisted personnel, 60 percent of the total naval forces, were reservists serving in active duty. In World War II the Reserves contributed 87 percent of the active Navy personnel. In the Korean war more than 155,000 reservists, 60 percent of all Navy officers and 23 percent of the Navy enlisted men, were called to serve. Exceptional duty and heroism became the norm for these men. During 1 month of the Korean war, 6,000 of the 8,000 combat

sorties were flown by Naval Reserve fliers.

Since that time, thousands of America's naval reservists have been called to active duty, willing and trained to defend this country at the call of the President. This was true in October of 1961 when 49 ASW ships and 18 ASW air squadrons gave lightning support to our ASW forces of the fleets in the Berlin crisis.

Today there are 126,000 reservists in drill-pay status with thousands of others in nonpay status. Our Naval Reserves man 452 training centers and 18 air squadrons. Thirty-eight destroyer types and twelve minesweepers are ready for immediate mobilization. Two hundred and twenty-six air Reserve squadrons are available on 24-hour notice.

Two fleet Reserve divisions composed of 650 men, the largest per capita Naval Reserve affiliation in the Third Naval Reserve District serve my own community of Rochester, N.Y. Aboard the minesweeper U.S.S. *Prowess*, reservists participate in training maneuvers, and perform vital rescue and search operations on Lake Ontario. There units reinforce our regular naval operations and serve as liaisons to Canadian Reserve components. An inspiration to local citizens, they attract prospective naval officers and enlisted candidates and symbolize the strength of our national defense posture.

Mr. Speaker, we may never be able to reward fully the selfless service of our naval reservists. Yet with pride and sincerity, we salute the advancement of the Naval Reserve in the past 50 years and pledge our support to those who will continue to defend our independence as a nation in the years ahead.

ANNIVERSARY OF BATTLE OF KOSSOVO

(Mr. DERWINSKI (at the request of Mr. BURTON of Utah) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. DERWINSKI. Mr. Speaker, today is the anniversary of a tragic event in the history of the Serbian people. On June 28, 1389, the Battle of Kossovo ended in the Turkish horde destroying the brave forces of the Serbian people, and five centuries of bondage followed.

The Serbs eventually regained their freedom, but since World War II, they have been suffering under the domination of Soviet imperialism.

Therefore, I join the Serbian people in the fervent wish that they may soon realize success in their struggle to achieve independence from their oppressive Communist rulers. All who share and understand their feelings as a captive nation hope that they will once again be free. The Tito dictatorship is not the government these brave people deserve.

Mr. Speaker, may I once again remind the Members of the resolutions pending before the House Rules Committee to establish a Special Committee on the Captive Nations. The resolution which I have introduced, House Resolution 15,

very appropriately includes Yugoslavia as a captive nation. The people of Yugoslavia are certainly denied their freedom by Tito just as much as are the peoples of the Soviet Union and the other captive nations of Eastern Europe.

The Serbian-Americans and all the other American groups working to preserve the spirit of freedom in their own oppressed homelands are united in their desire that Congress act on these resolutions so that the Communist colonization of their countries can be exposed and condemned.

(Mr. ASHBROOK (at the request of Mr. BURTON of Utah) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

[Mr. ASHBROOK'S remarks will appear hereafter in the Appendix.]

(Mr. ASHBROOK (at the request of Mr. BURTON of Utah) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

[Mr. ASHBROOK'S remarks will appear hereafter in the Appendix.]

UNITED STATES AND PANAMA— ENDLESS APPEASEMENT?

(Mr. UTT (at the request of Mr. BURTON of Utah) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. UTT. Mr. Speaker, a year and a half ago, January 9-12, 1964, the people of our country were shocked by the sanguinary violence of attempted Panamanian mob invasions of the Canal Zone that overwhelmed the zone police force and required the use of our Armed Forces to protect the lives of our citizens and to prevent damage to the Panama Canal.

Prior to and subsequent to those attacks, there were many illuminating addresses in the Congress dealing with various angles in the overall interocean canal problem, most notably by my most distinguished and scholarly colleague, the gentleman from Pennsylvania [Mr. FLOOD]. His contributions in the way of carefully documented studies, and prophecies came true, are unsurpassed and are listed in a timely address to the House by my colleague, the gentleman from Texas [Mr. THOMPSON] in a comprehensive bibliography under the title "Isthmian Canal Policy of the United States—Documentation, 1955-64."

Among recent authoritative and analytical articles on United States-Panama relations is one by Prof. J. Fred Rippy, distinguished North American historian specializing in the field of U.S. diplomacy in the Caribbean, published in the summer of 1964 issue of *Modern Age*, the quarterly review of the Foundation for Foreign Affairs of Chicago, Ill.

Because this contribution of Dr. Rippy is a valuable addition to the cumulating literature on interocean canal problems, I quote it as part of these re-

marks and commend it for reading by all concerned with Isthmian policy questions. The indicated article follows:

THE UNITED STATES AND PANAMA— ENDLESS APPEASEMENT?

(By J. Fred Rippy)

A few years ago, in a volume dealing with foreign aid by the Government of the United States ("Globe and Hemisphere," Chicago: Regnery, 1958), I wrote: "To international benevolence, once begun with gallant fanfare, there appears to be no end—or call it mutual aid and the result will be the same if the mutuality is vastly modified by immense disparities in wealth, actual or assumed." The little Republic of Panama is an impressive illustration of the soundness of this statement.

Somewhat smaller in area than the State of South Carolina, Panama has a population (though thrice as numerous as it was 60 years earlier) of scarcely more than 1,100,000. It is composed mainly of mixed elements, Negroes, and mulattoes forming the vast majority. Indians and mestizos have almost disappeared since early colonial times. Pure whites probably account for no more than 6 percent of the total; but, together with a few mulattoes, they own most of the wealth of the country and control its news media and its Government. In fact, until a few years ago, the economy, the Government, and almost everything else in Panama were controlled by 30 or 40 families. As in many countries in Africa, the Orient, and Latin America, the wealthy and moderately affluent are rather scarce, while the great majority live in poverty. But with increasing literacy, the development of modern means of global communication, and the rise of communism, the inhabitants of Panama, like the masses in many other retarded countries, have become discontented and restless, the ready victims of manipulation by demagogues and radical intellectuals, supported by bureaucrats and a few well-to-do politicians who denounce foreigners and foreign nations and blame them for the misfortunes of Panama's poor, thus tragically oversimplifying a very complex problem.

Stated very bluntly, the United States has become the scapegoat in Panama, utilized by the wealthy oligarchy in unnatural alliance with extremists of all types, to divert attention from political and economic inefficiency, greed, corruption, and injustice. And it has been rather easy to assign that role to the United States not only because it is actually one of the most affluent nations in the world but because of the contrast in levels of living in the Canal Zone and in other parts of Panama and adjacent countries. In fact, this contrast serves as a bonanza for the manipulators of popular sentiment during periodic national elections.

Nobody has computed or ever can compute the precise value of the benefits derived by the Republic of Panama from the United States as the result of Theodore Roosevelt's eager acquisition of the Canal Zone that bisects Panama's national domain and the concession to construct the Panama Canal. Benefits that might be measured in dollars cannot be accurately determined because some of them depend upon statistics that no longer exist or may never have been fully recorded or collected, while others—such as national independence (achieved late in 1903 with Roosevelt's aid) and large-scale improvements in sanitation and health—defy measurement in monetary terms. Whatever the value of these benefits—tangible and intangible, material and psychological—they have not satisfied the politicians and some of the intellectuals of Panama, and such of its citizens as have been swayed by the harangues of office-seekers and the propaganda of Communists and other extremists. And yet one significant fact stands out amid

[From the Nashville (Tenn.) Tennessean, Feb. 11, 1965]

ADMIRAL STEPHENSON, STATE NATIVE, DIES

WASHINGTON.—Services for Rear Adm. Charles Scott Stephenson, 76, retired Navy surgeon, will be at 11 a.m. Monday at Fort Myer, Va.

Burial will be in Arlington National Cemetery.

Admiral Stephenson, a native of Hickman County, Tenn., died Tuesday in Bethesda Naval Hospital after a heart attack.

The body is at Hines Funeral Home.

Admiral Stephenson was graduated in 1912 from the Vanderbilt University School of Medicine and joined the Navy the same year.

His overseas duty included tours in the Philippines, China, Japan, and Samoa. During World War II, Admiral Stephenson headed the typhus commission for allied forces.

Since his retirement in 1945 he made his home in Washington.

Survivors include his widow, Mrs. Naomi Ackley Stephenson; a daughter, Mrs. Susan Pellecchia, Portsmouth, Va.; a son, Stephen Stephenson, Alexandria, Va.; two sisters, Mrs. Louise Lovell, Nashville, Tenn., and Miss Elizabeth Stephenson, Centerville, Tenn.; three brothers, C. Douglas, London, England, Claude B., Centerville, Tenn., and C. Guy Stephenson, Goshen, N.Y., and six grandchildren.

[From the Nashville Banner, Feb. 11, 1965]

ADM. C. S. STEPHENSON'S FUNERAL SET MONDAY

Funeral services for Rear Adm. Charles Scott Stephenson, middle Tennessee native considered a world authority on tropical diseases, are to be held at 11 a.m., Monday at Fort Myers Chapel in Arlington National Cemetery near Washington.

Admiral Stephenson, 76, died Tuesday night in Bethesda Naval Hospital, Washington. He was hospitalized Friday night with double pneumonia. The body is at S. H. Hines Funeral Home on 14th Street in Washington.

Admiral Stephenson was born May 22, 1888, at Aetna in Hickman County, the son of the late Dr. Charles Stephenson and Mrs. Frances Byran Stephenson. He attended Hickman County schools and the old Nashville Bible School, now David Lipscomb College.

He graduated from Vanderbilt University Medical School in 1912 and practiced medicine a year with his father at Centerville. In 1913, he entered the Naval Medical Corps and was assigned to the Philippine Islands, later serving in China and Japan. During World War I he received the Purple Heart for action in France, where he served with U.S. Navy artillery units whose batteries were being fired from railroad cars.

Following the war he was stationed at Samoa and served as an official of the military government there, returning to the United States in the 1930's for assignment to the War College in Washington.

During World War II, he served as head of the Typhus Commission for the Allied Nations and was stricken by two heart attacks in Damascus and a third in the Suez Canal while en route to Australia, where he was taken to recuperate.

He was returned to the United States from Australia and retired near the end of the war.

Admiral Stephenson was kept as a Navy consultant after retirement and also worked in pension research activities for the Disabled American Veterans, making his home at 4457 Q Street NW., in Washington.

He was a member of the Episcopal Church.

Admiral Stephenson was recognized throughout the world as a leading scientist in the tropical disease field and especially on typhus research. He received an hon-

orary degree from Duke University and near the time of his retirement was a recipient of the William Gorgas Award.

He was awarded the Legion of Merit in 1947 and also listed among his awards the Mexican Campaign Medal, Yangtze Patrol Medal, and Marine Corps Expeditionary Medal.

He was a member of the Advisory Council to the U.S. Public Health Service and the Tennessee Valley Authority Malarial Control Commission. He served as a representative of the Navy Department on the National Research Council and as a delegate to the Pan-American Scientific Congress at Rio de Janeiro. He was an honorary life member of the American Social Hygiene Association.

He is survived by his wife, Mrs. Sonya Naomi Ackley Stephenson, who under the stage name of Sonya Laten was an understudy at the Metropolitan Opera; a son, Stephen Gordon Stephenson, Alexandria, Va.; a daughter, Mrs. Joseph Pellecchia, Portsmouth, Va.; three brothers, C. W. Stephenson, London, England, a retired squadron leader of the Royal Air Force; Guy Stephenson, owner of the Goshen Laboratories, Goshen, N.Y.; and Claude B. Stephenson, Centerville, Tenn., attorney; two sisters, both retired teachers, Mrs. Louise S. Lovell, 6532 Jocelyn Hollow Road, Nashville, and Miss Frances Elizabeth Stephenson, Centerville; five grandchildren; and several nieces and nephews, including Dr. Charles Stephenson of 871 Rodney Drive, Nashville, and Dr. Joanne Linn, Jocelyn Hollow Road, Nashville.

Another nephew, Douglas Stephenson, was graduated from Vanderbilt University and is chief of staff at a Battle Creek, Mich., hospital.

HOUSING AND URBAN DEVELOPMENT ACT OF 1965

(Mr. GONZALEZ (at the request of Mr. KREBS) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. GONZALEZ. Mr. Speaker, the war against poverty cannot be won if we lose the battle with the slum and the fight for urban progress. Those who oppose the Housing and Urban Development Act of 1965 would undermine the antipoverty campaign being waged across the land. Poverty cannot be fought unless we fight the slums, the dilapidated and substandard housing, and the urban blight which are the breeding grounds of poverty. The housing program, and H.R. 7984, which extends and improves the housing program, is, in my opinion, the most essential weapon we have in the war against poverty.

In the Housing Act of 1949, Congress declared:

The general welfare and security of the Nation and the health and living standards of its people require housing production and related community development sufficient to remedy the serious housing shortage, the elimination of substandard and other inadequate housing through the clearance of slums and blighted areas, and the realization as soon as feasible of the goal of a decent home and a suitable living environment for every American family, thus contributing to the development and redevelopment of communities and to the advancement of the growth, wealth, and security of the Nation. The Congress further declares that such production is necessary to

enable the housing industry to make its full contribution toward an economy of maximum employment production, and purchasing power.

Mr. Speaker, this Nation can have no other public policy so long as the conditions it is designed to meet exist. We have in the United States today 5 million housing units which are either dilapidated or deteriorating or lacking some or all plumbing units. This is part of the reason why I support the Housing and Urban Development Act of 1965 and why I urge every Member of this House sincerely interested in the plight of the poor and the continued prosperity of the economy to vote for it and against all crippling amendments.

There has been a good deal of criticism of the rent supplement proposal contained in title I of the bill. Some of this criticism has been well-intentioned and constructive. In fact, the original proposal was amended in committee in several respects, and, I believe, strengthened. This is often the result of the free exchange of ideas characterized by public hearings. Representative WILLIAM A. BARRETT, chairman of the housing subcommittee, on which I have the honor to serve, deserves enormous credit and gratitude for the manner in which the hearings on H.R. 7984 were conducted and for the excellent legislation which we have before us today.

But criticism is sometimes ill-intentioned and destructive. Much of what has been said about the rent supplement plan falls in this category. From the beginning, there has been those who would destroy the efforts by our Government to achieve the goal of "a decent home and a suitable living environment for every American family." Those who are of this mind are using the occasion of this bill to slow down and ultimately defeat the Federal housing program which has done so much and which has so much to do.

The duplicity of those who oppose the housing program is exemplified by the criticism of the rent supplement plan. For example, the opponents say that rent supplements are "the way of the socialistic state," and in the next breath proclaim that rent supplements will destroy public housing. This kind of doubletalk reveals the motives behind the criticism and discredits both ends of the argument.

The rent supplement proposal is sound and the rest of the bill is sound. We are providing for 60,000 additional units of low-rent housing annually, more units of public housing than we have had in a long time. We are extending the housing for the elderly program, FHA insurance operations, urban renewal, college housing, and many other facets of the housing program necessary to the maintenance and development of our economy, and to the carrying out of the public policy. It is a good bill.

(Mr. GONZALEZ (at the request of Mr. KREBS) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

[Mr. GONZALEZ' remarks will appear hereafter in the Appendix.]

GILBERT BILLS—SITUS PICKETING AND REPEAL OF SECTION 14(b) OF TAFT-HARTLEY ACT

(Mr. GILBERT (at the request of Mr. KREBS) was granted permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. GILBERT. Mr. Speaker, I wish to call to the attention of my colleagues in the House, my testimony before the Special Labor Subcommittee of the House Education and Labor Committee on my bill, H.R. 2611, to repeal section 14(b) of the Taft-Hartley Act, and my testimony before the same subcommittee on my bill, H.R. 8994, the situs picketing bill, to amend section 8(b)(4) of the National Labor Relations Act.

TESTIMONY OF HON. JACOB H. GILBERT BEFORE SPECIAL SUBCOMMITTEE ON LABOR, HOUSE COMMITTEE ON EDUCATION AND LABOR, MAY 25, 1965

Mr. Chairman and members of the subcommittee, I appear before you to urge approval of proposals to repeal section 14(b) of the Taft-Hartley Act, which authorizes State laws prohibiting union shop agreements in labor-management contracts. My bill, H.R. 2611, is one of the bills being considered.

Federal law permits the union shop, under which all employees must join the union within a specified period, normally 30 days, after being hired. However, in 1947, by including section 14(b) in the Taft-Hartley Act, Congress yielded over to the States the right to enact right-to-work laws which ban the union shop. I know of no comparable provision in any Federal law where in Federal jurisdiction is yielded to the States. I feel that Congress should make the union shop provision the law of the land, just as other provisions of the Taft-Hartley Act.

State legislation to ban union security has masqueraded under this deceptive title, right-to-work. This is a misleading term used as a weapon to weaken procedures and obstruct institutions established for peaceful, constructive labor-management relations. I quote former Secretary of Labor James Mitchell, when he said several years ago: "They call these right-to-work laws, but that is not what they really are. In the first place, they do not create any jobs at all. Second, they result in undesirable and unnecessary limitations upon the freedom of the working man and their employers to bargain collectively and to agree on conditions of work."

Mr. Chairman, I believe in collective bargaining, and I also believe we must have union security. When a majority of employees join a union, they should be entitled to negotiate a union security with their employers. The rights and interests of the majority should prevail. All workers receive the benefits of collective bargaining whether they are union members or not, and the union is required to deal fairly with all employees in negotiating contracts and handling grievances, regardless of union membership. Under the right-to-work provision, an employee enjoys the fruits of the benefits of the union, but he is not required to join and pay dues. Section 14(b) limits union security agreements; it infringes on the rights of workers to negotiate freely with employers, and makes it possible for the beneficiaries of unionism to refrain from sharing in its responsibilities.

Thus, the union shop is a matter of justice, requiring only that those who share the

benefits and safeguards of the union contract, bear their fair and equal share of the responsibility. In this respect, I want to quote a statement by Samuel Gompers, the father of labor unions, made in 1905 when unions were in their infancy: "The union shop, in agreement with employers, is the application of the principle that those who enjoy the benefits and advantages resulting from an agreement shall also equally bear the moral and financial responsibilities involved."

The repeal of section 14(b) will go a long way toward eliminating wasteful and unproductive conflicts which have divided workers and employers for 18 years. As Mr. George Meany, president of the AFL-CIO, pointed out in his testimony to you, in the past 8 years alone, the AFL-CIO has been engaged in more than 40 battles over right-to-work laws, which were extremely costly in money, and man-hours, and in addition, upset established collective bargaining relationships, bringing conflict into labor and management dealings.

President Lyndon B. Johnson, in his recent Labor Message to Congress, said: " * * * with the hope of reducing conflicts in our national labor policy that for several years have divided Americans in various States, I recommend the repeal of section 14(b)."

I have long felt that one of the main purposes of the right-to-work laws has been to undermine union strength. By draining unions of financial strength, they weaken the ability of unions to participate vigorously in collective bargaining and to fully represent the rights of the workingman. In order to function in an effective and responsible way, a union needs the stability and security of regular dues payments.

The success of President Johnson's Great Society, and especially the war against poverty, depends on adequate wages. Many are of the erroneous opinion that right-to-work laws are responsible for higher wages. However, statistics show that in the right-to-work States, the per capita income is lower than in States which do not have them. I believe it has been shown that the State that undermines legitimate union strength is undermining itself. Thousands of employers have learned the value of good-faith collective bargaining, as is evidenced by the repeal of the right-to-work law in Indiana, and the defeat of the proposal in New Mexico.

Mr. Chairman, in the past I have supported labor legislation which would provide the proper climate for fair bargaining. I urge repeal of section 14(b). This restrictive legislation is out of step with our times; it should be repealed in the interest of our national economy and peaceful labor-management relations.

TESTIMONY OF HON. JACOB H. GILBERT BEFORE SPECIAL LABOR SUBCOMMITTEE OF THE HOUSE EDUCATION AND LABOR COMMITTEE, JUNE 22, 1965

Mr. Chairman and members of the subcommittee, I appear before you in support of H.R. 6363, and my own identical bill, H.R. 8994, referred to as the situs picketing bill, to restore the economic rights of the building and construction trade unions.

In clause (8)(b)(4)(B) of the Taft-Hartley Act, outlawing secondary boycotts, Congress sought to protect neutral employers from labor disputes in which they were not involved. This clause declares it to be an unfair labor practice for a union involved in a dispute with an employer to bring pressure upon another firm with which the employer is doing business.

The bill we are here considering would correct this inequity by adding a provision to that section of the act stating that the secondary boycott clause shall not prohibit picketing or a strike on a construction site in the course of a lawful labor dispute

if such action is not in violation of an existing collective bargaining contract.

This amendment would reverse the Denver Building Trades ruling and would remove inequitable restrictions on activities of the building trades unions at construction sites. It would restore to the building trades the right of peaceful picketing on the site of construction jobs—a right enjoyed by factory employees in a labor dispute.

Let me just briefly recall to you the Denver Building Trades case in 1949. From the time of that decision, of the National Labor Relations Board, the injunctive processes of the courts have been employed to limit seriously the economic rights of the trade unions in the building and construction industry.

Judge Fahy, former NLRB general counsel, who wrote the unanimous opinion of the U.S. Court of Appeals for the District of Columbia, in the Denver case, concluded that the picketing at the site of construction was not a true secondary boycott. I quote Judge Fahy: " * * * the usual secondary boycott or strike is against one who is not a party to the original dispute. It is designed to cause a neutral to cease doing business with, or to bring pressure upon the one with whom labor has the dispute. It seeks to enlist this outside influence to force an employer to make peace with the employees of labor organizations contesting them * * *." He said the situation in the Denver case was not of this character and pointed out precisely why it was not.

In 1951 the Supreme Court reversed the decision of the court of appeals and applied the secondary boycott clause to a labor dispute in a case that arose in Denver. This decision of the Supreme Court constituted an unfair restriction on the economic activities of the building and construction unions at the site of building and construction jobs. The strong dissenting opinions said the ruling virtually eliminated a trade union's right to strike on a construction job, a right guaranteed to all labor by section 13 of the Taft-Hartley Act.

Mr. Chairman, the proposal before this subcommittee is not a new one. It has been before Congress for many years. A number of Members of the House have introduced it, and Senators McNAMARA and KUCHEL have introduced bills in the Senate. It has had bipartisan support in Congress and in the executive branch. Presidents Eisenhower and Kennedy supported it, as does President Johnson.

I would like to quote former President Eisenhower's 1954 message to Congress:

"The true secondary boycott is indefensible and must not be permitted. The act must not, however, prohibit legitimate concerted activities against other than innocent parties. I recommend that the act, be clarified by making it explicit that concerted action against * * * an employer on a construction project, who, together with other employers, is engaged in work on the site of the project, will not be treated as a secondary boycott."

Such legislation was considered by this committee and favorably reported in the 86th Congress, but as you know, certain differences concerning the language of the bill killed its chances of passage. Agreement has now been reached among the various groups within the labor movement, and we have once again offered legislation to correct this inequity.

The 1961 report of the Committee for Economic Development which was compiled by a distinguished group of panelists, stated:

"It is difficult, if not impossible to picket one subcontractor with whom a legitimate dispute exists without affecting the work of the primary or other subcontractors. Insofar as these effects are limited to a prime contractor and the subcontractors respon-

89TH CONGRESS }
1st Session }

SENATE

{ REPORT
{ No. 378

HOUSING AND URBAN DEVELOPMENT
ACT OF 1965

REPORT
OF THE
COMMITTEE ON
BANKING AND CURRENCY
UNITED STATES SENATE

TO ACCOMPANY

S. 2213

TOGETHER WITH

INDIVIDUAL AND MINORITY VIEWS



JUNE 28 (legislative day, JUNE 25), 1965.—Ordered to be printed

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HOUSING AND URBAN DEVELOPMENT ACT OF 1965

JUNE 28 (legislative day, JUNE 25), 1965.—Ordered to be printed

Mr. SPARKMAN, from the Committee on Banking and Currency, submitted the following

REPORT

together with

INDIVIDUAL AND MINORITY VIEWS

[To accompany S. 2213]

The Committee on Banking and Currency, having considered the same, report favorably a committee bill (S. 2213) to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities. and recommend that the bill do pass.

INTRODUCTION

GENERAL

The Subcommittee on Housing held hearings on March 29, 30, 31, April 1, 2, 5, 6, 7, 8, and 9, 1965, to consider some 16 bills ¹ and amendments relating to the various housing programs and other matters dealing with mortgage finance. These hearings resulted in a printed record of over 1,000 pages. Subsequently, the subcommittee met in executive session on April 28 and 29, May 12, 13, and 18, and on June 4, to consider these measures, the testimony received during the hearings, and other matters presented to it in connection with 1965 housing legislation. At the conclusion of these sessions the subcommittee made its recommendations for 1965 housing legislation to the committee. After executive sessions on June 22, 23, and 24, 1965, during

¹ S. 506; S. 519; S. 644; S. 712; S. 786; S. 946; S. 1182; S. 1183; S. 1202; S. 1354; S. 1532; S. 1549; S. 1577; S. 1617 S. 1618; and S. 1720.

which the committee considered the subcommittee's recommendations and other bills and proposals, an original bill was drafted by the committee and is reported for the consideration of the Senate.

In general, the committee bill can be divided into three categories: First, those provisions that would establish new programs; second, those provisions that would continue existing programs either by extending dates, or authorizing additional funds; and, third, those provisions that would amend, either substantively or technically, existing programs. These matters are discussed fully in the main body of the report. The committee bill is a broad and complex one and is, in general, in keeping with the administrations proposals to extend all existing housing programs for a 4-year period, that is until October 1, 1969. The bill can also be viewed as an all encompassing effort to help solve many of the problems of housing and community development in our Nation.

PRESIDENT'S HOUSING AND COMMUNITY DEVELOPMENT MESSAGE

On March 2, 1965, the President sent his housing and community development message to the Congress. In general the committee was impressed by this message for it proposed a program of action to solve not only many of the problems in the field of housing but also in the equally challenging field of urban development. The message indicated that the President is aware of the housing problems of the people of this Nation and that he is aware of the many problems which face the communities of this Nation. The Chief Executive indicated to the committee that he would like to have from the Congress not only the old tools which have been given to the executive branch for combating these problems but also many new tools with which to fight the problems of unbridled growth and of decay that so materially affect the homes, communities, and lives of our people. The President's message, like the committee bill, was broken into three parts. The Executive requested a new rent supplement program to assist in housing disadvantaged persons—the elderly, handicapped, and those displaced or occupying substandard housing. His message requested assistance for homeowners in urban renewal areas by a way of rehabilitation grants. He requested a FHA insurance program for land development. He requested a program of basic water and sewer facilities to help our smaller communities give these services and facilities to their people and to expand such facilities for the needs of the future. He requested a program for neighborhood facilities to help communities add dimensions to daily life and to the family living in those communities, and he requested a broader program of open space land by adding to the existing program the beautification of such land.

In addition, the President asked the Congress to continue, on a modified basis, the existing housing programs which have proven their ability to meet the important needs of the people. The President's message was subsequently followed with his 1965 recommendations for housing and community development legislation. These recommendations were contained in Senate bill S. 1354 which was introduced in the Senate on March 4, 1965.

The committee bill reported to the Senate follows in general the legislation requested by the President.

TITLE I—SPECIAL PROVISIONS FOR DISADVANTAGED PERSONS

FINANCIAL ASSISTANCE TO ENABLE CERTAIN PRIVATE HOUSING TO BE AVAILABLE FOR LOWER INCOME FAMILIES WHO ARE ELDERLY, HANDICAPPED, DISPLACED, VICTIMS OF A NATURAL DISASTER, OR OCCUPANTS OF SUBSTANDARD HOUSING

Section 101 of the bill would establish a new program of Federal assistance through rent supplements to enable private enterprise to build modest housing for low-income families at prices they can afford.

The committee has consistently worked over the years in an attempt to frame legislative aids to provide housing for low-income families. While considerable progress has been made in past legislation, the committee is gratified that in this year's bill we have been able to incorporate new forms of assistance which, with the extensions and improvements of existing programs authorized by the bill, will help provide decent, safe, and sanitary housing for thousands of families presently unable to afford anything but substandard housing.

Since the end of World War II, there has been a remarkable increase in new housing production. This accelerated production pace can be attributed in large part to the energy and resourcefulness of American private enterprise, and it has redounded to the benefit of the Nation.

It has become increasingly clear to the committee, however, that lower income families have not been able to participate fully in the benefits of this great burst of new housing production.

A number of existing Federal and State housing programs have been of significant value in helping low-income families to obtain standard housing. However, as helpful as these programs have been, they reach only a very small part of the total number of these families. Of the approximately 1.6 million housing starts last year, only a small proportion were units assisted under Federal or State programs designed to help low-income families.

There are almost 8 million American families who still live in substandard housing. The great majority of these families are below the income level needed to afford decent housing.

Sixteen years ago, Congress and the American people pledged themselves to—

the realization as soon as feasible of the goal of a decent home and a suitable living environment for every American family.

This is our national housing objective. Commendable strides have been made toward achieving that objective, but for too many American families the pledge remains unredeemed. The committee recognizes that to redeem this pledge requires a comprehensive housing program that will provide a substantial volume of housing designed to serve families of low income. The committee has concluded that housing for lower income families can be produced in sufficient supply only through enlisting the experience and resources of private enterprise.

The committee bill, therefore, contains a new program designed to help meet the housing needs of low-income families by harnessing private enterprise. This is the program of rent supplements. The President has characterized it as "the most crucial new instrument in our effort to improve the American city." The committee is in accord with this view. It is further of the opinion that the program possesses great potential for meeting a housing need long unfulfilled,

and that it will place the country significantly closer to achieving its national housing objective.

How the program would work

Section 101 of the bill would establish a program of rent supplement payments on behalf of lower income families who are elderly or handicapped, who are displaced from their homes by governmental action, who are occupants of substandard housing, or whose homes are extensively damaged or destroyed by a natural disaster. Through rent supplements these families would be able to afford the rentals on privately constructed, privately financed, and privately owned standard housing designed to meet the needs of lower income families.

The rent supplement payments authorized by the bill would be made with respect to housing built by private nonprofit or limited dividend corporations or by cooperatives, and financed by section 221(d)(3) market-interest rate mortgages insured by FHA (profit sponsors would be excluded).

The sponsor would select the occupants, subject to qualifications relating to eligibility, which would be checked by local offices or agencies designated for this purpose by the Housing Administrator.

The amount of the rent supplement payments with respect to any dwelling would be the difference between the full rent for the dwelling unit and 25 percent of the income of the family occupying that dwelling. Incomes of tenants, except the elderly, would be recertified every 2 years, or more frequently if necessary, by local offices and agencies designated for this purpose. A procedure for recognizing significant increases in family income or windfall increments to family assets would also be followed. As the income of a tenant increased, the rent supplement payments would be reduced accordingly, until the tenant could pay the full rent. At that time, rent supplement payments with respect to that tenant would cease, but the family could continue to live in the unit.

The rent supplement payments authorized by the bill could also be made with respect to units rented under a lease with option to purchase. The committee expects that this program will involve cooperative housing projects, and sales type projects where units such as row or detached houses would be rented initially but would be so designed that they later could be transferred to individual ownership, as the income of the tenant rises to the point where he can afford to purchase the unit.

Under the rent supplement program provided by the bill, the Housing Agency would enter into a separate contract with the owner of each project in which tenants are to receive the benefit of rent supplement payments. The contract would provide for rent supplement payments by the Housing Administrator to the owner during the period in which the project is covered by an FHA-insured mortgage with the maximum term for any such contract being set at 40 years.

The contract would specify the number of units in the project to be made available to tenants for whom rent supplement payments would be made, subject to a minimum number established by the Administrator as necessary to carry out the purposes of this section and with the requirement that the units agreed upon be reserved for a reasonable period of time for occupancy by low-income families eligible for rent supplements. It would specify a maximum dollar amount to be paid annually by the Administrator to the owner of the

project based on the total rent for the number of units in the project to be made available for rent supplement payments. The contract would provide that the amount of monthly payments to be made will be determined on the basis of the total of the amounts required by way of a rent supplement payment for each particular tenant. It would also provide that these amounts will be adjusted periodically as tenants move out, as new tenants move in, and as there are changes in the income of tenants receiving the supplement payments.

Experimental program with below-market interest rate housing

This section of the bill would also authorize, on an experimental basis, the payment of rent supplements with respect to housing built by private nonprofit or limited dividend corporations or by cooperatives, and financed with section 221(d)(3) below-market interest rate mortgages. In addition, housing for the elderly would be eligible for rent supplements under this experimental program. This includes all housing constructed under the direct loan senior citizens housing program and FHA section 231 housing where the mortgage financing the housing is endorsed for insurance after enactment of the bill.

Only 10 percent of the amounts appropriated for the purpose of making rent supplement payments could be used in connection with this experimental program and rent supplement payments could not be made with respect to more than 20 percent of the dwelling units in any of the properties.

This experimental program will provide experience as to the kind of rentals that can be achieved by combining below-market interest rate financing with a rent supplement and the feasibility of having in a project a limited number of families eligible to receive rent supplements.

FNMA special assistance could be made available as a backup if needed to finance the housing assisted with Federal payments under the program. A local workable program for community improvement would be required with respect to the housing in any community where Federal assistance is being provided for code enforcement, urban renewal, or public housing, and with respect to such housing in any community for which a workable program was required and in effect at the time Federal assistance was provided for code enforcement, urban renewal, or public housing.

Need for the program

Existing programs cannot alone meet the housing needs of low-income families.

The low-rent public housing program is, and will continue to be, the basic tool for assisting low-income families to obtain decent, safe, and sanitary housing. In the course of its nearly three decades of operation, the public housing program has proven its worth many times over, providing standard housing for nearly 600,000 low-income families who would otherwise have no alternative but to live in slums. Valuable as the public housing program is and has been however, it cannot by itself fully meet the housing needs of low-income families. The current waiting list for low rent units has already reached 500,000 families. It is a harsh fact that in recent years the program has been unable to stimulate the construction of more than 30,000 new low rent units a year. There is clearly a pressing need for new programs in addition to this basic tool for low-income housing.

There are also specific programs already in operation designed to meet the needs of lower income elderly and handicapped families. The public housing program has concentrated more and more in recent years on providing housing designed for these specialized needs. The direct loan senior citizens housing program, initiated in 1959, has been concerned exclusively with this problem. In addition, the FHA section 231 program is aimed at the housing needs of the elderly.

These programs cannot, alone, fully satisfy the housing needs of the more than 2 million lower income elderly and handicapped families who cannot afford standard, privately owned housing. The public housing and direct loan programs to date have been able to provide, in the aggregate, less than 30,000 units designed for this purpose. The FHA program, while it has been of substantial help to more affluent elderly families, is not aimed specifically at assisting those of lower income. The rent supplement program is needed, if we are to meet fully the housing needs of our low-income elderly and handicapped families. In this connection, it has been estimated that fully 25 percent of the units provided under the rent supplement program will be occupied by elderly families.

The rent supplement program would not be a substitute for any of the programs discussed above. The rent supplement program would provide additional new units to supplement those provided by these programs. With its bold new approach and its potential for providing housing units in great volume, this new program would constitute a dynamic and much needed means of meeting the housing needs of lower income families.

The following table on the number of families of low-income living in substandard housing for selected cities gives some idea of the number of families eligible for rent supplements in these cities. In addition to such families, the low-income elderly, the low-income displaced and the low-income affected by a natural disaster, or the low-income physically handicapped would be eligible. The table also contains data on public housing units in the same areas.

Substandard housing units by family income and PHA housing units under management, selected cities

City and State	Income in 1959 of households occupying substandard housing in 1960				PHA housing units	
	Total under \$4,000	Less than \$2,000	\$2,000 to \$2,999	\$3,000 to \$3,999	Under management, Dec. 31, 1964	Net increase since Mar. 31, 1960
New York, N. Y.	156,250	78,933	40,969	36,348	55,206	14,502
Chicago, Ill.	88,896	51,780	19,174	17,942	28,371	10,349
Los Angeles, Calif.	30,943	20,568	5,716	4,641	8,609	-----
Philadelphia, Pa.	22,863	14,159	4,665	4,039	13,624	2,896
Detroit, Mich.	18,361	12,177	3,388	2,786	8,155	-----
St. Louis, Mo.	35,655	22,065	7,080	6,510	8,776	575
San Francisco, Calif.	24,970	15,838	5,069	4,063	5,436	1,087
Boston, Mass.	21,320	12,820	4,789	4,711	10,555	399
San Antonio, Tex.	23,470	13,164	6,017	4,289	5,154	185
Denver, Colo.	11,516	7,174	2,347	1,995	8,246	-----
Atlanta, Ga.	19,055	10,293	5,066	3,696	8,144	650
Minneapolis, Minn.	15,690	9,068	3,471	3,151	2,465	1,359
Columbus, Ohio	10,734	6,098	2,393	2,243	2,336	542
Louisville, Ky.	12,699	6,992	2,455	2,252	4,992	-----
Rochester, N. Y.	5,600	3,347	1,211	1,042	-----	-----
Norfolk, Va.	7,469	4,679	1,607	1,283	3,720	-----
Akron, Ohio	4,474	2,679	898	897	550	-----
Syracuse, N. Y.	3,708	2,272	682	754	1,661	652
Charlotte, N.C.	6,091	3,235	1,679	1,177	1,420	-----
Yonkers, N. Y.	2,021	1,023	501	497	1,400	435
New Haven, Conn.	3,812	2,141	796	875	1,664	59
Tacoma, Wash.	2,315	1,670	350	295	961	-----
South Bend, Ind.	1,616	1,013	316	287	235	-----
Kansas City, Kans.	3,557	2,206	628	723	490	-----
Columbus, Ga.	5,024	2,822	1,353	849	1,862	24
Utica, N. Y.	2,739	1,684	569	486	213	-----

Sources: Income data: 1960 Census of Housing, vol. II; PHA housing units: Report No. 102.

Families for whom rent supplements may be paid

Special care has been taken to assure that rent supplements would be available only on behalf of families that need them in order to obtain standard housing, and only for so long as that need continues.

The only families eligible to receive *any* rent supplement would be those who, pursuant to criteria and procedures established by the Housing Administrator, have incomes that do not exceed the maximum amount that can be established for occupancy in public housing under the Federal public housing law, the United States Housing Act of 1937.

Along with a statement of income, an applicant would also be required to present a statement of his assets. Despite the fact that an applicant's income might technically qualify him for a rent supplement, he would nonetheless be ineligible if his assets exceeded established limits.

In addition to the above limitations, families or individuals would also have to demonstrate, as a condition to eligibility, that they have been displaced by governmental action, that they are elderly or physically handicapped, or are occupying substandard housing, or that their home has been destroyed or extensively damaged by a natural disaster.

The amount of the rent supplement that could be paid on behalf of any family found eligible would, under no circumstances, exceed the difference between the full rent for the dwelling unit it would occupy and 25 percent of the income of that family. Thus, if the rent for the particular unit was \$120 a month and the family had an income of \$4,800 a year (or \$400 a month), the maximum rent sup-

plement that could be paid on behalf of that family would be limited to \$20 a month—or the difference between 25 percent of its income (\$100) and the full rent for the unit (\$120). Moreover, as the family's income increased, the rent supplement would be reduced accordingly until, when its income reached \$480 a month (or \$5,520 a year) the supplements would cease entirely.

These safeguards would assure that the rent supplement program would help only those families who are truly in need of assistance in obtaining standard housing and that such assistance would be given only so long as the need continued to exist, and no longer.

Low in cost and of modest design

The rent supplement program would be limited to housing constructed in accordance with the standards set for the existing 221(d)(3) below-market interest rate moderate-income housing program. Under that program, FHA may insure a mortgage only if the rentals required to amortize the mortgage are no greater than the rent that can be paid by a moderate-income family in the area.

Mortgage limits for each community are restricted to what is necessary to build in that community a garden-type project of modest standards. Elevator-type projects are permitted only if they can be built within the cost limitations prescribed for garden-type projects.

There will be no luxury-type apartments provided under this program. The average amount of a mortgage per unit under the existing below-market interest rate program has been approximately \$12,500. This, it can be expected, would be the average mortgage amount under the rent supplement program as well. The aim of this new program is primarily to provide standard housing for families not able to obtain it in the private market. Costs can and would be kept to a minimum, both in terms of the cost of construction itself and the land on which the projects would be built.

Cost of program

The bill would provide a definite dollar limit on the amount to which the Federal Government can be committed under the rent supplement program.

The Federal rent supplement payments contracted to be made under this program prior to July 1, 1966, could not exceed requirements for appropriations of \$50 million per annum and this amount would be increased by \$50 million on July 1 of each of the years 1966, 1967, and 1968. To the extent the incomes of tenant families increase, the rent supplement would decrease, and significantly smaller amounts of the total authorization would be needed and used.

This investment would enable private enterprise to construct and finance, over the next 4 years, 500,000 standard housing units suited to the needs of low-income families.

The volume of housing needed to meet the needs of these families can be supplied best through the resources and initiative of private enterprise. The rent supplement proposal in the bill would use private enterprise.

The committee believes the rent supplement program would make possible many desirable achievements:

- (1) It would allow greater flexibility in helping people with low incomes to obtain standard housing.

(2) The amount of the Federal payment would vary in accordance with the need. It would be larger for those of lower income and smaller for those of higher income.

(3) The amount of the Federal payment would be reduced as family income rises, and would be discontinued when the income is sufficient to pay an economic rent.

(4) Families could continue to occupy their dwelling units and pay the full required rent when they no longer need Federal payments.

(5) The variation in the amount of rent supplement payment, in accordance with income, would permit a mixture of income levels in projects under this program.

(6) It would encourage the active sponsorship of civic-minded lending institutions and business leaders.

EXTENSION OF FHA SECTION 221 PROGRAMS; MODIFICATION OF INTEREST RATE

Extension of programs

Section 102 of the bill would continue for 4 years FHA's authority to insure mortgages under its section 221 programs of housing for low- and moderate-income persons (from September 30, 1965, to October 1, 1969). This includes extension of the (d)(2) low downpayment sales housing program, the (d)(3) below market and market interest rate programs for rental and cooperative housing, and the (d)(4) rental housing program.

The low downpayment and liberal mortgage terms permitted under the section 221(d)(2) program have made homeownership possible for over 140,000 families. Many of them could never have become homeowners without this program. The low rents made possible by the below market interest rate for mortgage loans under the section 221(d)(3) program have helped provide good housing for nearly 13,000 families whose incomes range generally from \$4,000 to \$6,000. The program was slow to get underway but is now moving at a satisfactory rate with about 66,000 units in the pipeline but not yet finally completed.

These programs are FHA's principal programs for assisting housing for low- and moderate-income families, and displaced families. They are an important part of the total package of Federal housing programs.

The following tables demonstrate the family income and monthly rent for units financed with FHA insurance under section 221(d)(3) below market rate.

Median incomes for families living in 221(d)(3) below market rate housing by standard census regions

U.S. census region	Annual median income of occupant families
Northeast.....	\$5,775
North Central.....	4,955
South.....	4,345
West.....	5,780
All projects.....	5,060

NOTE.—Based on a survey of 9,000 units in 81 projects made by FHA in the fall of 1964.

Source: Housing and Home Finance Agency.

Monthly rental of occupied units in 221(d)(3) below market rate housing

Monthly rent	Number of units	Percent distribution
Less than \$50.....	25	0.3
\$50 to \$60.....	341	3.6
\$60 to \$70.....	1,321	14.1
\$70 to \$80.....	2,383	25.4
\$80 to \$90.....	2,171	23.1
\$90 to \$100.....	1,157	12.3
\$100 to \$110.....	1,072	11.4
\$110 to \$120.....	279	3.0
\$120 to \$130.....	402	4.3
\$130 to \$140.....	16	.2
\$140 to \$150.....	211	2.3
Total.....	9,378	100.0
Median monthly rent.....		\$82.85

NOTE.—Based on survey of 9,000 units in 81 projects made by the FHA in the fall of 1964.

Source: Housing and Home Finance Agency.

Modification of interest rate

The section 221(d)(3) below market mortgage insurance program was established by the Housing Act of 1961 to provide long-term, low-interest loan assistance to aid in the financing of rental and cooperative housing for displaced families and families of low and moderate incomes. The loans may be repayable over a period not exceeding 40 years at an interest rate not less than the average current yield on all marketable obligations of the United States, adjusted to the nearest one-eighth of 1 percent. For housing projects financed under this program FHA has waived its mortgage insurance premium.

When the section 221(d)(3) program commenced operations in 1961, the interest rate was 3½ percent. Subsequently the rate was increased to 3¾ percent and in 1964 the rate was raised to 3⅞ percent. The committee is advised that current trends indicate that the program interest rate is expected to rise again on June 30; this time to 4¼ percent.

The rising interest rates, and increasing construction costs, are reflected in a steadily increasing average mortgage amount per unit built under the program. This has had an effect upon rents. The median rent per unit in projects for which commitments were issued in 1963 and 1964 has risen, for all types of units, from \$87 to \$102; for two-bedroom units the median rent has risen from \$90 to \$103.

This committee is determined that the intended objective of low interest rates which help produce moderate rentals for units constructed under this program shall not be frustrated by the erratic fluctuations of an arbitrary interest-rate formula.

Since one of the objectives of the section 221(d)(3) program is to assure the availability of low-interest-rate loans, the committee has concluded that it is justified in taking action to assure the accomplishment of this objective. Accordingly, the bill places an interest-rate ceiling of 3 percent on mortgages which may be insured by FHA under the section 221(d)(3) below-market interest rate program. Should the statutory formula produce a lower interest rate, that rate would apply.

REHABILITATION GRANTS TO HOMEOWNERS IN URBAN RENEWAL AREAS

Section 103 would authorize grants to low-income homeowners in urban renewal areas to finance repairs and improvements necessary to bring their homes up to certain standards. These would be standards for decent, safe, and sanitary housing established by the local housing code or the urban renewal plan for the area.

These grants would be used only in hardship cases, generally to avoid displacement of homeowners who have no other means of financing repairs and improvements which must be made to their homes. The amount of a grant (which would be made from urban renewal capital grant funds) could not exceed \$1,500.

The bill would permit grants to an individual or family whose annual income is not more than \$3,000 in an amount not in excess of the lesser of (1) the actual and approved cost of the repairs and improvements, or (2) \$1,500.

In the case of an individual or family with an annual income in excess of \$3,000, there would be the additional requirement that the grant could only cover that portion of the necessary repairs and improvements which could not be paid for with a loan which could be amortized, along with that individual's or family's other monthly housing expense, with 25 percent of its monthly income. This limitation would require most individuals and families with incomes over \$3,000 to finance the cost of such repairs and improvements with loans. In some cases these loans can be obtained through private financing. For those unable to afford and obtain private financing on comparable terms, direct 3-percent interest loans would be made available under the provisions of section 312 of the Housing Act of 1964.

Repairs and improvements for which grants authorized by this section could be made available include the repair or replacement of plumbing facilities, such as piped hot and cold running water, hot water heaters, flush toilets, or bathtubs, and such other basic rehabilitation work as is necessary to bring the dwelling unit up to the standards for decent, safe, and sanitary housing established by the applicable codes or the urban renewal plan for the area.

Successful execution of an urban renewal rehabilitation project requires bringing all the property in the area up to standard. If homeowners cannot bring their property up to the required standards, it must be acquired and either rehabilitated or torn down by the local public agency. At present, many low-income homeowners cannot afford repairs and improvements necessary to bring their property up to the required standards. The rehabilitation grants authorized by the bill would help these people stay in their upgraded homes as well as help achieve more successfully neighborhoodwide rehabilitation and conservation objectives.

Most important, the grant would help reduce the displacement of longtime residents who would otherwise be required to seek some other place to live where it might be hard for them to adjust and more expensive to the Government to relocate them.

PARITY OF TREATMENT FOR THE HANDICAPPED AND ELDERLY IN PUBLIC HOUSING

Section 104 of the bill would establish parity of treatment between the handicapped and the elderly in low-rent housing by extending to the handicapped the advantages of certain provisions presently applicable to the elderly. Thus, the units occupied by the handicapped would be eligible for the special contribution of up to \$120 per year presently authorized for units occupied by the elderly and displaced. The maximum room cost limits would also be increased by \$1,100 with respect to housing designed specifically for the handicapped, as is presently provided in the case of housing designed for the elderly. In addition, the handicapped would be exempted from the requirement that there be a 20-percent gap between the upper rental limits for admission to a proposed low-rent housing project and the lowest rents at which private enterprise is providing a substantial supply of standard housing.

MODIFICATION OF INTEREST RATE ON LOANS TO PROVIDE HOUSING FOR ELDERLY OR HANDICAPPED

Section 105 of the bill would establish a ceiling of 3 percent on the interest rate under the direct loan program for housing the elderly (sec. 202 of the Housing Act of 1959).

One of the most urgent needs in the field of housing is the provision of suitable accommodations for our elderly citizens. This older age group is growing more rapidly than the population as a whole and, generally speaking, its incomes are substantially lower. To meet this need the Congress in the Housing Act of 1959 authorized a program of direct low-interest rate loans to nonprofit corporations to build housing for the elderly. There has been a rapidly growing interest in the program.

The committee has great faith in the usefulness of this program and has increased the authorization for appropriation of funds to carry out the program from \$350 to \$500 million. In addition, the bill would impose a ceiling of 3 percent on the interest rate applicable to loans under this program. Should the existing statutory interest rate formula produce a lower interest rate, that rate would apply.

The present program lending rate (based on the existing statutory interest rate formula) is $3\frac{3}{4}$ percent and would rise to 4 percent on June 30, 1965. The bill by reducing the interest rate to 3 percent would have the effect of reducing the monthly debt service on a typical \$12,000 dwelling unit from \$44.57 to \$38.87.

By cross-reference in existing law, the interest rate on the rural elderly housing direct loan program (sec. 515 of the Housing Act of 1949) would also be fixed at a maximum of 3 percent.

RELOCATION PAYMENTS UNDER THE URBAN MASS TRANSPORTATION ACT OF 1964

Section 106 of this bill would make available to individuals, families, business concerns, and nonprofit organizations displaced by federally aided urban mass transportation projects after March 4, 1965, the same payments as those provided under the urban renewal and low-rent public housing programs.

Under these provisions, payments to families and individuals could not exceed \$200 for moving costs and property loss. In addition, families and elderly individuals displaced on and after March 4, 1965, could receive a relocation adjustment payment of up to \$500 to assist them in relocating in standard accommodations.

For businesses, the payment could not exceed \$3,000 for moving expenses and loss of property, except that where actual moving expenses are greater than \$3,000 the maximum relocation payment to a business concern could not exceed the total of the actual moving expenses. Independent businesses displaced after March 4, 1965, which have average annual net earnings of less than \$10,000 could receive additional readjustment payments of \$1,500 under present law. This payment is increased by another provision in the bill to \$2,500.

Under the present provisions of the mass transportation law the relocation payments may not exceed \$200 in the case of an individual or family, or \$3,000 (or, if greater, the total certified actual moving expenses) in the case of a business concern or nonprofit organization. By regulation, payments are limited to \$25,000 or actual moving expenses, whichever is less. The subject of actual moving expenses of business is discussed later in this report.

MORTGAGE RELIEF FOR HOMEOWNERS WHO ARE UNEMPLOYED AS THE RESULT OF THE CLOSING OF A FEDERAL INSTALLATION

Section 107 of the bill would require the Federal Housing Commissioner and the Administrator of Veterans' Affairs to provide relief to distressed mortgagors in the event of a closing of a Federal installation.

The committee has been concerned over the problems of servicemen and employees of Federal installations that are being closed. Many of these people have purchased homes with FHA and VA mortgages. They will now be forced to move or be unemployed as a result of the closing or partial closing of these installations.

In many of these areas where installations are being closed a serious impact is being made on the economy of the areas. This means these homeowners may lose all or substantial portions of their equities in their homes. The housing market in these areas may become such that it will be impossible for them to sell their homes at prices that will enable them to recover their equities. In some cases, the homeowners will be faced with deficiency judgments on their mortgages.

Under this provision a moratorium would be provided on payments of principal, and if necessary, interest on FHA-insured and VA-guaranteed mortgages for owner-occupant mortgagors who are unemployed as the result of the closing of a Federal installation. A distressed mortgagor would apply to the FHA or VA, as appropriate, for a certificate of moratorium. This certificate would entitle him to have the principal and interest payments on his mortgage, to the extent provided in the certificate, made by the FHA or VA directly to the mortgagee.

As a condition to the issuance of a certificate, the FHA or VA would have to determine that the mortgagor was not in default with respect to any mortgage requirement other than failure to pay princi-

pal and interest, and that the proposed Federal payments are the only alternative to foreclosure.

The assisted mortgagor would have to agree to reimburse the Federal agency involved after the moratorium period ends. The moratorium payment would be terminated in a year after issuance of the moratorium certificate or 30 days after the mortgagor ceased to qualify as a distressed mortgagor or on the date the mortgagor became in default with respect to any condition in the mortgage other than principal and interest payments, whichever event occurs first.

ACQUISITION OF CERTAIN PROPERTIES SITUATED AT OR NEAR MILITARY BASES WHICH HAVE BEEN ORDERED TO BE CLOSED

Section 108 of the bill would authorize the Secretary of Defense to acquire one- or two-family housing situated at or near a military base or installation which the Department of Defense, subsequent to November 1, 1964, ordered to be closed. To qualify for this relief, the owner of the house would have to establish that he has been employed or performing military duty at the base or installation, that the closing of this base would result in the termination of his employment, and that the base closing has resulted in there being no present market for the sale of his house upon reasonable terms and conditions.

The provisions would be applicable to FHA, VA, or conventionally financed housing.

The price of a property to be acquired by the Department of Defense would be established on the basis of the average price at which comparable properties were sold during a representative period prior to the announcement by the Department of Defense of its intention to close the base.

Properties acquired by the Department of Defense would be transferred to the FHA for disposal. The FHA would be authorized to use any amounts received from the management or sale of these properties to defray its expenses in managing the properties. Any surplus receipts not required for such expenses would be deposited with the Treasury as miscellaneous receipts.

By an amendment to section 223 of the National Housing Act, the FHA Commissioner would be authorized to insure a mortgage financing the purchase of these houses without requiring that the transaction meet the eligibility requirements of FHA's regular home mortgage insurance programs.

TITLE II—FHA INSURANCE OPERATIONS

LAND DEVELOPMENT

Section 201 of the bill would add a new mortgage insurance program to provide assistance to land development. This would consist of a new title X, "Mortgage Insurance for Land Development," which would be added to the National Housing Act.

The new title would provide FHA mortgage insurance of private loans to private subdivision developers who may or may not themselves be homebuilders. This will encourage the provision of a large supply of properly planned and improved residential building sites.

It is expected that the mortgage insurance device, which has proven so helpful in providing a stimulus to the construction of good homes, will prove equally helpful in providing a stimulus to the production of good building sites in good neighborhoods.

The availability of FHA credit assistance during the land development stage will enable private developers to provide a more steady supply of improved building sites in an orderly and more economical manner. It should also open up cheaper suburban land for planned economic and marketable development and help to combat the rapid rise of prices for homebuilding sites.

The new assistance to land development that would be authorized by the new title X would help provide the improved land needed for many homes that must be constructed over the coming decades to meet housing needs. The activities financed with aid under the title involve substantial capital requirements which the mortgage insurance would assist in meeting.

One of the most persistent problems of the small builder (who may wish to build perhaps 10 or 20 houses a year) is the difficulty of securing a steady supply of reasonably priced improved building lots. They simply do not have the cash or credit facilities or even the time needed to undertake a land purchase and land improvement program to supply them with an even flow of good building sites in well-planned large subdivisions. The homebuilding industry as a whole is finding it increasingly important to market houses on the basis that the entire neighborhood or the entire new subdivision will provide unusual attractions for the home buyer. This trend in the industry becomes increasingly apparent every building season. Unless small homebuilders participate in this trend, the danger of their being squeezed out of the market will increase.

The proposed new program of FHA mortgage insurance for land development would be helpful to small builders in a number of ways, and the bill (sec. 1008 of the new title X) requires the Federal Housing Commissioner to administer it with this aim in mind. Basically, this program is a form of credit assistance which would open additional and more generous sources of credit to many types of persons engaged in providing desirable improved building sites. For example, under this provision, the small builder could join with other small builders to acquire and jointly develop a site commensurate with their combined needs and capacities for 1 or more years of home construction. The ability to pool equity, and the eligibility of fees for professional services under the land development mortgage, would enable the small builders to retain competent technical land development staff for the joint operation. Each builder could, however, retain his individual building and sales operation with respect to his own lots within the larger project.

Another way in which small builders may participate is by purchasing the desired number of contiguous lots from land developers who are not themselves homebuilders. Without the benefit of FHA credit assistance, such land developers are often forced (especially when mortgage funds become tight) to obtain credit backing or other participation from large- or medium-size homebuilders in order to enable the land developers to obtain the funds with which to prepare sites in a large subdivision. In return for such backing or other participation, the land developer must normally make firm commitments to the participating homebuilders under which the latter will have

first choice of the best blocks of improved lots, thus leaving random and inferior lots, if any, to smaller builders. The availability of FHA mortgage insurance will in very many cases make it unnecessary for land developers to make such advance commitments to large- and medium-size builders. Instead, the land developer can carry the site preparation stage with the insured FHA mortgage loan; sell lots on the free market; and thereby make additional improved lots available to smaller builders.

The increased availability of credit for rational and orderly development of well-planned suburban subdivisions would result in an increased supply of improved building lots at cheaper prices for all builders. Thus, the benefits to smaller builders would not be at the expense of medium-size and larger builders, but rather would result from overall increased production of good building sites for the market as a whole.

The activities financed under the title would include the acquisition of land and its improvement with water and sewer facilities, roads, streets, sidewalks, storm drainage facilities, and other site improvement work.

(a) Authority to issue mortgage insurance commitments under the title would expire on October 1, 1969.

(b) The mortgagor could not be a public body, thereby limiting the program to private land development.

(c) The insured mortgage loan could not exceed the lesser of (1) 75 percent of the Federal Housing Commissioner's estimate of the value of the property as of the completion of land development or (2) the sum of 50 percent of his estimate of the value of the land before development and 90 percent of his estimate of the cost of the site improvements. The insured mortgage amount outstanding could at no time exceed \$10 million.

(d) The maximum mortgage maturity on the insured mortgage for land development would be 7 years, and the committee expects the FHA Commissioner to set the lowest practicable ceilings on interest rates and premium payments. While the term of the mortgage for land development would be set at 7 years, the committee expressly removed the 7-year limitation on the term of the mortgage or loan to finance sewer and water systems. Such systems could be financed over a term determined by the Federal Housing Commissioner.

(e) The project would be required to represent a good mortgage insurance risk. That is, the risk should be acceptable to the FHA in view of the purpose of the program to provide credit assistance only for land development which contributes to sound and economic urban growth.

(f) The improvements and the development plan would be required to comply with all applicable State and local governmental requirements and the FHA's standards. The land development schedule would in all cases contemplate development within the shortest reasonable period consistent with sound development, and the development plan for the site would be required to be consistent with a comprehensive plan which covers, or with comprehensive planning being carried on for, the area in which the land is situated.

(g) All land development plans would also be required to be acceptable to the Federal Housing Commissioner as providing reasonable assurance that the land development will contribute to good living conditions in the area being developed, and that such area (i) will

have a sound economic base and a long economic life, (ii) will be characterized by sound land use patterns, and (iii) will include or be served by such shopping, school, recreational, transportation, and other facilities as the Commissioner deems adequate or necessary.

The land after development would be expected to be served by community water and sewer systems, whether such systems are privately or publicly owned. In addition, it is expected that such systems would be consistent with other existing or prospective systems within the area. Before insuring any land development mortgage, the bill would require the Commissioner to receive assurances that such systems would be regulated, in a manner acceptable to him, to protect the interest of consumers as to user rates and charges and methods of operation, and also as to terms of any sale or transfer of such systems.

The bill also contains a requirement for certification by the mortgagor of actual development costs to be made from time to time to assure that the outstanding balances of loans insured under the title during the course of land development will be appropriately limited to reflect both the actual costs of development and the release of improved parcels from the lien of the mortgage. The committee expects this to be administered stringently to prevent any "mortgaging out."

The administration's original proposal for the new land development program would have made financial assistance available through the medium of FHA insurance for the development of new communities and towns as well as for the development of larger residential subdivisions. After very careful consideration and deliberation, the committee did not approve the special aids for the development of new towns and therefore eliminated from the bill some \$500 million which would have been needed by the FNMA in its special assistance function to purchase land development mortgages secured by new communities or towns. While the committee believes that the provisions of the bill will be helpful in the development of economic and marketable subdivisions, it does not want this program to be used for land development which would, in fact, create independent new towns.

EXTENSION OF INSURANCE AUTHORIZATIONS

Section 202 of the bill would continue for 4 years (from the present termination date of October 1, 1965, to October 1, 1969) FHA's authority to (1) insure property improvement loans under its title I program, and (2) insure housing loans and mortgages under all of its other programs, except the section 221 program for low- and moderate-income housing which is continued by title I of the bill.

The FHA has now been operating for some 31 years and has, and is now, playing an all-important part in the general economy of this Nation. From 1934 through 1964 the agency has written approximately \$96.5 billion in home mortgage insurance. As of December 31, 1964, the agency had insured mortgages covering more than 7,300,000 homes and more than 1,100,000 dwelling units in multifamily housing projects. In addition, over 27 million property improvement loans (title I) had been insured.

Insurance remains in force on mortgages covering more than 4,600,000 homes and multifamily housing dwelling units with out-

standing mortgage balances of \$46.2 billion and on \$1.4 billion property improvement loans.

After payment of all expenses and loans, insurance reserves have been accumulated from retained earnings totaling more than \$1.1 billion which are available for possible future insurance losses and expenses.

The FHA started in 1934 with some three programs—the property improvement program (title I), the regular single-family sales program (sec. 203(b)), and the regular rental program (sec. 207). Today, the agency is administering some 24 active programs providing mortgage insurance for practically every type of homeownership mortgage as well as practically every type of rental unit mortgage.

The committee believes the FHA plays a very important role in the overall economy of this Nation and has, therefore, extended all FHA programs to October 1, 1969.

DOWNPAYMENT REQUIREMENT IN CASE OF LOW-INCOME-HOUSING DEMONSTRATION HOMES

Section 203 of the bill would permit the downpayment on FHA single-family homes which are proposed to be constructed under the low-income demonstration program to be paid by someone other than the low-income potential mortgagor.

It has come to the attention of the committee that a proposed low-income housing demonstration project involves the proposal that someone other than the mortgagor should be permitted to make the downpayment for a low-income family who is purchasing a home. It is the desire of the demonstration project sponsor that the home purchase should be financed under the FHA section 203(b) program. However, under the present provisions of section 203(b) of the National Housing Act a home purchaser is specifically required to make at least a 3-percent downpayment.

While the proposed demonstration project has not yet been completely worked out, the committee does not want the provisions of existing law to be an obstacle to the plans for the project. In order that there will be no difficulty in this respect, the committee has included a provision in the bill which would permit a downpayment to be made by someone other than the mortgagor where the mortgage is being insured by FHA under its section 203(b) regular home mortgage insurance program and the home purchase is under a low-income housing demonstration program.

MULTIFAMILY MORTGAGE LIMITS FOR FOUR OR MORE BEDROOM UNITS

Section 204 of the bill would permit an increased dollar limitation on the amount of a mortgage financing multifamily housing with dwelling units consisting of four or more bedrooms (except where the mortgage is insured under the sec. 810 program for the military). For example, under the regular rental housing program (sec. 207), the mortgage limit would be \$21,000 per dwelling unit (an increase of \$2,500) in the case of a family unit with four or more bedrooms. No change would be made in the existing limits for dwelling units containing no bedrooms, or one, two, or three bedrooms.

Prior to the Housing Act of 1964, the FHA was able to recognize additional rooms almost without limit as to number in the statutory

per room multifamily mortgage limits. While the former per room limits too often led to superfluous additional rooms to the detriment of design, they did permit the recognition of the cost of additional bedrooms. The committee was informed that the FHA has found, in working with the new family unit limitations added by the 1964 Housing Act, that the 1964 revisions do not contain adequate provisions for financing projects with large units having four or more bedrooms. For this reason, an additional dollar limitation is being proposed for four or more bedroom units. The committee believes this additional dollar limitation would enable the FHA to reflect properly the added cost of large units in the maximum mortgage amount and encourage production of accommodations for larger families where needed.

REHABILITATION IN URBAN RENEWAL AREAS

Section 205 of the bill would encourage more rehabilitation of housing for rent in urban renewal areas by removing an obstacle which unduly restricts the use of the FHA section 220 urban renewal housing program as it applies to nonoccupant owners of 1- to 11-family structures. Under the amendments of section 220 of the National Housing Act provided by this section, a nonoccupant mortgagor who intends to hold 1- to 11-family housing for rent would be entitled to a larger loan amount which would be more in line with that now permitted where the housing consists of larger multifamily structures. The amendments would liberalize and make section 220 more workable for financing the construction, purchase, or rehabilitation of housing in urban renewal areas.

This section of the bill would amend the FHA section 220 program (1) to increase the maximum amount of a mortgage which can be insured where the mortgagor is not an occupant of the property and intends to hold it for rent; and (2) where refinancing is involved, to permit existing indebtedness for improvement of the property to be included in the computation of the amount of a mortgage whether or not the indebtedness is secured by a mortgage against the property. Under existing law only indebtedness secured by the property may be included in the insured mortgage.

Under the proposed amendment, a nonoccupant mortgagor could obtain an insured loan for rehabilitation, purchase, or construction of a 1- to 11-family property for rent in an amount which is 93 percent (now 85 percent) of the amount that an owner-occupant of the property could receive. Under existing law, an owner-occupant may obtain a rehabilitation loan which does not exceed (1) 97 percent of \$15,000 of the estimated value before rehabilitation, plus 90 percent of estimated value above \$15,000 but not above \$20,000, plus 75 percent of value above \$20,000; or (2) the estimated cost of rehabilitation plus cost of refinancing. For new construction the loan can be up to 97 percent of \$15,000 or estimated replacement cost, plus 90 percent of cost above \$15,000 but not above \$20,000, plus 75 percent of the cost above \$20,000.

Since under this section of the bill a nonoccupant mortgagor could obtain 93 percent of the amount that could be obtained under either of these formulas, the amount he would obtain would, in effect, be approximately 90 percent of the value or replacement cost of the property, depending upon the formula applicable. In no case in-

volving refinancing of housing to be rented could the mortgage amount exceed the estimated rehabilitation cost plus refinancing.

Under the present law, a nonoccupant mortgagor of rental housing may obtain a mortgage in an amount only up to 85 percent of that permitted for an owner-occupant. In a case of refinancing and rehabilitation he may have a substantial equity in the property, but the 85 percent limit requires him to increase his cash outlay and equity more than he is willing to do.

A nonoccupant mortgagor who intends to sell the housing would continue, as the law presently provides, to be eligible for a mortgage up to 85 percent of the amount available for an owner-occupant, except that the mortgage amount can be the same as that permitted for an owner-occupant if the mortgagor places 15 percent of the mortgage proceeds in escrow pending sale to an acceptable owner-occupant within 18 months.

NONDWELLING FACILITIES FOR URBAN RENEWAL HOUSING

Section 206 of the bill would amend the provisions governing nondwelling facilities in an FHA section 220 project so as to permit the inclusion of more of such facilities under the mortgage than can be included under existing law.

Under existing law, the mortgage on such a project can cover nondwelling facilities such as stores, restaurants, garages, beauty parlors, doctors' offices, etc., which are judged to be necessary to serve the occupants of the project or other housing in the neighborhood. The law does not provide that general office space and space to be leased to commercial facilities which would serve a wider area can be included within the project. Under the bill, the Federal Housing Commissioner could permit such nondwelling facilities to be included in the project as he deems desirable and consistent with the urban renewal plan. However, the project would have to remain predominantly residential, and the Commissioner would also have to find that any nondwelling facilities included in the project are essential to the economic feasibility of the project and that the financing of these facilities would not result in a disadvantage to other business enterprises in the vicinity of the project.

The committee was informed that one problem in obtaining tenants for a project in an urban renewal area has been that prospective tenants will not move into an area that does not offer the wide variety of goods and services that might be found in an already established area. In many instances, prospective tenants for an urban renewal housing project would expect to find such stores and services which can be found in many of today's shopping centers.

In order to support stores and other services geared to service an area larger than "the neighborhood," these stores and services cannot rely entirely on the limited spending of housing tenants in the immediate area.

Under this proposal, in cases where it can be shown that the nondwelling facilities are essential to the economic feasibility of the project, and that the financing will not result in a disadvantage or unfair competition to other business enterprises in the area, the FHA could insure projects predominantly housing but which could include stores and office space. In this way, the time between initial and self-supporting occupancy of a housing project could be substantially

shortened. Also, this type of undertaking where desirable would serve the better interests of the urban renewal area as a whole.

LARGER INSURED MORTGAGES FOR SERVICEMEN

Section 207 of the bill provides for an increase in the limits on the amount of an FHA section 222 insured mortgage financing the home of a serviceman in the armed services or in the Coast Guard. These limits would be increased from \$20,000 to \$30,000. This larger maximum mortgage was requested by the Department of Defense in order to meet the housing needs of servicemen who cannot obtain public quarters at installations to which they are assigned. The downpayments required would be the lesser of 5 percent of the first \$20,000 of the appraised value of the property or such lesser amount as may be derived by applying the maximum ratio of loan-to-value provided under FHA's regular section 203(b) home mortgage program, and 15 percent of the value of the property in excess of \$20,000.

Under the present provisions of section 222 of the National Housing Act, a mortgage cannot exceed \$20,000 in amount. Housing construction costs and related expenses of homeownership have increased. The effective incomes of many career military members have also been increased by changes in the military compensation system. In high-cost areas in particular, the \$20,000 limit does not provide an adequate or appropriate home.

REFINANCING OF INSURED MORTGAGES

Section 208 of the bill would give the FHA the same authority to insure mortgages executed for the purpose of refinancing existing mortgages insured under any FHA-insured mortgage program as is now available for mortgages insured under sections 220, 221, 903, 908, and certain section 608 mortgages.

The principal amount of any refinancing mortgage cannot exceed the original principal amount or the unexpired term of the existing mortgage, except that if the Commissioner determines that an additional term will inure to the benefit of FHA the refinancing mortgage may have a term of not more than 12 years in excess of the unexpired term of the existing mortgage.

The committee believes this refinancing authority would serve a useful purpose in assisting mortgagors who encounter financial difficulties, especially those owning multifamily housing projects. This amendment would also serve to protect the interests of the mortgagee and of the FHA in marginal cases where the alternative to refinancing may be default and foreclosure. There does not seem to be any sound basis for limiting FHA's refinancing the authority, as is done by present law, to certain specified programs under the act.

CONSOLIDATION OF FHA INSURANCE FUNDS

Section 209 of the bill authorizes the FHA to consolidate all insurance funds into two funds; namely, a mutual mortgage insurance fund and a general insurance fund. The committee was advised that by consolidating the various FHA insurance funds it would streamline accounting procedures and would accomplish substantial economies

in the operations of the FHA, both in Washington and in the Agency's field offices.

The mutual mortgage insurance fund would be continued in its present coverage and form, and all other insurance funds and accounts would be consolidated under a single insurance fund—the general insurance fund. All title I property improvement loans would be registered for insurance, and mortgages under all of FHA's insurance programs would be endorsed for insurance under the general insurance fund, except those mortgages committed and insured under the regular section 203 home mortgage insurance program. The assets and liabilities of all of the current funds and accounts except the mutual mortgage insurance fund would be transferred to and become the responsibility of the general insurance fund.

Since its creation in 1934, the programs of the Federal Housing Administration have from time to time been expanded and broadened in order that it could be of increasing assistance in providing housing to meet the needs of all Americans. These goals have not yet been fully achieved and additional programs will undoubtedly be proposed and enacted into law in the future.

As new insurance programs have been authorized, new insurance funds or accounts have usually been created, thus requiring separate financing and accounting for the programs. These funds and accounts have grown from 2 in 1934 to 15 at the present time.

In the early 1950's it became apparent that, by reason of the small volume of insurance written under some of the special-purpose programs, revenues would be insufficient to maintain those programs on a self-supporting basis. Because of this, and in order to strengthen FHA's overall position and avoid the necessity of calling upon the Congress for operating funds, section 219 was added to the National Housing Act. That authorized the Commissioner to transfer moneys from any one or more insurance funds or accounts to any other fund or account, except the participating reserve account and the general surplus account of the mutual mortgage insurance fund.

The effect of section 219 was to give FHA all of the advantages and flexibility of single fund accounting but it left the agency burdened with the expense and necessity under the act for full and complete accounting for each of its present 15 funds or accounts.

While the maintenance of separate insurance funds affords complete financial information with respect to each of FHA's various insurance programs, such complete accounting and fiscal data on a continuing monthly basis are unnecessary for management purposes. Moreover, the maintenance of the separate funds complicates FHA's financial structure.

Under the proposed consolidation of funds statements would be provided monthly for the general insurance fund and the mutual mortgage insurance fund with respect to the status of the funds. Data would also continue to be supplied which is needed to evaluate the effectiveness of individual programs.

The proposed consolidation would reduce from 15 to 2 the number of monthly entries to be accounted for and later consolidated into a combined balance sheet and statement of income and expense. It would substantially reduce field reporting of expenses. The consolidation would also result in significant savings in the Treasury Department since the recordkeeping, issuance, exchange, and redemption

of debentures would relate to only 2 series of debentures rather than 22 series as at present.

The committee was advised that after consolidation, FHA would still be able to compute with reasonable accuracy the financial experience of individual programs, as the need might arise. The committee was also advised that special attention would continue to be given to income and loss experience under the section 213 cooperative housing program in compliance with the desire expressed in the conference report on the Housing Act of 1964. The semiannual and annual valuation of reserve requirements would continue to be prepared as in the past. In this connection the FHA Commissioner is directed to make a report on the experience of the individual funds and programs to the committee no later than January 31, 1966.

OPTIONAL CASH PAYMENT OF INSURANCE BENEFITS

Section 210 of the bill would authorize the FHA Commissioner to provide, at his option, on or after the enactment of the bill for the payment in cash (in lieu of debentures) of insurance benefits under all or a portion of FHA's insurance programs. The authority to issue debentures instead of paying cash would not be repealed and the Commissioner could use this authority if he determined at any time it was necessary to discontinue cash payments.

In those cases where commitments to insure were issued prior to the enactment of the bill, the mortgagees would be entitled to receive debentures and the settlement of their claim could be made in debentures. Cases where the commitment is issued after the enactment of the bill would be paid either in cash or in debentures at the option of the Commissioner.

Cash payments under this new authority would be in an amount equivalent to the face amount of the debentures that would have been issued, plus an amount equivalent to the interest which the debentures would have earned, computed to a date established by the Commissioner. In those cases where a mortgagee under his mortgage insurance contract is entitled to receive debentures, the mortgagee would still be entitled to receive payment in debentures rather than in cash if the mortgagee does not wish to accept a cash payment. Mortgagees filing insurance claims on mortgages insured under the section 220, 221, or 233 programs (urban renewal housing, low- or moderate-income housing, and experimental housing) after the Housing Act of 1961, now have in their insurance contracts the right to a cash insurance settlement. Also, lenders insuring home improvement loans under sections 203(k) and 220(h) have the right to receive cash insurance benefits.

The present procedure of issuing, reissuing, and redeeming debentures involves considerable administrative expense both to the FHA and to the Treasury Department. Also, the printing of the forms used for debentures is costly. The committee has been informed that if the FHA were to completely discontinue the issuance of debentures and adopt a plan for paying all insurance claims in cash, there would be an estimated annual administrative saving of \$300,000 to the Treasury and \$265,000 to the FHA, or a total of over a half million dollars annually. These savings would be realized insofar as the FHA is able to convert its procedures to paying insurance claims in cash.

APPROVAL OF TECHNICALLY SUITABLE MATERIALS

Section 211 of the bill would include a provision that the Federal Housing Commissioner shall adopt a uniform procedure for the acceptance of materials and products to be used in housing approved for loans it insures. Under this procedure any material or product which is technically suitable for the use proposed shall be accepted.

The committee's purpose in including this provision is to make certain that no materials or products which are technically suitable will be barred from use in FHA-financed housing. The committee believed that present practice often resulted in discrimination against many newly developed products which are either equally as suitable or more suitable than presently accepted materials. This practice has frustrated improvements in materials and the development of new ideas and has thus held back the technological advances in home-building which have been so outstanding in other industries.

By requiring the Commissioner to adopt a uniform procedure for the acceptance of materials, the committee hoped to eliminate many of these restrictions.

This new provision is not intended to require the Commissioner to set up his own laboratories for testing materials and products to determine their technical suitability. The committee believes that the Commissioner should be required to accept the findings of various recognized technical experts and private and governmental testing laboratories, in making his determination. The Commissioner's role in determining technical suitability will be that of evaluating the use of materials and products in connection with residential development. In making this evaluation, he will be expected to take into consideration both the effect that the use of the product or material will have on the marketability of the property and upon his mortgage insurance risk in insuring a mortgage on property where the product or material is to be used. It is not the committee's intention that this provision be used to require the Commissioner to accept products or materials that will increase his insurance risk or will affect the marketability of the property being purchased by the homeowner.

It is expected that the Commissioner will use reasonable judgment in setting up uniform and equitable procedures for evaluating the technical suitability of the products and materials. It is recognized that it will not be possible in all cases to use the same type of procedures in evaluating the different types of products and materials. However, it is expected that the Commissioner's procedures for such evaluation will be as uniform as practicable. It is also not the committee's intention that this provision be used as a means of forcing the Commissioner, through court action, to accept products and materials that he determines on the basis of objective research and testing, are not technically suitable for use in FHA-financed housing.

WATER AND SEWER FACILITIES IN CONNECTION WITH CERTAIN
FEDERALLY ASSISTED HOUSING

Section 212 of the bill would prohibit FHA and VA from financing new home construction if the housing is not served by a public or adequate community water and sewerage system unless (1) the property is served by a system approved by the FHA or VA under the

new mortgage insurance program for land development authorized by the bill, or (2) the property is situated in an area certified by appropriate local officials to be an area where the establishment of public or adequate community water and sewerage systems is not economically feasible.

The economic feasibility of establishing the public or adequate community water and sewerage systems shall be determined without regard to whether such establishment is authorized by law or is subject to approval by one or more local governments or public bodies.

The committee believes this requirement will help prevent water pollution and other health hazards resulting from housing being built without adequate community water and sewerage services. The provision is sufficiently broad, however, to permit the assistance of housing without these services where it is not possible for them to be provided as part of a community system at this time. Existing law provides Federal assistance to the provision of these facilities, and the bill enlarges and supplements these aids.

The committee does feel, however, that the FHA and VA should continue in their efforts toward making mortgage credit available in outlying and rural areas and in connection with such areas should view this section with full consideration given to the need for housing in such areas.

PROPERTY IMPROVEMENT PROGRAM UNDER TITLE I

Section 213 of the bill increases the limit on the amount of an FHA title I property improvement loan from \$3,500 to \$5,000 and permits the term of a loan to be up to 7 years, rather than the present maximum maturity of 5 years.

This liberalization of the program is consistent with the increases in the amounts of insured home mortgages provided in the bill. Just as home construction costs have increased, home repair costs have increased so that it is necessary to permit larger loan amounts if the program is to continue to serve its purpose of assisting homeowners in maintaining their properties and enlarging them to serve their increased needs as families grow in size. The longer term will help to keep the monthly financing costs within the reach of homeowners.

In recognition of some of the questionable experiences presently connected with the FHA title I property improvement program, the committee has included a provision which subjects a lender purchasing a property improvement loan from a dealer or home improvement contractor to the same defenses against payment which might be asserted against the dealer or contractor. Presently, the lender may take the loan instrument as a holder in due course.

The amendment is intended to encourage title I lenders to be more diligent in checking the dealers or contractors from whom they purchase title I loans. Under the present law, a lender can require a homeowner to pay the loan even though it may develop that the dealer or contractor did not perform their contract with the homeowner. The committee believes that the lenders should not rely upon this remedy and should instead be sure that the dealers or contractors are reliable and will perform their responsibilities.

EFFECT OF AMENDMENTS ON HOUSING NOT FINALLY APPROVED

Unless the provisions of the bill indicate otherwise, it is the intent of the committee that any amendments of the National Housing Act be made available, unless it is not practical, to applications for FHA insurance being processed if they have not yet reached final insurance endorsement.

NURSING HOME FACILITIES FOR MENTALLY HANDICAPPED

A proposal was received by the committee that language should be added to section 232 of the National Housing Act to include the mentally handicapped among those for whom nursing homes are provided with the assistance of FHA mortgage insurance.

The committee believes no amendment of this section is necessary and that financial assistance provided for nursing homes under the FHA section 232 program can be, and should be, made available for the mentally handicapped. Such projects would, of course, be subject to all prerequisites of existing law.

TITLE III—URBAN RENEWAL

GENERAL NEIGHBORHOOD RENEWAL PLANS

Section 301 of the bill would (1) eliminate the requirements of existing law that an entire general neighborhood renewal plan area qualify as an urban renewal area; and (2) require that all projects in such areas be initiated in 8 years rather than completed in 10 years, as is required in existing law.

The committee recognizes that the general neighborhood renewal plan provides an effective tool for the overall planning of large areas afflicted with slums and blight. This type of broad planning provides a basis for the staging of individual urban renewal projects consistent with the resources of the locality. Such staging of urban renewal projects can also be helpful in minimizing the social and economic impact of needed renewal activities on the residents of the area.

However, under existing law, the entire area covered by a general neighborhood renewal plan must be slum or blighted, deteriorated, or deteriorating, to be same extent as is required before an urban renewal project can be undertaken in the area. This restriction on including within the general neighborhood renewal plan subareas which are not in themselves so blighted or deteriorated as to require urban renewal activities has, in many instances, prevented the general neighborhood renewal plan from dealing with entire neighborhoods and fragmented the planning process.

The bill would permit the inclusion of such areas which are not in themselves so blighted or deteriorated as to require urban renewal treatment within the general neighborhood renewal plan, but which have problems specially related to those of the project areas. This would permit delineation of a GNRP area which may be more appropriate for overall study and planning than merely that portion where urban renewal activities are proposed. It would make possible, for example, study of the street capacities and requirements of an entire neighborhood rather than only those portions of the neighborhood scheduled to receive urban renewal assistance through an urban renewal project or projects.

In addition, the bill would ease the present requirement that all urban renewal projects in GNRP areas be completed in 10 years. The committee believed that this requirement was too restrictive because of the long time necessarily needed to complete urban renewal projects. However, it believed that a GNRP should not be undertaken unless the local community had feasible plans for carrying out urban renewal activities in the area within a reasonable period of time and believed that in no case should the period for initiating all projects within the area exceed 8 years.

THE COMMUNITY RENEWAL PROGRAM

The committee considered a request to make mandatory a community renewal program for cities of over 50,000 population as a prerequisite for urban renewal assistance. These programs have as their purpose the planning of local urban activities systematically as a program basis rather than merely in terms of individual and often unrelated projects. The Federal Government offers to make grants up to two-thirds of the cost of preparing and completing such programs. The committee decided against a mandatory requirement but recognized the desirability of cities completing such a plan before undertaking urban renewal and, therefore, urges that the Administrator encourage the use of this program as much as possible.

INCREASE IN AUTHORIZATION FOR CAPITAL GRANTS

Section 302 of the bill would increase the urban renewal capital grant authorization by \$2.9 billion, to \$7.625 billion. Of this amount \$675 million would become available upon enactment of the bill, \$725 million would become available July 1, 1966, and \$750 million on July 1 in each of the years 1967 and 1968. This new authority would permit a high level of urban renewal activity over a period of 4 years. It is geared to available local resources for financing and carrying out projects during this period.

The committee reviewed the progress of the program and was satisfied that the ever-increasing participation by American cities speaks for itself on the widespread acceptance that the program is an effective tool for the rebuilding and preservation of cities and therefore should be continued.

The committee recognizes that in spite of the widespread use of the urban renewal program and its many notable achievements, a serious problem of urban blight remains. Cities are caught in a vicious circle. They cannot, unaided, afford to carry out slum clearance, yet their slums are sapping their vitality and financial strength. It is unrealistic to expect cities to have sufficient resources to eliminate their slums entirely on their own. Only in partnership with the Federal Government can most slum clearance projects be carried out.

Nearly all available capital grant authority is now obligated, and the Housing Agency reports that it has a backlog of applications totaling over \$400 million. About 200 new projects requiring \$750 million in contract authority are expected to be ready for approval during fiscal 1966 and an increasing number are expected for 1967, 1968, and 1969.

The steady growth of the urban renewal program has demonstrated its wide acceptance by cities over the Nation, both large and small.

Although nearly all of our large cities are participating, about two-thirds of the communities involved have populations of less than 50,000.

The following table illustrates the growth in terms of the number of localities participating in the program and the number of urban renewal projects being planned or being carried out.

At the end of fiscal year—	Number of localities	Number of projects
1953.....	86	253
1958.....	331	554
1963.....	702	1,310
1964.....	777	1,636
1965 (May 31).....	806	1,783

In agreeing to the \$2.9 billion new authority for the 4-year period, the committee was aware of the large backlog of applications and of the ever-increasing number of new projects and the possibility that the gross aggregate dollar volume of applications would exceed the available obligational authority. Nevertheless, the committee felt that the current level of activity is a reasonable one and that the URA should carefully screen the applications and limit approval to those projects which fully comply with the intent of the law and in which the community fully demonstrates its capacity and willingness to bring about a timely completion of the project. The committee is aware of the poor public image created by too many incomplete projects, particularly those which seem to have come to a dead halt at the demolition stage. The committee strongly urges that the administration tighten its procedures to assure that additional projects for cities already participating in the program are approved only upon an adequate showing that the community is carrying out its existing projects successfully and has the need and capacity to undertake additional projects.

In considering the capital grant authorization, the committee gave serious thought to inserting in the law a tax recapture provision. Such a provision would require a locality to repay a part of the capital grant from increased tax revenues that obviously result from redevelopment financed with urban renewal assistance.

The committee did not accept such a provision because it did not have enough statistics and data on State and local taxing systems nor on the probable impact that such a requirement would have on the ability of cities to undertake such projects in consideration of possible legal and economic barriers. Last year a report was requested of the Housing Agency, which was made and may be found on page 120 of the hearings on S. 1354. The report is informative but is not in depth on this subject. A further study should be made by the Agency as a part of the overall study of urban renewal requested by another section of the bill. It is felt that the Bureau of the Budget as well as the Housing Agency have sufficient interest in the savings to the Government involved to cooperate in making the report sufficient for Congress to make a decision on this matter.

There are problems to be considered such as avoidance of the basic nature of the recapture being a tax, the possible interference with the fundamental purpose of Federal assistance to the cities for

urban renewal, and the complications of exacting a refund from several local sources such as school boards and other instrumentalities that may have benefited from increased local tax benefits. These must be weighed against the fact that recapture provisions could substantially ease the burden which the demand for capital grant funds places on the Federal Treasury, or the reuse of capital grant funds as they are recaptured.

Serious and thorough consideration should be given in the study to the complex problem of a fair allocation of Federal assistance to the cities for urban renewal and other local undertakings, the rationale of the present formula, and possible modifications in the future to reflect differential needs and financial abilities among the cities. A recapture requirement for specific projects without regard to these other considerations could be self-defeating.

Study of slum clearance and urban renewal program

Section 302 of the bill would also require the Housing Administrator to undertake a basic study of the slum clearance and urban renewal program and to report on such studies to the President, for submission to the Congress, not later than 2 years after the appropriation of funds for the study.

The urban renewal program has now been in operation for over 15 years. While the original enabling legislation has been amended on numerous occasions, the basic framework is still substantially that contained in the Housing Act of 1949. The committee believes that this is an appropriate time to conduct an overall reexamination of the program with a view toward making statutory and administrative changes to simplify program operations and to strengthen their effectiveness.

Carrying out urban renewal is admittedly a complex undertaking—probably far more complex than contemplated by the framers of the original legislation. Most of this complexity is intrinsic to the nature of the undertaking and to the legitimate concern to assure that the public purposes of urban renewal are achieved at minimal cost and disadvantage to the persons directly affected by program operations. But even so, this committee is concerned that administrative procedures have possibly proliferated beyond the point of maximum return. The committee is particularly concerned about the problems being faced by smaller cities which do not possess the staff resources to deal with complex procedures.

An effort to simplify administrative procedures is only part of the problem. It is proposed that there be undertaken basic substantive investigations of possible alternative approaches for the prevention and elimination of slums and blight. The present multiplicity of planning mechanisms should be investigated with a view of consolidation and rationalization.

While there have been many who have expressed concern about the length of time required to carry out urban renewal, the committee has never felt that it has had an adequate basis on which to judge this matter. To the extent that it is feasible to determine the length of time involved in private enterprise real estate operations involving the assembly of many parcels of land, the relocation of site occupants, the clearance of structures, and the carrying out of new development, the committee would like to have this done to establish

some base on which to judge the time involved in public urban renewal.

The Federal assistance formula should be studied in depth with consideration being given to new alternatives with more active participation by the States and a possible differential in the percent of Federal contribution based on need rather than on city size as at present.

Funds should be made available for special statistical studies by such organizations as the Census Bureau to obtain factual data on the many imponderable problems related to all facets of the program. For example more information is needed on the effect of displacement relocation on displaced families, elderly persons and business establishments, on the long-range effect of the program on land values, on local and Federal taxes and similar matters.

The study should also examine the special treatment needed for the rejuvenation of central business districts and downtown areas and the proper place of Federal urban renewal assistance in redeveloping such areas. Consideration should be given to establishing a special program for central business districts based on Federal loans repayable from increased tax receipts resulting from the redevelopment.

The subject of noncash grant-in-aid credit is one of the most troublesome that the Federal agency has to deal with. The fundamental theory upon which the present law is based, that such credits are necessary to the success of urban renewal and that they are the means of spurring the local communities to make necessary public improvements, should be reexamined. Data on the actual percent of urban renewal costs which are borne by the Federal Government plus an objective evaluation of the public improvement incentive theory may lead to a recommendation for a new approach to this subject.

Rehabilitation is another part of urban renewal which needs intensive study to develop more effective techniques for carrying it out. There is a great deal of support for avoidance of the bulldozers' approach through rehabilitation but despite the years of effort there are still very few illustrations of a successful rehabilitation project. Consideration needs to be given to the public relations aspect of the program and other devices for getting more support from the residents of the rehabilitation area without whom success is impossible.

The study should also come up with techniques which can be used to measure objectively the results of urban renewal activities in terms that are meaningful to the public and to the policy makers. If the Federal Government is to continue spending billions of dollars for this activity, more meaningful reports should be made to the Congress on the results rather than a mere recitation of dollars spent or projects started.

The committee recognizes that the scale and scope of the studies it would like to have carried out are far beyond the present capacities of the Housing Agency within the limits of its administrative appropriations. Therefore, the bill authorizes a special appropriation for this purpose in recognition that the success of such an undertaking depends upon its being adequately financed.

INCREASE IN NONRESIDENTIAL EXCEPTION

Section 303 of the bill would permit 40 percent of the new capital grant authority provided by the bill to be used for projects in areas

which are predominantly nonresidential both before and after renewal. Under present law, 30 percent of the aggregate amount of grants authorized after the Housing Act by 1959 may be used for nonresidential urban renewal.

During its consideration of the 1964 housing legislation, the committee expressed its concern about the proper relationship of renewal for residential purposes and renewal for nonresidential purposes. The committee deferred action on various proposals relating to nonresidential renewal and requested the Housing Administrator to submit a further report on experience with nonresidential renewal for consideration in connection with the 1965 legislation.

Based on that report, and on further testimony and observations of the urban renewal program, the committee understands that many of the so-called nonresidential projects involve substantial elimination of residential slums and blight and redevelopment for residential purposes. It is also clear that the improvement of residential conditions is dependent upon the overall economic viability of the community. Urban renewal is clearly needed to eliminate nonresidential blight and to provide for the orderly development of the institutional, commercial, and industrial functions of the community.

Because a tight limitation on projects being undertaken under the nonresidential exception would have a tendency to distort local urban renewal efforts, the committee believes that it is desirable to liberalize the present limitation and to depend more on other control factors to obtain the proper mix of residential and nonresidential redevelopment within each local community. It agreed, therefore, to increase the present limitation from 30 percent of aggregate grants not yet contracted for as of the acts of the 1959 Housing Act to 40 percent of the new funds authorized by the 1965 legislation. This will make available nearly \$1.2 billion of the new funds for this purpose.

THE CENTRAL BUSINESS DISTRICT

One very important aspect of the nonresidential exception issue is its application to the use of urban renewal funds for the redevelopment of central business districts or downtown areas. The committee considered a proposal which would change the basic law in several respects for the redevelopment of central business districts. The first of these relates to the eligibility criteria of the central business district for urban renewal assistance. Under present law an area must be a slum area or a blighted, deteriorated, or deteriorating area to qualify. Because of the peculiar nature of a central business district, the traditional interpretation of these terms do not usually fit the factors that are present in a functionally obsolete business district. Second, the public improvements that are usually built in a central business district generally serve the entire community rather than a local area as would be the case of a school, park, or recreation area in a traditional residential urban renewal area, thus they are not eligible as noncash grant-in-aid credits. Third, the viability of a community and, thus, the general welfare of its residents often depend on the presence of a strong economic base and the vitality of its centers of commerce, trade, and finance which are usually located in the central business district. Under the present 30-percent nonresidential exceptions, may such areas would be denied urban renewal assistance,

not because of standards applied to those specific areas but because of the arbitrary limitation applied at the national level.

The committee recognized the merits of the arguments in support of more attention being given to central business districts but was not ready to approve the proposed amendment which it believed would represent a sharp change in the direction of the program.

It is sympathetic to a reasonable use of the funds for this type of redevelopment and believed that a level represented by 40 percent of the new capital grant funds would provide the guidelines needed by the Administrator to provide assistance to such areas and at the same time keep the program closely identified with redevelopment areas which are predominately residential.

On the proposed changes relative to eligibility of central business districts, the committee did not have sufficient information to justify a change in the law, but on the contrary seemed to be satisfied that the law as now written is sufficiently flexible to qualify most "deteriorating" business districts as project areas.

On the question of noncash grant-in-aid credit, the committee was opposed to such a significant change in the law relative to the Federal share of the use of the central business district project until it had more data to make a decision. Projects in downtown areas are very costly undertakings involving tens of millions of dollars. Local expenditures for citywide improvements likewise involve very large sums of money which if fully accepted as grants-in-aid would result in the Federal Government paying nearly full share for the project.

The committee requests that the Housing Agency include this subject in its study and present recommendations to the Congress, and among other things consider the possibility of establishing a separate program having a separate capital grant fund and possibly a different Federal share formula insofar as central business district projects are concerned.

RELOCATION ADJUSTMENT PAYMENTS

Section 304 of the bill would increase from \$1,500 to \$2,500 the amount of the relocation adjustment payment authorized to be made to small business concerns displaced by urban renewal and public housing activities.

In the Housing Act of 1964, the Congress adopted a system of relocation adjustment payments which provided for a \$1,500 payment to such displaced businesses whose earnings were under \$10,000 per year. After further consideration, the committee believes this amount to be inadequate.

In the long run one of the most significant effects of urban renewal activities is the provision of a better environment for small businesses. However, the committee has a continuing concern about the immediate burdensome effect that relocation places on a small business and believes that a readjustment payment up to \$2,500 will help to compensate it for the losses sustained because of the displacement which are not otherwise compensated for.

MOVING EXPENSES FOR DISPLACED BUSINESSES AND NONPROFIT ORGANIZATIONS

The Housing Act of 1961 authorized the Housing Agency to pay to business concerns and nonprofit organizations displaced from an urban

renewal area their reasonable and necessary moving expenses and any actual direct losses of property (except goodwill or profit) up to \$3,000, or if greater, the total certified actual moving expenses. The Housing Agency has issued regulations limiting the maximum amount of the total certified actual moving expenses that may be paid with respect to any business displacement to \$25,000.

The committee recognizes the need within the Housing Agency for establishing administrative limits on the size of any business payment.

However, the committee is concerned that this flat dollar ceiling can result in hardship in certain cases and expects the Housing Agency to provide sufficient flexibility in its regulations to enable it to pay moving expenses in excess of \$25,000 when necessary to avoid undue hardship or an inequitable financial burden. In such a case the Administrator may wish to issue regulations to share the cost of the excess above \$25,000 in an appropriate ratio.

A bill, S. 1201, to implement the recommendations of a report by the Committee on Public Works of the House of Representatives, is now pending before the Senate Subcommittee on Intergovernmental Relations. It is hoped that after consideration this legislation will be passed to compensate properly families and business establishments in a fair and just manner for their expenses and losses suffered as a consequence of their displacement by urban renewal and other governmental activities.

DEMOLITION OF UNSAFE STRUCTURES AND CODE ENFORCEMENT

Demolition of unsafe structures

Section 305 of the bill would authorize the Housing Agency to make grants to communities to assist them in demolishing structures which, under State or local laws, have been determined to be structurally unsound or unfit for human habitation and which the community has the authority to demolish. The amount of any grant could not exceed two-thirds of the cost of the demolition of structures demolished.

The community may receive assistance for structures to be demolished and which are located in an urban renewal area. The community may also receive assistance for structures to be demolished and which are in areas not urban areas if (1) the community has an approved workable program for community improvement, (2) the demolition to be assisted will be carried out on a planned neighborhood basis and will further the urban renewal objectives of the community, (3) the community is carrying on a program of enforcement of its housing and related codes, (4) the structures to be demolished constitute a public nuisance and a serious hazard to public health and welfare, and (5) the governing body of the community has determined that all other available legal procedures have been exhausted to secure remedial action by the owners of the structures involved and that demolition by governmental action is required.

The committee has required that the demolition of structures located outside of urban renewal areas can be assisted only when the demolition is being carried out on a planned neighborhood basis to assure that Federal funds provided for such demolition are used only as part of a systematic plan to protect or improve a designated neighborhood in which the community is making an intensive effort to prevent the onset of slums and blight through code enforcement or other means.

Federal funds should not be used to support casual, sporadic, and intermittent demolitions which may benefit individual owners of property next to, or near, nuisances, but which are not part of a systematic plan to protect or improve a designated neighborhood and do not further the urban renewal objectives of the community.

In many cities throughout the country, the problem of dealing with dilapidated and unsafe structures, which constitute a blighting effect on their environment, has become a serious problem. These structures, which are frequently located in neighborhoods not yet slum or blighted can start a neighborhood on the road to becoming a slum unless they are eliminated.

The committee believes that the assistance authorized by this provision of the bill will enable communities to undertake and carry out demolition programs to remove structures which are unsound and unfit for human habitation in otherwise good neighborhoods, which may be adversely affected by the existence of a number of such seriously substandard structures.

Code enforcement

Section 305 of the bill also would amend the code enforcement provisions of existing law to make them more workable.

In the Housing Act of 1964, the Congress authorized for the first time Federal assistance to localities for a new type of urban renewal project consisting primarily of code enforcement activities. The committee indicated then its belief that this type of project could effectively be authorized in those areas which are basically sound (do not require extensive clearance or rehabilitation activities) but which, principally because of noncompliance with the housing code and related codes of the community have begun to show signs of deterioration or blight.

In approving the 1964 provision, the committee had hopes that the cities would welcome the Federal assistance and proceed to tackle one of the most difficult problems of urban development. Unfortunately, this did not happen. In the first place, the Housing Agency's long drawn out study of the language of the 1964 statute delayed publication of the regulations and once they were reviewed by the city officials, the reaction was almost unanimous that they were unworkable. The committee was impressed by a statement from the U.S. Conference of Mayors, as follows: "The present language in the Housing Act relating to code enforcement is totally inadequate" and "No projects have been undertaken and none are in prospect" under the existing language.

This is mainly because the existing provisions require localities to go through the entire title I urban renewal process for code enforcement projects in the same way that they are required to process the more complex urban renewal redevelopment and rehabilitation projects. Whereas these regular programs involve many complex activities, such as major land acquisition and disposition and major land-use changes, code enforcement programs do not and it is not necessary to require communities to go through the complex title I process in order to receive code enforcement assistance.

The committee sees no need for requiring the cities to go through the cumbersome urban renewal process in order to get Federal assistance for code enforcement and therefore agreed to amend the language to permit direct Federal assistance to the cities for concentrated code

enforcement programs on a neighborhood basis consistent with the overall renewal objectives of the community.

Grant assistance provided for under the new language would follow the existing urban renewal cost-sharing formula and would cover the cost of planning and carrying out concentrated housing code enforcement programs. Such costs would include, but not be limited to: (1) The full range of activities recognized as necessary to encourage voluntary compliance, or otherwise achieve full compliance with the code; and (2) the provision or repair of necessary streets, curbs, sidewalks, street lighting, tree planting, and similar improvements.

The committee believes that these code enforcement activities should be included as eligible costs in such programs only if the community agrees to continue its normal level of expenditures of code enforcement. In addition, of course, the city would meet its one-third share of the cost of the stepped-up codes program in the concentrated code enforcement areas. This will assure that Federal funds are not used merely to replace local funds in providing code enforcement activities.

This section would also permit the use of the low-interest rate rehabilitation loans, provided under section 312(a) of the Housing Act of 1964, in areas where a concentrated code enforcement program under section 117 is being carried out. The committee believes that these loans as well as those provided under section 220 of the National Housing Act are necessary to achieve full compliance of housing codes because a serious impediment to compliance has been recognized as a lack of adequate financing at low interest rates for low-income property owners.

ELIGIBILITY OF CERTAIN GRANTS-IN-AID

Section 306 of the bill would permit expenditures to be counted as local grants-in-aid for the following respective urban renewal projects:

- (a) Expenditures made in connection with a collector sanitary sewer system at Jasper, Ala. (Ala-R-49).
- (b) Expenditures made in connection with creek improvement and construction of a high school at Joliet, Ill. (South-Central project).
- (c) Expenditures made in connection with the installation of certain underground electrical wiring in Johnson City, Tenn. (Tenn. R-80).
- (d) Expenditures made in connection with projects in New Brunswick, N.J., for which final capital grant payments have not been made.
- (e) Certain expenditures made by the city of St. Louis in connection with a downtown sports stadium project in St. Louis, Mo.

AMENDMENT OF SECTION 316 OF THE HOUSING ACT OF 1954

Section 307 of the bill would clarify the authority of the Redevelopment Land Agency of the District of Columbia to undertake urban renewal projects in areas which are not residential or predominantly residential at the outset. It would amend section 316(2) of the Housing Act of 1954 (which inserted a new sec. 20 in the District of Columbia Redevelopment Act of 1945) to provide unmistakable au-

thority for the Redevelopment Land Agency to undertake nonresidential projects as contemplated by title I of the Housing Act of 1949.

It should be clearly understood that if the District of Columbia is made eligible for this phase of the national program, applicable to all other jurisdictions that legally seek aid, then all of the benefits applicable under national law, such as relocation payments to individuals and families and adequate and increased aid to small business concerns, would be made available to projects in the District of Columbia.

REHABILITATION LOANS

Section 308 of the bill provides that the low interest rate (3 percent) rehabilitation loans that can be made for the improvement of properties in an urban renewal area can be made if the Housing Administrator finds that the applicant for a loan is unable to secure the necessary funds from other sources upon comparable terms rather than reasonable terms, as the law now provides.

In order to demonstrate that he is unable to obtain a loan on reasonable terms it is necessary, under the present provisions of section 312 of the Housing Act of 1964, to determine whether the property owner can obtain an FHA-insured rehabilitation loan. In many cases this requires needless expenditures of time required in processing the application to make this determination, when it is obvious that the applicant needs the assistance of the lower interest rate.

The provisions of section 312 of the Housing Act of 1964 which authorize this program are also amended to make it clear that moneys in the revolving fund established for the rehabilitation loan program can be used for the necessary expenses of servicing the loans.

TITLE IV.—LOW-RENT PUBLIC HOUSING

ACCEPTANCE OF LOCAL CERTIFICATION OF EQUIVALENT ELIMINATION

Section 401 of the bill would permit acceptance of certifications by local governing bodies that they have complied with the equivalent elimination requirements of the United States Housing Act of 1937.

Under the act, where a low-rent housing project is undertaken in a locality, the local governing body must enter into an agreement providing for the elimination, within 5 years, of a number of substandard dwelling units equal to the new low-rent housing units included in the project. Extensions of the 5-year period for elimination can be granted where there is an acute shortage of decent low-income housing in the community. Administration of this provision now involves direct Federal supervision over the carrying out of the equivalent elimination agreement, even though the act provides no specific penalties for noncompliance.

GREATER USE OF EXISTING HOUSING

Section 402 of the bill would perfect the annual contributions formula to permit local housing authorities to make greater use of the existing housing supply through the purchase, purchase and rehabilitation, or lease of existing units, which are available on the local market and suitable for low-rent housing purposes.

The present annual contributions formula establishes a maximum contribution in terms of a specified percentage (the going Federal rate

plus 2 percent) of the acquisition or development cost of a project. Under this formula, use can only be made of housing with an economic life extending over a sufficient period to allow the amortization of the capital cost at the statutory rate. This rate was designed to permit amortization of bonded indebtedness over a long period, and the established practice has been to contract for periods of 40 years. Such a period is too long to permit utilization of many kinds of existing housing that may be suitable for low-rent housing, or to permit the leasing of units desirable for relatively short-term use.

This section would authorize an alternative formula under which the annual contribution for an acquired or leased unit could be fixed, as a maximum, at the same dollar amount as would be established as the annual contribution under the conventional formula for a new low-rent housing project consisting of units designed for the comparable number, types, and sizes of families. Because it is not stated in terms of a specific percentage of capital cost, the formula would permit the acquisition, or acquisition and rehabilitation, of structures, over whatever period may be appropriate considering the condition and nature of the property, as well as the leasing of units for short-term use in meeting particular needs.

The new formula is intended to promote economies in the use of such housing through its requirement that the annual Federal contribution could never exceed the fixed contribution that would be established for comparable housing in a new project. Where a project or dwelling is acquired for use over a substantially shorter period than is required for units in the regular program, this would mean that the capital cost would have to be reduced according to the reduction in amortization period, since the maximum contribution available annually to amortize that cost could be no greater than in the case of a comparable conventional newly constructed project, but this annual amount would be available for substantially fewer years than in the case of the newly constructed project. The same limitation on the dollar amount of the annual contribution would apply to leased units, and would operate to preclude the excessive rentals that might otherwise result from efforts to secure housing for lease in a housing market where vacancies are low.

There has been a growing awareness in recent years that the subsidized low-rent housing program has suffered because it has not utilized the existing housing supply. Under this new authorization the PHA would be enabled to finance the leasing for any term of existing units in individual houses and in multifamily structures. It would be able to finance joint private-public owned or leased units. It would be able to subsidize units financed through other means such as FHA-insured, conventional financing, or State or municipal financing.

An important source of existing housing is the supply of FHA- and VA-acquired properties. Despite high vacancy rates among such units, there are many low-income families in communities where vacancies exist who continue to live in slum conditions because they are unable to pay the economic rent which the vacant properties warrant.

In many cases local authorities should be able to provide units more quickly under this section, than through new construction and meet more readily the special problems presented by large numbers of low-income displacees. The new formula also provide greater flexibility in providing housing for different sizes of families, as in obtaining

units for larger families and providing conveniently located units for elderly families.

Projects involving the purchase of existing housing would, of course, be subject to the same requirements of approval and cooperation by the local governing body as in the case of new construction. As in the case of the regular program, there will be local selection of the properties and sites to be used.

Since the units which are leased will be existing housing and subject to tax, the required local contribution, normally provided through tax exemption, would have to be provided by other means. The required local contribution, when property is not tax exempt, is the amount by which the taxes paid exceed 10 percent of the shelter rents charged in the project or dwelling. Local communities can easily meet this requirement by authorizing the housing authority to retain from payments in lieu of taxes to be paid with respect to its tax-exempt properties the amount required to meet this local contribution with respect to the existing units.

Use of existing housing will constitute a valuable supplement—but nevertheless merely a supplement—to new construction. Existing housing can be effectively used for low-income families only where a combination of certain conditions exist. There must, first, be a supply of vacant housing on the local market, and that housing must freely be made available, since eminent domain will, of course, not be used under the new program. Moreover, the vacant housing, especially that owned by the FHA and VA, could meet the needs of the low-income families. Its cost, design, and physical condition must be appropriate, and its use should be consistent with the community plans and urban renewal programs and in accord with the wishes of the local governing body.

The committee wishes to make it clear that a public housing program is a local option and this bill does not remove any of the autonomy found in existing law which is left to local governing bodies in public housing undertakings.

Supplemental testimony of Administrator on greater use of existing housing

The chairman of the Subcommittee on Housing received a self-explanatory letter from the Administrator of the Housing and Home Finance Agency in which he desired to supplement his committee testimony in connection with the greater use of existing private housing. Since this letter is not a part of the record of the hearings on the bill, it is as follows:

MAY 7, 1965.

HON. JOHN SPARKMAN,
*Chairman, Subcommittee on Housing, Committee on Banking and
Currency, U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: As a result of discussions with members of your subcommittee staff I would like to supplement my testimony with respect to a provision in the housing and urban development bill of 1965 (S. 1354) which would make the use of existing private housing as low-rent public housing more feasible by permitting the amortization of a public housing indebtedness over a period of less than 40 years. While this is merely a technical change in the law, it is important in that it will facilitate the purchase or leasing of older housing for use as low-rent public housing. Existing housing is being used to

some extent under the present law but because in many cases its expected life is not as long as 40 years, the present period of financing of public housing, the financing formula needs revision, as proposed in the bill, to make the Federal assistance provisions more workable for such housing.

The proposed provision would be particularly useful in areas where there are substantial vacancies in privately owned housing. In addition, FHA- and VA-acquired housing can, where the housing is appropriate, more easily be used for low-rent housing under this revised provision.

In many areas it will mean that public housing can be made available for large families that could not otherwise be provided because of the high cost that would necessarily be involved in providing such large units by new construction. This proposal can also expedite the provision of public housing for relocation purposes, since public housing can be provided more quickly by utilization of existing housing than by new construction.

One point in particular I should like to make clear, and that is that any public housing involving the purchase or leasing of existing housing will be subject to the same local governing body approval as is required in the case of a new public housing project.

The governing body of a locality is required by section 15(7)(a) of the Federal public housing law (the United States Housing Act of 1937) to approve by formal resolution the application of a local housing authority for Federal assistance for public housing. In addition, before any Federal contract for annual contributions or for loans (other than preliminary loans) can be entered into by the Federal Government, the governing body must enter into an agreement with the local housing authority to provide local cooperation by the governing body with respect to a public housing project. These provisions are applicable to the use of existing housing as well as new housing.

Under these provisions of the Federal law, the local governing body can, therefore, insist both at the initial point of approval of the application, and again when it enters into the cooperation agreement with the local housing authority, on any degree of specificity as to the nature of the public housing that is to be provided by the local housing authority. The governing body exercises complete control in this regard because it has absolute power by virtue of these Federal statutory requirements to veto any proposed project unless the local housing authority conforms to any requirements imposed by the local governing body. The local governing body, insofar as the Federal law is concerned, has complete discretion in detailing the nature and location of a project to which its consent is given. This discretion would continue with respect to the use of existing housing under the provisions of S. 1354, since the revised provisions would be carried on under the same Federal requirements for local approval and cooperation.

It may also be desirable to emphasize that the power of eminent domain will not be used to acquire existing housing units and make them available for public housing use under the proposed new provisions.

Our proposals are in fact specifically limited to the acquisition and lease of housing which is "obtainable in the local market." By this it is intended that regardless of what power a local housing authority may have to employ governmental condemnation procedures, Federal

assistance should be limited to projects consisting of housing secured through the market channels open to private parties as well as public bodies.

Sincerely yours,

ROBERT C. WEAVER, *Administrator.*

INCREASE IN AUTHORIZATION FOR ANNUAL CONTRIBUTIONS

Section 403 of the bill would increase the authorization for annual contributions contracts under the low-rent public housing program by \$47 million immediately, and by an additional \$47 million in each of the years 1966 through 1968. This increase would provide an estimated 60,000 additional units of low-rent housing annually over this period. This housing would be available both for conventional low-rent housing projects and for the new approaches to low-rent housing contained in the bill.

For conventional units, the increase contemplates a program level of 35,000 units a year. For new approaches (purchase, leasing, and rehabilitation) the increase would provide for an additional 100,000 units over the 4-year period. The law would not, however, prescribe specific levels for the different approaches.

This authorization would cover the amounts needed for relocation costs and the special contribution for the elderly, the handicapped, and displacees, as well as the regular annual contribution.

The authorization for 37,500 additional units for low-rent housing contained in the Housing Act of 1964 was an interim increase. The Housing Agency reported to the committee that the local communities' accumulated demands, based on the needs of their low-income families and elderly, have reached about 90,000 units, well over twice the number authorized. This leaves a backlog in the neighborhood of 50,000 for which no annual contributions contracting authority exists.

REALLOCATION OF UNITS

Section 404 of the bill would authorize the reallocation of units not placed under construction within 5 years from date reserved without regard to the State limitations.

Agency testimony reveals that there have been long delays in placing some low-rent housing projects under construction and, in some cases, eventual abandonment of the project. On the other hand, in other areas the statutory limit on funds for any one State may be reached even though there is an urgent need for more low-rent housing and the local housing authorities could proceed without delay in providing such additional low-rent housing. The bill would amend existing law to permit the Agency to transfer reservations which have not been placed under construction within 5 years from the date of reservation to another housing authority in any State, whether or not the aggregate State limitation has been reached. This authorization, however, would be subject to any annual contributions contractual obligations in effect on the date of enactment of the Housing and Urban Development Act of 1965.

The sales price would be the appraised value of the property to be acquired, at the time the purchase contract is entered into. In no case, however, would the sales price be less than the pro rata share of the housing authority's unamortized debt. The purchaser may be given

a credit toward the purchase price, under terms and conditions to be prescribed by the housing authority, based upon the rent paid for his dwelling unit over a period of 3 years or less prior to the purchase contract. Such terms and conditions would, among other things, adjust the amount of the credit so as to exclude the local authority's cost of services and expenses for the rent paying period.

The interest rate would be not less than the average interest cost of loans outstanding on the project or, where this is not appropriate, not less than the applicable going Federal rate. The principal payments would be not less than one-half of 1 percent of the sales price during the first 5 years, 1 percent during the next 5 years, 1½ percent during the third 5 years, and thereafter a level debt service of interest and principal over the balance of the payment period.

The combined amount of interest and principal payments would never be less than the pro rata share of the fixed debt service of interest and principal of the local housing authority. The specified rates would be established as minimum rates so that they could be set high enough administratively as needed to accomplish the result of making the interest and principal payments not less than the debt service of the local authority.

Purchases are authorized under this section to provide homes for the purchaser or members of his family. Consistent with this objective, the bill provides that the local housing authority would have an option to acquire the purchaser's interest if at any time (i) the purchaser fails to carry out his contract and no member of his family who resides in the dwelling assumes the contract, or (ii) the purchaser or a member of his family who assumes the contract does not reside in the dwelling.

Under such option, the local housing authority would pay to the purchaser or his estate an amount equal to his aggregate principal payments plus the value to the local authority of any improvements made by him, less an amount equal to 2½ percent of the sales price.

The contract between the PHA and the local housing authority would contain provisions concerning the use of the payments made by the contract purchaser, including provisions concerning payments on principal, so that such payments, or their equivalent, might be available to the local authority if needed for purposes of exercising this option. This option, of course, would not preclude the housing authority from exercising any other rights and remedies, including foreclosure, which may be available under law.

The committee commends existing efforts to promote policies and programs providing homeownership possibilities for low-income tenants, such as the mutual-help housing plan for Indian reservations. The provisions of the bill are intended to provide specific authority for sale of public housing units to its tenants, under appropriate circumstances and conditions and subject to prescribed standards, which might not otherwise be authorized by the other provisions of the U.S. Housing Act. They are intended to supplement and not to inhibit the efforts of the PHA to provide other homeownership incentives and possibilities for low-income families.

SALE OF FEDERALLY OWNED PROJECTS TO PRIVATE PURCHASERS

Section 405 of the bill would remove the restriction that federally owned low-rent housing projects may be sold only to public housing

agencies. It would permit disposal to a nonprofit organization, but any sale would have to be for continued use by low-income families.

There are two remaining federally owned low-rent housing projects, both of which are located in Oklahoma. Disposal of these projects has been blocked by the restriction permitting sale only to a public housing agency, since Oklahoma law until recently, did not authorize creation of local public housing authorities. The Oklahoma Legislature has just enacted a public housing law which enables the creation of local housing authorities, but there is no assurance when, or whether, public housing authorities will be created in Oklahoma City and Enid, where the projects are located.

Removal of the restriction would permit consideration to be given to disposal to a purchaser such as a nonprofit organization. The projects would continue to be subject to the requirement that they be used only for low-income families.

INCREASE IN PER ROOM LIMITATIONS

Section 406 of the bill would increase the limitations per room on the cost of construction of low-rent public housing from \$2,000 to \$2,400 for regular-type units, and from \$3,000 to \$3,500 in the case of units constructed in Alaska or housing especially designed for the elderly. The per room limit in the case of housing for the elderly in Alaska is also increased from \$3,500 to \$4,000.

The committee included these increases in provisions in the bill to permit an increase in the statutory limitations per room on the cost of construction and equipment of low-rent public housing. These increases are based on the higher construction costs of today as shown by the Boechk index.

The Public Housing Administration will, of course, use its discretion in permitting individual low-rent public housing project costs to go to these new limits. The committee will expect PHA to insist on lower costs where they can be attained without sacrifice of livability and meeting the needs of the low-income families for whom the housing is intended.

It has come to the attention of the committee that the use of some materials or products that are manufactured or mined in whole or in part in other countries may help to keep construction costs down. Where PHA can approve these materials or products under the provisions of the Buy America Act the committee would expect it to do so. Where the end product contains 50 percent or more materials which are not mined or produced in this country, it is the committee's view that the PHA may consider this as presumptive evidence that the approval of such end product is not prohibited by the Buy America Act even though imported from abroad. Further, if there is any way PHA can legally put these materials or products it has approved on a blanket list or order that would obviate the necessity of their approval for use on a project-by-project basis, the committee would suggest that this be done. This would eliminate administrative expense by PHA of project-by-project approvals of foreign materials. It would also save the time now consumed in obtaining these approvals. Architects and others involved could take this approval into consideration in making their plans for new projects.

PURCHASE OF UNITS BY TENANTS

Section 407 of the bill would authorize any local housing authority assisted under the U.S. Housing Act of 1937 to permit any member of a tenant family to enter into a contract for the acquisition of a dwelling unit in a project of the local housing authority that is suitable for purchase by reason of its being detached, semidetached, or row construction.

The tenant family could acquire the unit on terms and conditions designed to make such acquisition financially feasible for the contemplated purchasers and, at the same time, fair and equitable to the Federal and local governmental interests involved. All such contracting would be in accordance with appropriate provisions in the annual contributions contracts between the local housing authority and the Public Housing Administration. No rights or obligations under existing contracts, including the rights of bondholders, would be affected unless agreed to by the parties involved.

Under such a contract, the purchaser would pay at least (1) a pro rata share of the cost of services continuing to be furnished by the local housing authority, (2) local taxes on his property, and (3) monthly payments of interest and principal to amortize the sales price in not more than 40 years.

The pro rata share of the cost of services includes such items as administration, insurance, maintenance, repairs, utilities, provision of reserves, and other expenses. These expenses might include costs incident to or necessary to make the property available for sale, including such other expenses as platting, filing, and recording costs.

TITLE V—COLLEGE HOUSING

INCREASE IN AUTHORIZATION FOR COLLEGE HOUSING LOANS

Section 501 of the bill would increase the college housing loan authorization by \$110 million upon the enactment of the bill, with further increases of \$285 million on July 1 in each of the years 1966 and 1967, and \$275 million on July 1, 1968.

This section would also increase the two separate limitations on the dollar amount of college housing loans which can be outstanding for "other educational facilities" (such as dining halls, cafeterias, student centers, and other facilities related to housing) and for the housing of student nurses and interns. The limitation on "other educational facilities" would be increased by \$30 million, and the limitation on housing for student nurses and interns by \$15 million, on July 1 of each of the years 1965 through 1968.

The authorization for the college housing loan program now totals \$2,875 million with ceilings of \$295 million for other educational facilities and \$220 million for student nurse and intern housing. In addition, loan repayments, bond sales, and net income through the end of March 31, 1965, totaled \$147 million, bringing total funds available for commitment to \$3,022 million. Through the end of March 31, 1965, a total of 2,393 loans for \$2,576 million have been approved under this program. As of that date there were 169 applications for \$272 million for which funds had been reserved, bringing the total funds committed to \$2,849 million.

Through March 31, 1965, funds committed under the program provide assistance for about 2,570 projects, including housing accommodations for about 661,000 students and faculty (including student nurses and interns) and also 249 projects for related facilities such as student unions, dining halls, and health centers.

There have been no defaults under the program in payment of principal and interest.

The Office of Education's college and university enrollment and facilities survey indicates an increase in college enrollments from 5.2 million in 1965 to 6.7 million in 1969. It is also estimated that about 25 percent of the increased enrollment will require college housing accommodations. Your committee believes that a 4-year program will best enable colleges and universities to plan for their requirements in the context of available college housing funds and to proceed with the orderly development and construction of the housing accommodations necessary to meet this flood of new students.

PARTICIPATION BY NEW COLLEGES

Section 502 of the bill would clarify the definition of "educational institution" in existing law in order to make new colleges eligible for loans under the college housing program.

College enrollment has increased from 1.5 million in 1940 to 5.2 million this year. It is projected to climb to 8.6 million by 1975. The need for additional colleges has been obvious for some time. Yet of approximately 1,400 colleges and universities in the United States, fewer than 100 have been started since 1940. The overwhelming portion of the increased enrollment has been met by expanding existing schools, many of which have reached their absolute limit.

When the college housing program was first passed by Congress in 1950, it was not the intention of Congress that the program be limited to existing colleges. Yet in 15 years the college housing program has been in existence, the Housing and Home Finance Agency has not financed any housing for a new college. The reason stems from an administrative interpretation limiting the program to accredited institutions. As a college cannot be accredited until it has been in operation several years, this regulation, in effect, bars new colleges since they are caught in the situation of not being able to get into operation without facilities and being unable to get the facilities because they are not in operation.

The committee has therefore included a provision in the bill which will make it clear that new colleges are eligible for loans if they provide assurance satisfactory to the Housing Administrator that they will offer a baccalaureate degree within a reasonable time after completion of the housing or facilities that will be assisted with their loans.

TITLE VI—GRANTS FOR BASIC PUBLIC WORKS, NEIGHBORHOOD FACILITIES, AND THE ADVANCE ACQUISITION OF LAND

PURPOSE

The purpose of this title is to assist and encourage local communities to meet the needs of their citizens by making it possible, with Federal grant assistance, for their governmental bodies (1) to construct adequate basic water and sewer facilities needed to promote the effi-

cient and orderly growth and development of their communities, (2) to construct neighborhood facilities needed to enable them to carry on programs of necessary social services, and (3) to acquire, in a planned and orderly fashion, land to be utilized for the future construction of public works and facilities.

Need for increased investment in water and sewer facilities

The most pressing problem facing many American communities is the provision of adequate water and sewer facilities. This has been testified to repeatedly in hearings held by the committee in recent years. While the committee finds that local governments have not been able to keep pace with the rising need, it does not intend to imply in any way that local governments have not made every effort to meet their responsibilities. It is simply that our towns and cities are hard pressed to meet their financial responsibilities. Sources of tax revenue are under heavy strain. Moreover, individual government units are at a disadvantage in imposing additional tax burdens because this often has the effect of driving industry and employment to other locations.

This shortage of water and sewer facilities is not only a major impediment to orderly and healthy community growth, but it has a special importance to the objectives in the housing field because of its impact on land prices. The sharp increase in land prices in recent years is one of the most serious problems facing the homebuilding industry. According to a recent study by the National Association of Home Builders, average lot prices over the past 5 years jumped over 60 percent from an average of \$2,800 to \$4,500. This rise in cost is not due to a shortage of land as such—our total built-up urban land constitutes only 2 percent of the whole land area of the country—but rather it reflects a shortage of land provided with the public investment in community facilities necessary for residential development.

The special importance of this rapid rise in land costs for housing is the fact that not only does it add directly to the cost of homes but also it has a leverage effect because of the rule of thumb that land costs should not exceed one-fifth of the final price of the house. A building site which is overdeveloped or underdeveloped has limited marketability and lenders will reduce their appraisals and the amount of the loan which they will extend on such a property. For example, a builder may put an \$8,000 house on a \$2,000 lot, but if his land cost jumps to \$4,000, he will have to construct a house costing in the neighborhood of \$16,000 to obtain maximum mortgage terms and market acceptance. While rising incomes and larger families have been an important factor in the upward trend of housing prices, they are not an adequate explanation for the fact that private industry today is unable to adequately serve the many families of modest income. Moreover, we must prepare for the obvious change in the housing market which will come in the next few years when the well-known "baby boom" of the late 1940's reaches the family forming stage. Between 1945 and 1947, the number of births jumped by 1 million, and this will soon be reflected in the housing market as a demand for homes at modest prices. We must prepare now to assure that the homebuilding industry can meet this demand with homes at reasonable prices in well-planned developments.

GRANTS FOR BASIC WATER AND SEWER FACILITIES

Section 602 of the bill would authorize the Housing and Home Finance Administrator to make grants to local public bodies and agencies to finance 50 percent of the cost of projects for basic public water and sewer facilities.

This grant assistance would be available to all communities large or small. The committee expects the Housing Administrator to take into account the special needs of smaller communities which do not ordinarily have the staff of technicians and experts which would enable them to move quickly under a program of this nature and as a result are not always able to share fully in the benefits. However, HHFA through its Community Facilities Administration now operates the public facility loan program limited to cities of 50,000 population or less with a priority for towns of less than 10,000 people. The agency should draw on the experience under this program to assure that small towns are dealt with on an equal footing with larger cities.

Water facilities would include facilities to store, supply, treat, purify, or distribute safe, potable water for domestic, commercial, and industrial use. Sewer facilities (other than "treatment works" presently assisted under the Federal Water Pollution Control Act) would include sanitary sewer systems for the collection, transmission, and discharge of liquid wastes; storm sewer systems for the collection, transmission, and discharge of storm water caused by rainfall or ground water runoff; and other facilities for the collection and disposal of other categories of wastes. The basic parts of a water or sewer facility for which a grant may be made would include all the parts of the water or sewer facility except household connections and the local collection or distribution laterals.

The grants authorized by this title would be available for projects to expand, enlarge, or improve existing water and sewer facilities but the committee does not intend that the grants be used to finance ordinary repairs or maintenance of existing facilities.

To assure that facilities constructed, expanded, or improved with grant assistance under this title are adequate for the maintenance of health and control of water pollution, the committee has inserted a provision in the bill prohibiting grant assistance for any sewer facility unless the Secretary of Health, Education, and Welfare certifies to the Administrator that any waste material carried by the facility will be adequately treated before it is discharged into any public waterway.

Under this section of the bill no grant could be made for any project unless the Administrator determines that the project is necessary to provide adequate water or sewer facilities for, and will contribute to the improvement of the health or living standards of, the people in the community to be served and the project is (1) designed so that adequate capacity will be available to serve the reasonably foreseeable growth needs of the area, (2) consistent with a program for a unified or officially coordinated areawide water or sewer facilities system as part of the comprehensively planned development of the area, and (3) necessary to orderly community development. Prior to July 1, 1968, grants, in the discretion of the Administrator, could be made if a program for an areawide water and sewer facility system is under active preparation but not yet completed, if the facility for which assistance is sought can reasonably be expected to be required as part of such program, and there is an urgent need for the facility.

The areawide system for basic water and sewer facilities would be required to be a part of the comprehensively planned development of the area. The requirement that a basic water and sewer facility assisted with a grant be part of a unified or officially coordinated areawide water or sewer facility system would assure that Federal grant funds do not finance uncoordinated or fractionated water or sewer facilities. Where there are no existing areawide water or sewer systems, the committee expects that the Administrator would require, as a condition to a grant for a single, independent water or sewer project, that the project be designed so that it can be linked with other independent water or sewer facilities or a proposed areawide system.

In addition, requiring that the areawide water or sewer facility be related to the comprehensively planned development of the area would assure that grant funds available under the proposal would be available only for facilities which help promote orderly community development and are consistent with a coordinated scheduling of other public works in the area. Such orderly development and coordination would minimize waste and unnecessary costs which are the result of the unplanned and haphazard construction of basic community facilities.

The requirement that a facility assisted with grants have adequate capacity to serve the reasonably foreseeable growth needs of the area would avoid the duplication of costs often occasioned by having to rebuild undersized facilities at a later date.

The committee wishes to make it clear that the expectation of growth is not a prerequisite for this aid but only that in planning a system the plans should take into account future demands as well as present requirements.

In addition the committee further takes cognizance in section 602(b) of the bill of communities in dire need of basic sewer systems when such communities have a population of less than 10,000, are unable to finance the construction of such basic facilities, and the unemployment rate has been continuously for the preceding calendar year 100 percent above the national average. Such cases are extreme and the committee feels it is incredible that heretofore a community suffering under almost unbelievable hardships could find no avenue to avail itself of the most elementary sanitary facilities. The committee, therefore, has inserted in the bill a provision for grants not to exceed 90 percent of the cost of the development of such facilities for communities that fall into the criteria described above.

GRANTS FOR NEIGHBORHOOD FACILITIES

Section 603 of the bill would authorize the Administrator to make grants to local public bodies and agencies to finance specific projects for neighborhood facilities, including neighborhood or community centers, youth centers, health stations, and other public buildings to provide health or recreational or similar social services. The grants generally would be limited to 66½ percent of the cost of the project, but could be up to 75 percent of the cost in the case of a project located in an area designated as a redevelopment area under section 5 of the Area Redevelopment Act.

A neighborhood facility project could also be undertaken by a public body or agency directly or through a nonprofit organization approved by the local public body or agency, if the Administrator determines that the nonprofit organization has the legal, financial,

and technical capacity to carry out the project, and that the public body or agency will have satisfactory control over the use of the facility. The committee intends that the Administrator should have assurance that the facility will be available to all the people in the community.

Before making a grant under this proposal, the Administrator would be required to determine that the project would provide a neighborhood facility which is necessary for carrying out a program of health, recreational, or similar community services. The project must be consistent with comprehensive planning for the development of the community in which the neighborhood facility is to be located.

These Federal grants would help to stimulate a concerted effort by local public bodies, possibly in cooperation with private groups, to provide systematically for often long-neglected needs of the community. Since most of these needs are largely those of low- and moderate-income families and individuals, the neighborhood facility projects would have to be so located as to be available for use by a significant portion (or number in the case of large urban places) of the area's low- or moderate-income residents. In addition, a priority would be given to applications for projects that will primarily benefit members of low-income families or otherwise further the objectives of a community action program approved under title II of the Economic Opportunity Act of 1964. The committee expects that the great majority of the neighborhood centers for which grants are made under this bill would be used in connection with such community action programs.

Much of the heavy costs of ill health and juvenile delinquency, and many of the problems of old age, could be avoided by preventive measures such as local preventive health, recreational, and related services. The costs of these services are small when compared to the tremendous economic and social losses resulting from illness and deprivation and the mounting expenditures in curing sickness, making welfare payments, combating crime, and accommodating the needs of the elderly. The committee believes that the availability of Federal grants for neighborhood facilities (many of which can be multipurpose facilities which can serve the needs of different groups) would assist communities to expand, and in some instances initiate, a group of community services which hitherto have been neglected.

ADVANCE ACQUISITION OF LAND

Section 604 of the bill would authorize the Housing Administrator to make grants to State and local public bodies and agencies to assist in financing the acquisition of sites planned to be utilized in connection with the future construction of public works or facilities. The grant could not exceed the aggregate amount of reasonable interest charges on a loan or other financial obligation incurred to finance the acquisition of such land for a period not exceeding the lesser of (1) 5 years from the date the loan is made or (2) the period between the date the loan is made and the date on which construction of the public work or facility is begun.

Before making such grants the Administrator would be required to determine that the public work or facility for which the land is to be utilized is planned to be constructed or initiated within a reasonable period of time, not to exceed 5 years after the grant contract is entered

into. He also would have to determine that construction of such public work or facility will contribute to economy, efficiency, and the comprehensively planned development of the area.

On some occasions, circumstances arising after the acquisition of land purchased with assistance under this section of the bill may make construction of the facility planned to be placed on such land no longer feasible or desirable. A community which has acquired land with grant assistance may then wish to divert the land to other uses. In such a circumstance the Administrator would be authorized to require the repayment of the grant and prescribe the terms and conditions of such repayment.

To qualify for Federal financial assistance, a community would have to be engaged in comprehensive planning appropriate to its size and location. Larger urban areas and communities experiencing rapid growth would have to be engaged in comprehensive planning for the development of the entire urban area. The public work or facility for which the advance acquisition of land is to be made would have to be consistent with a communitywide and areawide system of such facilities.

GENERAL PROVISIONS AND DEFINITIONS

Sections 605 and 606 of the bill would add certain technical and conforming amendments as well as definitions necessary for the three new programs contained in this title of the bill, i.e., the grants for basic water and sewer facilities program added by section 602; the grants for neighborhood facilities program added by section 603 and the grants for advance acquisition of land program added by section 604.

LABOR STANDARDS

Section 607 of the bill would require that the prevailing wage requirements determined in accordance with the provisions of the Davis-Bacon Act would be applicable to construction work financed with grants for basic public works or for neighborhood facilities.

APPROPRIATIONS

Section 607 of the bill would authorize appropriations of not to exceed—

(1) \$100 million on July 1, 1965, and \$200 million per year for the 3 years commencing on July 1, 1966, 1967, and 1968, for basic public works grants,

(2) \$50 million per year for the next 4 fiscal years for neighborhood facilities grants, and

(3) \$25 million per year for the next 4 fiscal years for advance acquisition of land grants.

This section would also provide that all funds appropriated would remain available until expended.

Any amounts authorized to be appropriated for any year but not appropriated may be appropriated for any succeeding year commencing prior to July 1, 1969.

In smaller isolated communities it would not be necessary that the entire planning process be underway. For such places, it would be enough to have a clear indication that the community had examined its probable future size, public facility needs, and financial capacity

and that the proposed facility would be an efficient element in its efforts to meet its future needs. In addition, to the extent that there is an overall plan for the development of the community, the public work or facility for which advance acquisition of land is to be made would have to be consistent with the existing overall plan.

The objective of this Federal assistance is to encourage communities to plan ahead, in connection with their future public works needs, with respect to land acquisition as well as preparation of construction plans. Under section 702 of the Housing Act of 1954, the Housing Administrator is authorized to make interest-free advances to finance the planning of specific works. But the advance acquisition of sites is equally important in helping to attain maximum economy and efficiency in the construction of public works. Such advance site acquisition would be assisted by the new program.

The committee believes that by encouraging communities to anticipate the site requirements for future public works construction and by assisting them in the timely acquisition of the land that would be used in such future construction, the new program would help produce a number of savings. Local public bodies would be assured of the availability of appropriate sites and would save by acquiring sites before the rising trend of land prices increases their cost. Advance acquisition before there is further construction on a site would avoid the costs of demolishing such construction, relocating the occupants of the buildings and disrupting businesses. Advance knowledge regarding the site location of future public works would enable private land developers and builders to make appropriate adjustments in their construction plans or schedules, which would lead to more orderly growth in the area.

TITLE VII—FEDERAL NATIONAL MORTGAGE ASSOCIATION

INCREASE IN SPECIAL ASSISTANCE AUTHORITY

Section 701 of the bill would provide for increases in the revolving authority under which the President authorizes FNMA to furnish special assistance to mortgage financing of certain housing. Under its special assistance programs, FNMA makes commitments to purchase and purchases mortgages underwritten by the Government that finance housing for low- and moderate-income families, housing in urban renewal areas, housing for the elderly and for disaster victims, and other special types of housing designated by the President as being housing that needs special assistance.

The new increases of authority total \$1,625 million. They would be provided by increasing the authorization by \$100 million on the date of enactment of the bill, by \$450 million on July 1, 1966, by \$550 million on July 1, 1967, and by \$525 million on July 1, 1968.

Further increases in the amount of Presidential special assistance authority would be provided by transferring and adding to such authority on the date of enactment of the bill and on each July 1 thereafter, the then available portions of the special assistance authorization provided separately for FHA title VIII insured mortgages on housing for military, NASA, and AEC personnel. However, as under existing law, not less than \$58,750,000 of the authorization for FHA title VIII mortgages would remain available for mortgages insured under section 809 on housing for certain employees at research or

development installations of the military departments, NASA, and AEC. The committee is currently informed that approximately \$300 million of this authorization will be available for transfer on the date of enactment of the bill. These transfers would not be new special assistance fund authorizations as they would come from special assistance authority previously provided by the Congress.

Of the total special assistance authority that would be made available under control of the President, the committee understands that the administration plans to utilize a major part for rental housing for low- and moderate-income families that will be financed with FHA-insured below-market interest rate mortgages, and that the balance of the authority will be needed for urban renewal housing and other special financing needs.

In connection with the Administration's projected use of additional special assistance authority for FHA-insured section 221(d)(3) below-market interest rate mortgages, the Housing Administrator's statement in the hearings on the bill made mention of the direct relationship between the amount of FNMA's commitment and purchasing authority and the scope of FHA's operations under the 221(d)(3) program for low- and moderate-income housing. Because of their below-market interest rate, it is expected that all of the mortgages will be offered to FNMA for purchase.

PURCHASE OF MORTGAGES HELD BY FEDERAL INSTRUMENTALITIES

Section 702(a) of the bill would eliminate from the FNMA Charter Act a provision of general application that prohibits FNMA from purchasing any mortgages offered by or covering property held by a Federal instrumentality. The elimination of this provision would constitute recognition, in principle, that such mortgages should not affirmatively be barred from purchase by FNMA under any of its operations. Especially, however, this change would enable FNMA, under its regular secondary market operations, to purchase marketable Government-underwritten mortgages from such Federal instrumentalities as have authority both to effect such sales and to acquire FNMA common stock. These purchases of mortgages of acceptable quality would benefit the budget, of course, as contrasted to no budgetary benefit resulting from acquisition under FNMA's management and liquidating functions.

This section would also amend the fiduciary powers of FNMA. Under its management and liquidating functions, FNMA furnishes fiduciary services that provide an effective means of substituting private investment funds for Government funds in the financing of first mortgages in which the United States or an agency or instrumentality thereof has a financial interest, through sales to private investors of beneficial interests, or participations, related to such mortgages. The amendment would enable FNMA similarly to provide a means of refinancing, with private investment funds, any obligations offered to it by the Housing and Home Finance Agency and its constituents. These obligations would not necessarily be mortgages.

Section 702(b) of the bill would authorize FNMA "to purchase * * * any obligations offered to it" by the Housing Agency or its constituents, "or any mortgages covering residential property offered to it" by any Federal instrumentality under its management and

liquidating functions that is contained in section 306(e) of the FNMA Charter Act. Under the existing section 306(e), FNMA is now expressly authorized "to purchase * * * any mortgages offered to it" by the Housing Agency or its constituents. Pursuant to this authorization FNMA has acquired, primarily, mortgages covering residential properties and, incidentally, some other-than-residential types of mortgages, all covering real property.

The committee added authority for the purchase of obligations from the Housing Agency or its constituents in order that savings through centralization in FNMA of the financing of the obligations might be attained. These obligations would not necessarily be mortgages.

The section would permit acquisitions from "any Federal instrumentality" having authority to sell its mortgages, rather than from only the Housing Agency and its constituents. It would not be necessary that the mortgages be FHA-insured or VA-guaranteed.

The modifications of FNMA's authority to purchase mortgages under section 306(e) would permit steps to centralize the Government's ownership, management (servicing), and sale of mortgages to the extent determined desirable from time to time. The committee believes that efficiency and economy would generally be promoted to the extent the FNMA facilities are taken advantage of. Both FNMA and the selling agency would be expected to exercise discretion as to whether there should be any purchase-sale transaction and, if so, discretion would be exercised as to all related factors, including the pricing of the mortgages.

In view of the new authority provided by this section to broaden FNMA's authority to purchase mortgages from other Government agencies, concern was expressed by the committee that authority given in this section would be used by Government agencies to increase their available funds above the limits established either through appropriations or otherwise.

It should be made clear that the intent of the committee in including authority for FNMA to purchase residential mortgages held by any Federal instrumentality was not to enable them to expand their authorized lending limits but to substitute private investment funds for Government funds and thus help reduce the Federal budget.

PURCHASE OF BELOW-MARKET-INTEREST-RATE MORTGAGES COVERING PROPERTIES LOCATED IN URBAN RENEWAL AREAS

Section 703 of the bill would exempt below-market-interest-rate FHA section 221(d)(3) mortgages covering property located in urban renewal areas from a statutory \$17,500 per dwelling unit limitation on the amount of a mortgage that can be purchased by FNMA under its special assistance functions.

The law presently exempts from this limitation all mortgages insured by FHA under the section 220 urban renewal housing program; the title VIII housing program for military, NASA, and AEC personnel; and the section 213 cooperative housing program on properties in urban renewal areas, and also all FHA-insured and VA-guaranteed mortgages on properties in Alaska, Guam, or Hawaii.

Having in mind that it sets the dollar ceilings on the mortgages that FHA insures, the Congress determined that it would authorize FNMA to purchase any mortgages insured by FHA under section 220 and 213 on properties in urban renewal areas, in order to encourage the pro-

vision of housing in those areas, and thereby facilitate the proper redevelopment of such areas.

The committee believes that the same principle should be applied to mortgages insured under the section 221(d)(3) below-market-interest-rate program that finance housing in urban renewal areas for low- and moderate-income families. The bill as reported by the committee therefore provides that FNMA and FHA shall have identical ceilings for such mortgages.

TITLE VIII—OPEN-SPACE LAND AND URBAN BEAUTIFICATION AND IMPROVEMENT

CHANGE IN NAME OF PROGRAM; FINDINGS AND PURPOSE

This title would continue the open-space land program authorized by title VII of the Housing Act of 1961 in an expanded and more liberal form to provide aid for built-up areas as well as the suburbs and to encourage communities to increase their expenditures for park improvement and other urban beautification activities that will make towns and cities more attractive and better places in which to live.

Section 801 of the bill would redesignate title VII in existing law as "Title VII—Open-Space Land and Urban Beautification," and would make such other technical and conforming amendments as are necessary to show that the purpose of this title would be expanded and liberalized by this bill.

DEVELOPMENTS GRANTS FOR OPEN-SPACE USES

Section 802 of the bill would make the necessary amendments to title VII to provide that Federal grants could be used to develop open-space land as well as to acquire such land.

In order to assist State and local agencies to realize the full potential of the land acquired with assistance under the open-space land program, the bill contains a provision permitting 50 percent grants for the development of such land for open-space uses. Open-space uses are defined as any use of open-space land for park and recreational purposes, conservation of land and other natural resources, or historic or scenic purposes. Grants could be made for developing land acquired under both the present program and the new program, described above, of assistance in acquiring developed land in built-up areas.

The committee was informed that in many instances local governing bodies desiring to use the open-space land program lacked sufficient funds, once they have acquired land to be left open, to make such minor development of the land as would be necessary for public enjoyment. The committee has therefore amended title VII to permit the use of the Federal grant funds to be used for the development of such land as well as the acquisition of the land.

In considering this amendment, the committee did feel, however, that the development of the land should not include major development such as outdoor amphitheaters, dock facilities, swimming pools, golf courses, major buildings, and so on, but would include such items as basic sanitary facilities, paths, walks, landscaping, shelters, and other such similar facilities as are normally and usually associated with parks and open-space recreational areas.

INCREASED GRANT LEVEL FOR PRESERVATION AND DEVELOPMENT OF
OPEN-SPACE LAND

Section 803 of the bill would increase the grant level for open-space land grants to 50 percent of the total cost of acquisition and development as approved by the Administrator.

Under the present open-space land program, grants may be made to public bodies for 20 percent of the total cost of acquisition of open-space lands in urban areas, or 30 percent of the cost if the public body exercises open-space responsibilities for all or a substantial portion (60 percent or more) of the entire urban area. This section of the bill would substitute a single 50-percent grant level for the "double grant level" contained in existing law.

The proposed grant increase would strengthen the ability of State and local agencies to acquire urban land that is still undeveloped or predominantly undeveloped and has value for park, recreation, conservation, scenic, or historic purposes. In many urban areas, undeveloped land is rapidly disappearing or greatly increasing in cost. Prompt action must be taken to acquire suitable land while it is still available. This will not only help to conserve public funds in the face of sharply increasing land costs, but will also assist in shaping urban development to allow the provision of transportation and other public facilities at minimum cost.

The present program has been in operation over 3 years, and in that time has assisted in the preservation of over 120,000 acres of open space land in urban areas within 36 States. This is an encouraging beginning. However, increased efforts are needed. Our urban population is growing considerably more rapidly than parks and other urban open spaces are being provided, so that the backlog of unmet needs is actually expanding rather than decreasing. An increase in the Federal grant level is vital if communities are to be given adequate assistance in preserving open space land.

It is important, also, to raise the grant percentage at this time so that the Federal assistance made available for the acquisition of parks and other open space in urban areas through this program may be more effectively coordinated with that made available through the new outdoor recreation programs authorized by the Land and Water Conservation Fund Act of 1965. That act authorizes grants of up to 50 percent for acquisition and development of recreation areas which serve a complementary purpose at the State level.

CONTRACT AUTHORIZATION

Section 804 of the bill would increase the general authority for which the Administrator of the Housing and Home Finance Agency may enter into grants contracts under title VII by \$235 million, from \$75 to \$310 million. Of the new contract authority, not to exceed \$64 million would specifically be earmarked for grants for the provision of open space land in built-up urban areas, and not to exceed \$36 million would be earmarked for grants for urban beautification and improvement.

OPEN SPACE PLANNING AND PROGRAM REQUIREMENTS

Section 805 of the bill would establish revised local open space planning and program requirements. Under the present legislation open space grant may be made only where a program of comprehensive planning is being carried on for the entire metropolitan or other urban area, and the locality in which the land is located has completed a comprehensive plan meeting criteria established by the Housing Administrator.

The proposed new language, which would be applicable to both the present and proposed open space programs, would require that open space acquisition or development assistance be "needed for carrying out a unified or officially coordinated program, meeting criteria established by the Administrator for the provision and development of open space land as part of the comprehensively planned development of the urban area." Its application to the open space programs would greatly facilitate proper coordination among these closely related urban development programs, on both the Federal and local levels.

Under the quoted provision, emphasis would be placed on an open space acquisition and development program to serve as a link between comprehensive planning for the area and individual open space projects. The intergovernmental agreements for which the 10-percent grant bonus is provided under the present law have generally proved valuable in encouraging coordinated local open space acquisitions. However, this requirement has tended to be unnecessarily rigid in some areas—particularly large multijurisdictional urban areas—in that failure to obtain cooperation from an adequate number of local jurisdictions has restricted assistance even for projects of primarily local significance. It is intended that, under the proposed new language, acquisition and development of open space areas would be assisted on the basis of comprehensive planning and open space acquisition and development program requirements which are more closely related to the nature of the individual project.

Where a locality proposes acquisition of a large regional park or other open space having areawide or regional importance, assistance would be provided only on the basis of areawide or regional comprehensive planning and open space programs.

On the other hand, where a locality proposes open space projects involving small parks or other open space areas of primarily local significance, assistance would be provided on the basis of local comprehensive planning and open space programs, adequately coordinated with areawide planning and programing, which must be actively underway. Appropriate criteria for coordinating local planning and programs with such areawide planning and programs would be established by the Administrator, taking into account the type and character of the proposed open space project.

In either case, it is intended to extend the acquisition and development program requirements considerably beyond the present approach, which even at the higher grant level emphasizes intergovernmental review of land acquisitions on a parcel-by-parcel basis. Applicants would be encouraged to establish 5-to 10-year programs of open space acquisition, backed by capital budget planning and based on projections of need made as part of comprehensive urban planning. Similarly, they would be encouraged to work out arrangements for coordinating both the location and type of open space acquisitions by

interested local public agencies. Under such a program, for example, public bodies within a metropolitan area might work out criteria and procedures under with an areawide agency assumed responsibility for providing larger parks and other recreation areas, while the individual localities concentrated on the provision of neighborhood and other local facilities.

The proposed statutory language would allow flexibility in the application of such program requirements, to take into account for example the varying needs and abilities of large and small areas, and also to provide for initial gradual application of the new requirements.

GRANTS FOR PROVISION OF OPEN-SPACE LAND IN BUILT-UP URBAN AREAS AND FOR URBAN BEAUTIFICATION AND IMPROVEMENT

Section 806 of the bill would broaden the existing open-space land program to permit grants to be made for the acquisition and clearance of developed lands in built-up portions of urban areas for the creation of small parks, squares, playgrounds, pedestrian malls, and similar open-space uses. Grants could not exceed 50 percent of the cost of acquiring the land and demolishing and removing improvements which would be inappropriate to the intended open-space uses.

The present program is limited to assisting in the acquisition of land that is undeveloped or predominantly undeveloped. Although land may be acquired under the program anywhere within the urban area, this has tended to limit the operation of the program to outlying areas of cities and their suburbs. Thus, while over 90 percent of open-space funds have been allocated for the acquisition of lands in metropolitan areas, less than 15 percent of the lands acquired have been located in built-up portions of these areas.

Sufficient undeveloped land is often not available to meet the open-space needs of built-up areas. Yet the high value of developed land makes it nearly impossible for local governments to acquire and clear such land for open-space uses without substantial assistance. The park and open-space acquisition programs of many major cities have been intermittent and desultory for the past several decades, with few properties being acquired in built-up sections of the city. The committee believes that the proposed new program is essential to help correct this situation.

The committee sees this program as meeting several urgent needs in our cities and other urban areas. It could assist, for example, in the acquisition of land for pedestrian malls, waterfront restoration, and neighborhood play areas, as well as the usual form of parks. More such areas are needed to enhance the physical environment of our urban communities and to make them more attractive places in which to live and work.

In many cases this program would be especially useful in connection with projects of rehabilitation and code enforcement. Often one key to neighborhood decay is a lack of parks and playgrounds. The provision of properly located and well-designed open-space areas would be a useful catalyst in encouraging and supporting rehabilitation efforts.

In all instances, assistance would be limited to those situations where the governing body of the locality determines that adequate open-space needs cannot be met through existing undeveloped or

predominantly undeveloped land. Such a finding would be based on the locality's assessment of its own long-term needs.

As with the present open-space program, land acquired under the program would have to be permanently retained as open space, except under certain strictly specified conditions. These allow necessary conversions, but only under strict requirements for substitution of other open-space land of at least equal market value and equivalent usefulness and location. These requirements assure that no locality will sell or otherwise convert open-space land without urgent cause.

Relocation payments

This section of the bill also authorizes relocation payments to persons, families, businesses, and nonprofit organizations displaced by projects assisted under this title. These would be 100-percent financed by the Federal Government, the same as in the urban renewal and other Housing Agency programs.

Section 806 of the bill would also add another new program to provide partial grants to assist in carrying out local programs of beautification and improvement of open-space and other public land in urban areas. The need for such assistance was emphasized by the President in his message on the state of the Union, and more recently in both his messages on natural beauty and on the central city and its suburbs.

Programs are already available for dealing with neighborhoods that have deteriorated to the point where rehabilitation or clearance is required. But large areas of our cities, while not yet blighted, are overcrowded and uninviting—lacking in the basic street, park, and other improvements so important to a sense of community spirit. The proposed community beautification and improvement program would, at moderate cost, enable localities to increase their activities which improve the attractiveness of their streets and public places. This could produce real dollars-and-cents benefits in encouraging the kind of neighborhood and community pride which is the best defense against blight and decay.

Local programs would, under criteria established by the Housing Administrator, be required (1) to represent significant and effective efforts, involving all available public and private resources, for the beautification and improvement of open space and other public land in the community; and (2) to be important to the comprehensively planned development of the locality. The community would be encouraged to make maximum use of other urban beautification means in addition to the activities assisted with the Federal grants. Examples of other measures might be the regulation of signs and utility wires, zoning to prevent auto graveyards in inappropriate areas, and school programs to foster pride in maintaining and improving the appearance of the community.

The responsibility for preparing and carrying out local programs would be primarily that of the local public bodies receiving the grants. However, it is contemplated that the programs would provide for appropriate participation by private groups and individuals; for example, garden clubs, business and civic groups, store owner associations, and chambers of commerce. Coordination would also be required with related public programs bearing upon urban improvement and beautification.

Assisted activities would have to be capable of providing long-term benefits to the locality. Assistance would not, for example, be provided for the increased operating costs of keeping parks better lighted or more tidy. On the other hand, assistance could be provided for the cost of additional lighting fixtures. Thus, it is anticipated that many of the assisted activities would be "routine" improvements, but improvements which the proposed Federal assistance would enable the localities to undertake on a broader scale. Examples of activities eligible for assistance would include the following:

(1) Park development, including basic water and sanitary facilities, interior paths and walks, landscaping, shelters, recreation equipment, and other similar facilities associated with neighborhood park use. While the bill provides grants of up to 50 percent for development of lands acquired under this title, many existing park facilities are either entirely undeveloped or contain equipment and facilities which are long overdue for replacement. A city or community could receive a grant under this program to assist in the development or refurbishment of such park areas. Generally, no assistance would be provided for the construction of buildings. Only those small structures would be eligible for assistance which are incidental to proposed park or other open space uses. Toilet facilities or rain shelters might be assisted, but an activities center, museum building, swimming pool, golf course, or other specialized major recreation facility could not be.

(2) Substantial upgrading and improvement of other public areas such as malls, squares, and waterfront areas.

(3) Street improvements such as lighting, benches, tree planting, and imaginative use of pavement and other outdoor "flooring."

(4) Activities in behalf of the arts, such as construction of facilities for outdoor exhibits.

A Federal grant could not exceed 50 percent of the amount by which the cost of activities carried on by the applicant, during its fiscal year, under a local program has exceeded its usual expenditures for comparable activities.

The usual expenditures of the applicant for such activities would be determined in accordance with administrative regulations based on the previous expenditures of the applicant but taking into account, to the extent feasible, unusual circumstances affecting those expenditures.

Approval would be given in advance for the types of activities to be carried out and the overall amounts which could be spent. Partial payments of the grant would be made as the work progresses, but a portion of each grant would be withheld until the required accounting at the end of the year. This procedure would help to assure that the Federal assistance is in fact provided only for additional local efforts.

Regulations would be established to assure that assistance under this program is not provided where grants were available under other Federal programs, for example, landscaping in connection with construction of federally assisted highways. It is assumed, however, that projects undertaken under the auspices of this program will often be part of a larger local effort involving cooperation and coordination with other Federal and State programs.

Demonstration program

This new section would also authorize a \$5 million demonstration grant program for urban beautification and improvement.

An important aim of the beautification provisions is to encourage and assist local experimentation and innovation. To facilitate this, the Housing Administrator would be authorized to make up to \$5 million of grants for projects which he determines to have special value in developing and demonstrating new and improved methods and materials for use in beautification and improvement activities.

Grants under this provision would be limited to a maximum of two-thirds of the total cost expended by the locality for the particular project.

The experience gained in these special demonstration projects could, in turn, be made available to other localities through the authority of the Administrator to undertake studies and publish information to carry out the purposes of the open space land and urban beautification provisions.

Demonstration projects would be selected on the basis of their value for demonstrating a technique or facility having broad applicability to other communities. Assistance ordinarily would not be made available for regular continuing activities under an urban improvement and beautification program.

The committee believes that this demonstration program can play a major role in developing new and imaginative approaches for meeting the goals of the urban beautification program. It can also help avoid costly mistakes by other communities, as well as suggesting those activities and programs most likely to achieve desired results and describing how they can be carried out most efficiently and economically.

USE OF FUNDS FOR STUDIES AND PUBLICATION

Section 807 of the bill would permit the use of open space grant appropriations, not to exceed \$50,000 per year, for undertaking and publishing open space surveys and other studies in connection with activities under the open space land and urban beautification programs. This will help to provide much-needed information and data on such problems as the kind and location of open space which most helps to create more vital and livable cities, new means for preserving open space, less-than-fee acquisition experience, and an analysis of the operation of State open space programs.

CONFORMING AMENDMENTS

Section 808 of the bill is a conforming amendment necessary to make the proper changes in title VII to reflect the amendments made to that title of by this bill.

TITLE IX—RURAL HOUSING

Insured rural housing loans

The hearings clearly demonstrated the need for greatly expanding the rural housing program. Almost half of the substandard housing of this Nation is in rural areas although only 30 percent of our population lives there.

A widespread housing credit gap continues to exist in rural areas despite the efforts of the Federal Housing Administration to reach

farther and more effectively into rural areas with its existing insured loan programs.

The new rural housing insured loan program of the Farmers Home Administration authorized by title IX will increase the opportunities available to those rural families who cannot qualify for housing loans from other sources. Under this new program, loans up to \$300 million a year could be insured for families in low- and moderate-income levels who would pay interest at a rate not exceeding 5 percent per annum. Additional loans could be insured for families with incomes above the moderate level. These families would pay rates on their loans comparable to the rates paid on insured Federal Housing Administration loans. The new authority will serve to reduce in some degree the inequality between urban and rural families in the field of housing, without increasing the strain on the Federal budget.

The amount of funds made available under existing law for regular section 502 rural housing loans during the 1965 fiscal year was \$122 million. On March 31, 1965, the Farmers Home Administration had on hand more than 15,000 applications. For several years, the agency has not had sufficient loan funds to reduce its backlog of loan applications from eligible applicants aggregating more than \$100 million.

The applications on hand, moreover, are only a small indication of the need for raising to an adequate level the housing of millions of rural families. Almost 3 million rural families live in houses that need major repairs. More than a million live in homes that are in such a dilapidated condition that they endanger the health and safety of the occupants as well as the community in which they live. One out of three rural homes has no bath facilities.

Another important fact that came to the attention of the committee is that housing needs among the low-income rural families are particularly acute. Half of the rural families who, in 1959, had incomes of less than \$3,000 were living in houses that were so run down that they needed replacement or major repairs to make them habitable. These are the families who do not have enough income to repair their homes and cannot even qualify for a modest home improvement loan from most creditors.

The committee believes that the rural housing loan program of the Farmers Home Administration has been administered in an outstanding manner. This program has, in a modest way, demonstrated that it can effectively improve the quality of housing on farms and in rural nonfarm areas.

The committee also noted the experience the Farmers Home Administration has had in the successful operation of the agricultural credit insurance fund under the Consolidated Farmers Home Administration Act of 1961. The committee therefore recommends an insured program for rural housing loans similar to the one that has proved to be successful under the 1961 act.

There are several important differences between the two programs. One is that the proposed bill would establish no repurchase period, whereas the 1961 act requires a 3-year minimum period. Another difference is that any amount withheld as a loan insurance charge is discretionary with the Secretary under the proposed bill. The Consolidated Farmers Home Administration Act requires a minimum charge of one-half of 1 percent. The greater latitude in the bill in these respects is designed to provide more flexibility to the Secretary

in establishing the interest rate and minimum repurchase periods to investors in insured loans and thus improve their salability.

Authority to buy previously occupied homes and building sites

Throughout rural America are many vacant houses that are structurally sound and can be purchased and modernized at a cost considerably below the cost of building a new house. Under present law, rural housing loans to buy previously occupied dwellings and the sites may be made only to elderly persons.

The committee believes that extending this authority to all age groups in rural areas will be a way of effectively utilizing existing structures and will be particularly useful in helping low-income families acquire a decent home of their own within their capacity to pay.

Authority to buy sites upon which to build also will be useful in helping more low-income families acquire homes of their own.

Limitations on interest rate

The bill sets a 5-percent maximum interest rate for insured loans to families in low- and moderate-income levels. For families with incomes above the moderate level, rates will be comparable to the interest rates and insurance charges paid by families who receive Federal Housing Administration insured loans. The committee also recognizes, however, that many families have such low incomes that they cannot pay the higher rates that are necessary to make insured loans salable. For this reason the bill provides that on direct loans to senior citizens for single-family housing and on the specialized direct loans under sections 503 and 504 the maximum interest rate will remain at 4 percent.

The bill also retains in the Secretary discretionary authority set rates at less than the statutory maximum for direct loans to families in distress situations, such as those whose buildings were destroyed or damaged by natural disasters and families with low incomes who cannot afford to pay 5 percent interest. An example of the latter group would be farm laborers or other low-income families who participate in a self-help approach to obtain decent homes of their own. Such a family could have a low-cost home by obtaining a modest loan within their ability to repay and constructing the home with their own or exchange labor in order to keep the cash cost at a minimum.

With respect to direct loans for senior citizens rental housing, the maximum rate would be 3 percent. This results from a change which section 105 of the bill would make in section 202(a)(3) of the Housing Act of 1959. The ceiling on interest provided for in that section is made applicable to direct loans for rental housing for rural senior citizens by section 515(a)(2) of the Housing Act of 1949.

Extension of rural housing loan program

The committee recommends an extension to October 1, 1969, of existing authorizations that expire September 30, 1965, to permit an orderly administration of the rural housing program.

The bill also will increase from \$10 million to \$50 million the total amount of appropriations authorized for section 516 grants to help nonprofit sponsors provide low-rent housing for domestic farm labor. This increase is needed to provide an effective approach to improving the housing of our farm labor. The harsh economic facts are that, because of the short period of occupancy of housing by farm laborers,

growers cannot afford to invest the total cost of adequate housing and, because of the low wages received by most farmworkers, they are unable to pay the rent that would be needed to provide the income necessary to repay a loan for the full cost of the housing. These section 516 grants, which may be made up to two-thirds of the cost of the housing, should greatly accelerate the rate of replacing the existing labor slum housing with housing that is adequate but modest and economical.

Federal National Mortgage Association—Purchase of rural housing loans

The Federal National Mortgage Association is authorized to purchase loans insured under the new provisions of title V of the Housing Act of 1949 in its secondary market operations.

The committee urges the Farmers Home Administration to continue its vigilance to assure that the authorizations in this title are not employed to make credit available to any applicants who may be able to qualify for loans from and meet the requirements of responsible local lenders.

CREDIT ABILITY TEST

The statute requires that before making a direct loan or an insured loan to a nonfarm owner the Farmers Home Administration must satisfy itself that the applicant is “* * * unable to secure the credit necessary for such housing and buildings from other sources upon terms and conditions which he could reasonably be expected to fulfill.”¹

The committee has heard testimony that the present procedures used by the Farmers Home Administration to secure this determination that private credit is not available prior to making a direct rural nonfarm housing loan have not carried out the intent of the law in some parts of the country. The committee directs the Secretary to review the present procedures or develop new ones to assure that prior to his approval of a loan (1) institutions such as local banks normally lending in the county where the property is located will not make a loan on their normal lending terms, and (2) lenders such as approved FHA mortgagee offering Federal Housing Administration insured loans will not make a satisfactory loan under the FHA program.

The committee notes that FHA has recently instructed all its regional offices to recognize that FHA loans must be available to citizens in small farm and rural areas and to redirect their procedures to accomplish this purpose. This, of course, means that FHA loans for 93 percent of value and for terms of up to 35 years can be offered. The committee considers that if such FHA financing is available, the Farmers Home Administration should not make a direct or insured loan to the borrower under the rural housing program.

“PUT” FEATURE OF INSURED RURAL HOUSING

In devising the insured loan feature for rural housing loans in lieu of the former direct loan program, the committee was faced with a choice of alternatives to provide means of assuring that these long-term loans will be readily marketable to the investing public. This could be done either (1) by authorizing the sale of such obliga-

¹ Sec. 501(c) of title B, Housing Act of 1949, Public Law 171, 81st Cong.

tions at a discount below the face value so that the yield to the investor throughout the maturity period will be attractive as compared with other available investments, or (2) by authorizing sale at face value with agreements that the Secretary would repurchase the obligation at the option of the investor at the end of an agreed period. This latter alternative would have the same effect insofar as the investor is concerned as shortening the maturity period of the borrower's obligation. The Secretary would agree to repurchase the insured notes at the end of the agreed period if so requested by the holder. This feature is sometimes called the put. While this method may involve the expenditure of some Federal funds, the difficulties envisioned in the financing of the "put" are, in the opinion of the committee, exaggerated because the Secretary would immediately sell the paper so acquired on terms and with additional repurchase agreements which the market would then take. Whatever Federal financing is involved would be of a general temporary nature.

In order to give the Secretary the flexibility to meet changing investment market conditions in the sale of these obligations, the committee has not in the statute fixed the time at which the private holder may elect to resell them to the Secretary. But the absence of such a provision in the act should not be construed as the choice of the committee that this paper should normally be sold by the Secretary at a discount in lieu of entering into a "put" agreement. On the contrary, the committee expects that such repurchase agreements will be used and that the length of the period will vary from time to time to the end that these obligations will readily move in the fluctuating private investment market at all times.

TITLE X—MISCELLANEOUS

URBAN PLANNING GRANTS—AUTHORIZATION

Section 1001 of the bill would raise the existing \$105 million ceiling on the authorization for appropriation of funds for urban planning grants under section 701 of the Housing Act of 1954 to \$230 million.

The committee has also added a provision to section 701 of the Housing Act of 1954 which will permit up to 5 percent of any funds appropriated under the authorization to be used by the Housing Administrator for studies and for demonstration projects for the development and improvement of techniques and methods for comprehensive planning and for the advancement of the purposes of the urban planning grant program.

Under the section 701 urban planning grant program, the Housing Administrator is authorized to make grants (generally not to exceed two-thirds of the estimated costs) to States and local planning agencies to assist in preparing comprehensive development plans and programs. The program is designed to encourage and facilitate comprehensive planning for urban development on a continuing basis, including planning for open space land and urban transportation. Surveys and analyses of population, economy, physiography, land use, transportation, and similar factors may be financed, as well as preparation of comprehensive development plans for the areas involved and maintenance of data on a current basis. Since its inception, more than 4,500 different localities have participated in the program.

This section would also provide assistance to the solution of metropolitan or regional problems.

One of the most urgent needs in developing and carrying out plans and programs for coordinated development of a metropolitan or other urban area is administrative machinery for cooperation among the jurisdictions within the area. An organization of policy and decision makers representing the various local governments within the area can serve as an effective forum for studying and resolving issues raised by metropolitan problems, for developing action programs for carrying out metropolitan comprehensive plans, and for determining regional policies affecting governmental and functional activities.

The need for such organizations is receiving increasing recognition by the political leaders within metropolitan regions, and within the past few years several areas have formed associations or conferences of elected officials—such as the metropolitan areas including Atlanta; Washington, D.C.; San Francisco, Calif.; Detroit, Mich.; Salem, Oreg.; Philadelphia, Pa.; and Seattle, Wash.

Because of the basic importance of this general kind of organization to achieving metropolitan cooperation and implementing comprehensive overall plans, including plans for many federally assisted facilities and programs, it is proposed that Federal financial assistance be made available to support their operations. Assistance is particularly needed to create an incentive for their establishment and to assist them during their early, formative years when adequate financing is a crucial problem.

The bill therefore authorizes Federal grants to be made by the Housing Administrator to metropolitan or regional organizations of local governmental representatives to assist them in working out mutually acceptable solutions to common problems affecting multi-jurisdictional urban areas.

This assistance would complement, and in some cases anticipate comprehensive metropolitan planning now eligible for assistance under the section 701 urban planning grant program.

The grants could cover up to two-thirds of the cost of a broad range of activities including, but not limited to, studies of legal, governmental, and administrative problems affecting the cooperating jurisdictions, the development of uniform coordinated regulatory measures, the development of interjurisdictional agreements and arrangements for jointly providing public services, and the development of programs, on a unified metropolitan basis where necessary, for providing and operating facilities proposed in comprehensive metropolitan plans. However, the main objective would be to foster metropolitan cooperation on a broad front, rather than being limited to comprehensive planning authorized by other parts of section 701 of the Housing Act of 1954. Hence, financial assistance would not be restricted to those urban areas that had developed a comprehensive plan or were carrying out a comprehensive metropolitan planning program.

Administrative procedures should be established: (1) to assure coordination of comprehensive planning activities carried out by a separate metropolitan or regional planning agency with those activities of the same metropolitan or urban area's organization of governmental officials supported by grants made under this new provision;

and (2) to avoid duplication of planning activities financed under the section 701 urban planning grant program.

The administrative criteria governing eligibility for a grant under these provisions that should be directed at permitting a diversity of organizational structure and composition. However, it is the intent of this provision that the grants would be made only to organizations consisting of representatives of the general governmental authority of the participating jurisdictions, rather than to organizations of representatives of limited functional activities. Although the grants would be made to the eligible organization, it might, as is customary with the existing section 701 urban planning program, carry out the proposed work either with its own staff or by contracting with private consultants or operating or functional agencies such as park departments, sewer and water commissions, or organizations of administrative officials.

AUTHORIZATION FOR FEDERAL-STATE TRAINING PROGRAMS

Section 1002 of the bill would increase the amount authorized to be appropriated for the Federal-State training program by \$20 million, from \$10 to \$30 million.

Under part 1 of title VIII of the Housing Act of 1964, the Housing Administrator is authorized to make matching grants to States to assist them in developing special training programs for technical and professional people who are, or are likely to be, employed by a governmental or public body which has responsibilities for community development. These matching grants may also be used to support State and local research on housing, public improvement programs, code problems, efficient land use, urban transportation, and similar community development problems.

This program is needed to help local programs become more effective and economical, and to strengthen generally the capabilities of local government. Your committee wishes to express its concern that although the Housing Act of 1964 authorized \$10 million for grants under this program, funds have not yet been appropriated.

AUTHORIZATION FOR PUBLIC WORKS PLANNING ADVANCES

Section 1003 of the bill would increase the amount authorized to be appropriated for public works planning advances by \$50 million, from \$20 million to \$70 million.

Under this program the Housing Administrator advances interest-free funds to States, municipalities, and other public agencies to help finance the cost of planning various public works and facilities. These advances become repayable in whole or in part when construction is started.

As of the end of 1964, a total of 3,817 applications for approximately \$92 million have been approved under the program. The estimated cost of the projects aided through these public works planning advances totals \$5.56 billion. As of the same date, 3,360 plans involving Federal advances of \$84 billion have been completed and 1,186 advances for \$31 million have been repaid.

AUTHORIZATION FOR HOUSING FOR THE ELDERLY OR HANDICAPPED

Section 1004 of the bill would increase the amount authorized to be appropriated for the elderly housing and handicapped direct loan program (sec. 202 of the Housing Act of 1959) by \$150 million, from \$350 million to \$500 million.

One of the most urgent needs in the field of housing is the provision of suitable accommodations for our elderly citizens. This older age group is growing more rapidly than the population as a whole and, generally speaking, its incomes are substantially lower. To meet this need the Congress in the Housing Act of 1959 authorized a program of direct low-interest-rate loans to nonprofit corporations to build housing for the elderly. There has been a rapidly growing interest in the program.

AUTHORIZATION FOR LOW-INCOME HOUSING DEMONSTRATION PROGRAMS

Section 1005 of the bill provides an additional \$5 million in authorization for grants under the low-income housing demonstration program authorized by the Housing Act of 1961.

The committee believes that the low-income housing demonstration program has been very beneficial in developing new ideas and ways to meet the housing needs of low-income families. In this connection, the committee was impressed with the experience gained from several low-income demonstration programs being carried out presently. The committee feels that the low-income demonstration program should be continued in order that new ideas and methods for housing individuals and families of low income might be developed and tried out.

ADVISORY COMMITTEES, TECHNICAL PROVISION

Section 1006 of the bill would delete an obsolete provision from section 601 of the Housing Act of 1949. The provision deleted exempts a member of an advisory committee appointed by the Housing and Home Finance Administrator or the heads of any of the constituents of the Housing Agency from certain cited conflict of interest laws. This provision was made obsolete and no longer necessary by section 2 of Public Law 87-849. That law enacted new provisions which accomplish the same purpose.

PUBLIC FACILITY LOANS

Section 1007 of the bill would permit the Administrator to make loans under the public facility loans program to private nonprofit corporations to finance the construction of works for the storage, treatment, purification, or distribution of water, sewage, sewage treatment, and sewer facilities needed to serve small communities and rural areas (with a population of less than 10,000) if he determines no existing public body is able to construct and operate such facilities.

In general, under the existing public facility loan program (title II of the Housing Amendments of 1955), loans can only be made to "municipalities and other political subdivisions and instrumentalities of one or more States * * *" to finance certain types of public works or facilities, including basic water and sewage facilities. The com-

mittee has been advised that there are many smaller communities and rural areas where there is no existing public body which is able to construct and operate such facilities. The committee was further advised that these areas are suffering from an acute shortage of water. Sources of water in many communities, as well as private wells, have gone dry or have become contaminated. In some instances, potable water must be obtained from distant sources. Similarly, septic tanks are no longer functioning in some areas and the discharge of sewage is causing a health hazard to the people of these small communities and rural areas.

The committee has been told that there are (or could be created), in some of these areas, private nonprofit organizations that are able to construct and operate water and sewage systems for the benefit of the smaller communities and rural areas needing such systems, but that these organizations have difficulty in financing such undertakings. The committee has therefore included a provision in the bill to make such organizations eligible to obtain financial assistance under the public facility loan program.

This section would also make certain federally impacted areas in which there is located a research or development installation of the National Aeronautics and Space Administration eligible for a loan under the public facility loan program, regardless of the population of that area. Present law permits such communities having a population of up to 150,000 to participate in the public facility loan program, if such communities are impacted because of NASA activities.

Because of stepped-up activity in space exploration, there has been a great influx of scientists, technicians, and other highly skilled personnel connected with research and development activities of space programs into communities in which there located a research or development installation of the National Aeronautics and Space Administration. In addition, industries related to space research, development, and exploration have moved into these communities. This influx has overburdened existing public works and facilities and the population "sprawl" and "explosion" have far exceeded the ability of these communities to keep up with and to finance the necessary public works and facilities to care for the needs of the people. In order to help these communities, the committee has included a provision in this bill that would eliminate the hardship being caused on such communities to obtain assistance under the public facility loan program.

LEASE GUARANTEES FOR CERTAIN SMALL BUSINESS CONCERNS

Section 1008 of the bill would add a new title IV to the Small Business Investment Act to establish a new program of lease guarantees for certain small business concerns. The Small Business Administration would be authorized, under this program, to assist small business concerns which have been displaced by Federal or federally assisted construction projects, or which are eligible for assistance under title IV of the Economic Opportunity Act of 1964, by guaranteeing the payment of rentals under leases of commercial and industrial property entered into by such concerns.

The Administration would be authorized to issue such guarantees directly or in participation with private surety companies or other qualified companies; but the bill expressly provides that no direct

guarantees could be made except upon a showing that comparable guarantees at reasonable rates were not available from private sources, and no guarantee could be made unless there existed reasonable expectation that the small business concern aided thereby would not default on its lease.

The Administration would be directed to fix a uniform annual fee for its share of any guarantee issued. The amount of the fee, to the extent practicable, would be determined in accordance with sound actuarial principles; but in no case could it exceed 2½ percent of the minimum annual guaranteed rental payable under a guaranteed lease. As experience justified, the fee would be lowered. Fees for processing applications would also be authorized.

Various provisions to minimize losses are included in the proposed program. The Administrator of the Small Business Administration would be given discretionary authority to require that a lessee whose lease was guaranteed should deposit into escrow 3 months' advance rental payments. This fund would be utilized to meet rental charges accruing during periods of default, or, if no default occurred, would be applied (with accrued interest) toward final rental payments under the lease. In consideration of this advance rental payment, where required, lessors would be obligated to utilize the entire period for which escrow funds were available in reasonably diligent efforts to release the property on which lease default had occurred, to another qualified tenant, and no claim could be made under the guarantee until this effort had been made. Other loss-minimization provisions could be imposed by the Administrator by regulation.

Functions of the Administrator and the Administration under the program would be subject to the same powers and conditions as are set forth in section 201 of the Small Business Investment Act and section 5(b) of the Small Business Act.

There would be established in the Small Business Administration, as initial capital for the lease guarantee program, a special revolving fund of \$5 million, with funds therefor transferred from the Administration's general revolving fund, the authorized total of which would be raised in a like amount. Transfers to the special \$5 million lease guarantee fund from the SBA revolving fund would be exempted from the general obligation to pay interest to the Treasury made applicable to other outstanding cash disbursements from the revolving fund by the final sentence of section 4(c) of the Small Business Act. The lease guarantee fund would also be excepted from the \$341 million ceiling on outstanding transfers from the SBA revolving fund for exercise of the functions of the Small Business Investment Act. In addition, subsection (b) of this section would amend section 201 of the Small Business Act to exempt operations of the SBA under title IV, the lease guarantee program, and also the State and local development company program established under title V of the Small Business Investment Act, from the requirement that all programs under that act be conducted by the Deputy Administrator for Investment.

The Senate Select Committee on Small Business held hearings in 1959 and 1961 on the extreme difficulties experienced by many small business concerns in obtaining leases of prime commercial and industrial locations, in competition with larger concerns having higher credit ratings. In a report issued in 1962 (S. Rept. 1532, 87th Cong., 2d sess.), the Small Business Committee strongly recommended establishment of a lease guarantee program in SBA, and a bill to

implement that recommendation was introduced (S. 3345, 87th Cong., 2d sess.). Section 1008 of the present bill is patterned on the 1962 bill, except that the initial capital of the program has been reduced from \$50 million to \$5 million and eligibility for lease guarantees thereunder has been limited to small business concerns displaced by Federal or federally aided urban renewal, highway, or other construction projects and those eligible for assistance under title IV of the Economic Opportunity Act of 1964, rather than all qualifying small business concerns, as originally proposed.

In its 14th annual report (S. Rept. 1180, 88th Cong., 2d sess., p. 93), the Senate Small Business Committee conceded that the evidence was conflicting as to need and demand for a lease guarantee program applicable to small business concerns generally. Accordingly, the committee believes that a pilot program, limited to those classes of small business covered by this bill, will not only make such benefits immediately available to those in most urgent need of assistance in obtaining improved facilities, but will afford opportunity for evaluation of the feasibility and effectiveness of such aid, at modest cost and on a small scale. If the theories of the original proponents are borne out in practice, the program will be self-supporting and may well be taken over eventually by private enterprise.

FHA CONFORMING AMENDMENTS

Section 1009 of the bill would amend various sections of the National Housing Act to make their provisions conform to the provisions in title II of this bill with respect to the consolidation of FHA insurance funds.

REPEAL OF SPECIAL PROVISION IN URBAN MASS TRANSPORTATION ACT

Section 1010 of the bill would repeal a provision in the Urban Mass Transportation Act of 1964 which requires that contractors, in providing facilities or equipment financed with loan or grant assistance under the act, "shall use only such manufactured articles as have been manufactured in the United States."

There is no other Federal matching grant program which contains such a requirement. Even the Buy-American Act, which is in general limited to direct Federal procurement, permits use of foreign materials if comparable domestic materials are not available or are available only at an unreasonable price differential.

The President, in approving the Urban Mass Transportation Act, expressed hope that this provision would be repealed and said that it is incompatible with the trade policy this Nation is pursuing under the Trade Expansion Act. The committee heard testimony from State Department officials that the provision could damage our foreign trade relations out of all proportion to the small volume of materials it might protect.

REDEVELOPMENT AREAS—TECHNICAL PROVISION

Section 1011 amends section 103(a)(2)(B) of the Housing Act of 1949 and section 701(b) of the Housing Act of 1954 in order to make a technical amendment to these two acts.

FEDERAL RESERVE ACT

Section 1012 amends section 24 of the Federal Reserve Act which authorizes national banks to make real estate loans—loans secured by first liens on improved real estate—under certain conditions specified in that section.

Under the present law a national bank may purchase an existing obligation secured by a real estate loan if it purchases the entire obligation but the wording governing purchase of participations requires further clarification. The first amendment would remove any doubt as to the authority of national banks to purchase participations in existing real estate loans.

This section also amends such act to authorize construction loans up to 30 months in length as an exception to the limitations on real estate loans. Under the present law such construction loans may not exceed 18 months.

SAVINGS AND LOAN ASSOCIATIONS

Section 1013 of this bill would authorize Federal savings and loan associations to make mortgage loans secured by fraternity or sorority houses, or college dormitories, outside of the 20-percent limitation.

The committee believes that this additional lending authority by Federal savings and loan associations will encourage more financial support for the construction of college housing and related facilities.

Section 1013 of the bill would also add a new provision to title IV of the National Housing Act, under which the Federal Savings and Loan Insurance Corporation was created. This would give the Federal Home Loan Bank Board standby authority to require insured savings and loan associations to make deposits up to 1 percent of their savings in the Federal Savings and Loan Insurance Corporation. These deposits would receive a return equal to the rate of return on the Corporation's investments in obligations of or guaranteed by the Government, and they might be repaid by the Corporation in whole or in part at its choice.

This provision follows section 2 of S. 2081, introduced by Senator Robertson, at the request of the Federal Home Loan Bank Board. Letters supporting this bill, and particularly endorsing section 2, were received from the U.S. Savings and Loan League and the National League of Insured Savings and Loan Associations and are printed below:

UNITED STATES SAVINGS & LOAN LEAGUE,
Washington, D.C., June 15, 1965.

Hon. A. WILLIS ROBERTSON,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: The United States Savings & Loan League would like to go on record in support of S. 2081, which you introduced by request.

There has been a substantial increase—especially in the past 15 years—in the insured deposits and savings in the institutions which the FDIC and the FSLIC insure. This increase suggests that Congress in this session might give serious consideration to the statutory arrangements by which these corporations would have additional access to funds in emergencies. S. 2081 would approach this objective in two ways.

In section 1, it would increase the power of the FDIC to borrow from the U.S. Treasury from \$3 billion to \$4 billion and the authority of the FSLIC to borrow from the Treasury of \$750 million to \$2 billion. Such an increase merely updates the ratio of this borrowing authority to the outstanding obligations in institutions insured by the corporations.

The second approach, which is confined to the FSLIC but which the league believes to be equally important, would give the insured savings and loan associations themselves an opportunity to provide emergency funds to their insurance corporation. Under section 2 of the bill, it is provided that the Federal Savings and Loan Insurance Corporation could require of the associations which it insures cash deposits up to 1 percent of each institution's savings accounts. This section, if used to the maximum, would add approximately \$1 billion of liquidity to the Insurance Corporation. It would, in effect, place this \$1 billion ahead of any borrowings from the Federal Government, because it is assumed that such a right would be exercised by the Corporation before it made any call on the Treasury's borrowing authority. This approach is in line with the longstanding position of the savings and loan associations that insofar as possible they should pay their own way in their Insurance Corporation.

If the Senate Banking and Currency Committee has reservations at this time about increasing the Treasury borrowing authority of the two insurance corporations as provided in the first section of S. 2081, the second section might still be enacted on its own. The league would support a decision of the Banking Committee to make section 2 of S. 2081 part of the pending Housing and Urban Development Act of 1965. The original FSLIC statute was enacted as part of the National Housing Act and is still included in title IV of that act. An amendment relating to the Corporation could thus appropriately, it seems, go into the Housing Act this year. If enacted, this would give the Federal Savings and Loan Insurance Corporation ample liquidity for any unusual demands in the foreseeable future.

Sincerely,

C. R. MITCHELL,
Legislative Committee Chairman.

NATIONAL LEAGUE OF INSURED SAVINGS ASSOCIATION,
Washington, D.C., June 16, 1965.

HON. A. WILLIS ROBERTSON,
Chairman, Committee on Banking and Currency,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: The National League of Insured Savings Associations endorses the objectives of S. 2081, a bill designed to update and improve the liquidity position of the Federal Savings and Loan Insurance Corporation.

Section 1 of the bill would increase from \$750 million to \$2 billion the authority of the FSLIC to borrow funds from the Treasury Department. This so-called emergency line of credit to the Treasury has never been used in the 30-year history of the Corporation, and it is doubtful that the time would ever come when such a call would be necessary due to numerous safeguards written into the Nation's savings and loan system.

Among these safeguards are the reserves of FSLIC member associations which now exceed \$7.6 billion and are accumulating at an annual rate of \$700 million. In addition, the primary and secondary reserves of the FSLIC total more than \$1.3 billion—which represents a doubling in the Corporation's loss reserves during the past 4 years.

The league believes that the FSLIC should rely primarily upon the industry in the unlikely event that the Corporation would require additional liquidity. However, if the administration and the Congress believe an increase in the line of credit to the Treasury for the FSLIC and the Federal Deposit Insurance Corporation is appropriate, the league would register no objection.

Section 2 of the bill would grant the FSLIC standby power to call upon insured associations for deposits not exceeding 1 percent of their aggregate obligations on withdrawable or repurchasable shares, investment certificates, and deposits. The league endorses this provision.

The record of the Insurance Corporation in helping to protect the savings of the people is unmatched in modern financial history. It is our belief that provision for the proposed 1-percent call for deposits would further strengthen the Corporation and inspire still greater confidence in the savings and loan system of the Nation.

The league believes firmly that the industry should continue its historic practice of underwriting the cost of the Federal Home Loan Bank Board and the Federal Savings and Loan Insurance Corporation and not rely on taxpayer funds for this purpose.

Accordingly, the league would favor enactment of section 2 of the bill.

The league believes that any prospective call on the industry should be handled in such a way as to minimize the impact upon insured associations and the liquidity position of these institutions.

For example, during the construction season, insured institutions are under pressure to provide funds for homebuilding and sales financing. Usually, in this period, the liquidity position of the industry is under pressure as commitments are fulfilled. Thus we would urge the Board to provide adequate notice to the industry prior to making a call for deposits from the industry and take any other steps which would ease the obvious strain upon the industry's liquidity at the time of the call.

It is our understanding that the authority sought by the Board would be in fact exercised only at such time as the Corporation might be required to acquire a substantial volume of mortgage assets and thereby deplete its liquidity. The League hopes that the FSLIC would follow a policy of expediting the orderly liquidation of mortgage assets which accumulate in its portfolio in order to provide additional liquidity and minimize the Corporation's reliance upon the authority provided in S. 2081.

The League wishes to express its appreciation to you and the committee for the opportunity to present these views.

Sincerely yours,

KENNETH G. HEISLER,
Executive Director.

This provision was included in order to make available additional financial resources for the Corporation, within the traditional framework through which the industry has financed the Federal Home Loan Bank Board and the Federal Savings and Loan Insurance Corporation by premiums and assessments on insured institutions, and has built up a reserve fund which now amounts to more than \$1.3 billion.

The new provision would provide additional liquidity for the Corporation; it would give standby authority for use if the Insurance Corporation's liquidity falls below a reasonable level. In this connection, the committee noted the distinction between shortrun pressures on liquidity, which this proposal is designed to meet, and adequacy of the reserve fund to bear ultimate losses, as to which the committee discerned no problem. It is believed that there would ordinarily be no need to require any deposits as long as the Corporation's resources in the form of cash and Government obligations are not below 1 percent of insured liabilities.

The committee intends that calls for deposits would be made only when and to the extent needed to provide liquidity for the Corporation. The committee expects that the Board will give reasonable notice of payment of calls to insured institutions, and hopes that the Board will not ordinarily find it necessary to call for deposits in increments greater than one-fourth of 1 percent in 90 days. Deposits would, of course, be returned to the member institutions, in whole or in part, as soon as the need for them ends. The committee also expects the Board to take into consideration this new authority to require deposits, and the extent to which it has been exercised from time to time, when determining the overall liquidity regulations of the Board

SECTION-BY-SECTION SUMMARY

Section 1.—Provides that the bill shall be cited as the “Housing and Urban Development Act of 1965.”

TITLE I—SPECIAL PROVISIONS FOR DISADVANTAGED PERSONS

Financial assistance to enable certain private housing to be available for lower income families who are elderly, handicapped, displaced, victims of a natural disaster, or occupants of substandard housing

Section 101. Authorizes the Housing and Home Finance Administrator to make rent supplement payments to help make housing available to individuals and families who are elderly, handicapped, displaced, victims of a natural disaster, or occupants of substandard housing and who have incomes that do not exceed the maximum amount that can be established for occupancy in public housing under the Federal public housing law.

The annual rent supplement payment for any dwelling unit cannot exceed the amount by which the fair market rental for the unit exceeds one-fourth of the tenant's income.

The housing owner can be a private nonprofit or limited dividend corporation or organization, or a cooperative housing corporation who is a mortgagor of housing financed with market interest rate mortgages under the FHA section 221(d)(3) mortgage insurance program. Annual rent supplements can be paid over periods of up to 40 years.

The aggregate amount of the payments that can be contracted for is limited to amounts prescribed in annual appropriation acts but could not exceed \$50 million a year prior to July 1, 1966. The \$50 million limit is increased by \$50 million a year on July 1 in each of the years 1966, 1967, and 1968.

An experimental program of rent supplements is permitted for housing financed with below market interest rates. This includes the FHA section 221(d)(3) below market housing, and housing for the elderly financed under the direct loan program. Another provision of the bill reduces the interest rate to 3 percent on the housing for the elderly loans and the (d)(3) below market mortgages. The experimental program will also be available for FHA section 231 mortgage insurance housing if the mortgage is endorsed for insurance after the date of enactment of the bill.

Under the experimental program not more than 20 percent of the dwelling units in the project can be eligible for rent supplements. Also, not more than 10 percent of the amounts approved in annual appropriation acts for rent supplement payments can be utilized for rent supplements in the below market projects.

The Administrator will provide for certification to the housing owners of eligibility of the tenants. The incomes of the occupants (except the elderly tenants) will be reexamined at least every 2 years.

Tenants may receive rent supplements where they occupy units under leases with an option to purchase their dwelling unit.

The workable program for community improvement requirement for FHA section 221(d)(3) mortgage insurance does not apply in the case of housing to be used under the rent supplement program unless the program was already required and in effect in the community.

On or before January 1, 1968, the Administrator is required to submit a report to the Congress on the rent supplement program, together with his recommendations with respect to the program.

Extension of FHA section 221 programs; modification of interest rate

Section 102(a).—Amends section 221(f) of the National Housing Act to continue for 4 years (from September 30, 1965, to October 1, 1969) the authority of FHA to insure mortgages under its section 221 programs of housing for lower income families. This includes extension of the (d)(3) below market rental housing and the (d)(2) low downpayment sales housing programs.

Subsection (b) amends section 221(d)(5) of the act to place an interest rate ceiling of 3 percent (or the rate derived under the existing formula, if lower) on mortgages which may be insured by FHA under the section 221(d)(3) below market interest rate program. (The rate is now $3\frac{7}{8}$ percent and is expected to rise to 4 percent or higher on June 30, 1965.

Rehabilitation grants to homeowners in urban renewal areas

Section 103.—Adds a new section 115 to the Housing Act of 1949 to authorize the limited use of urban renewal capital grant funds for rehabilitation grants to certain homeowners in urban renewal areas whose income does not exceed \$3,000 a year. Such grants may be in an amount up to the lesser of \$1,500 or the cost of the repairs. If the income exceeds \$3,000 a year, grant cannot exceed that portion of cost of repairs which can be paid for with a loan which could be amortized, along with the borrower's other monthly housing expense, with 25 percent of his monthly income.

Existing contracts for Federal assistance to urban renewal can be amended to provide for these rehabilitation grants.

Parity of treatment for the handicapped and elderly in public housing

Section 104.—Amends section 2(2) of the United States Housing Act of 1937 to establish parity of treatment between the handicapped and elderly in low-rent public housing. It increases by \$1,000 (\$500 in the case of Alaska) the maximum room cost limits applicable to public housing designed specifically for the handicapped; authorizes a special contribution of up to \$120 per unit per year to dwelling units occupied by the handicapped; and exempts the handicapped from the requirement that there be a 20-percent gap between the upper rental limits for admission to a proposed low-rent housing project and the lowest rents at which private enterprise is providing a substantial supply of standard housing.

Modification of interest rate on loans to provide housing for elderly or handicapped

Section 105.—Amends section 202(a)(3) of the Housing Act of 1959 to fix the ceiling on interest rates of loans made under the elderly and handicapped direct loan program at a maximum of 3 percent. (By cross-reference in existing law, also fixes 3 percent maximum on rural elderly housing direct loan program; sec. 515, Housing Act of 1949).

Relocation payments under the Urban Mass Transportation Act of 1964

Section 106.—Amends section 7(b) of the Mass Transportation Act of 1964 to make the payments to individuals, families, business concerns, and nonprofit organizations displaced by federally aided urban mass transportation projects after March 4, 1965, the same as those provided under the urban renewal and low-rent public housing programs.

Mortgage relief for homeowners who are unemployed as the result of the closing of a Federal installation

Section 107.—Authorizes FHA and VA to pay for not more than 1 year the principal and interest payments on FHA or VA mortgages where the mortgagors are unemployed as a result of the closing of a Federal installation and such action is the only means whereby a foreclosure can be avoided. The mortgagor must be the occupant of the housing, and he must agree to reimburse the FHA or VA for the payments made by them.

Acquisition of certain properties situated at or near military bases which have been ordered to be closed

Section 108.—Authorizes the Secretary of Defense to acquire one- or two-family dwellings situated at or near a military base or installation which is closed or partially closed after November 1, 1964, if he determines that there is no present market for the sale of the property upon reasonable terms and conditions and that the owner's employment at the base or installation is terminated by its closing.

The purchase price shall be equal to the average price at which similar properties in the locality were sold prior to announcement of the closing of the base or installation.

The properties acquired shall be transferred to the Federal Housing Commissioner for disposal. Any net receipts remaining after disposal shall be covered into the U.S. Treasury as miscellaneous receipts.

Appropriations are authorized to carry out the provisions of this section and any sums appropriated shall remain available until expended.

TITLE II—FHA INSURANCE OPERATIONS

Land development

Section 201(a).—Adds to the National Housing Act a new title X to authorize a new program of FHA mortgage insurance for land improvement and site development for subdivisions.

FHA would be authorized to insure mortgages to finance the acquisition of land and the installation of improvements such as water and sewer lines, streets, curbs, sidewalks, and storm drainage facilities.

Commissioner would be directed to adopt appropriate requirements to encourage the maintenance of a diversified local home-building industry, broad participation by builders, and a proper balance of housing for low- and moderate-income families.

The maximum mortgage for a single land insurance undertaking could not exceed \$10 million. The mortgage maximum would be limited to 50 percent of the Commissioner's estimate of the value of the land before development plus 90 percent of his estimate of the cost of such development, subject to an overall ceiling of 75 percent of the value upon completion.

The maximum maturity of the mortgage would be limited to 7 years, or such longer maturity as the Commissioner deems reasonable in the case of a privately owned system for water or sewerage. The Commissioner is authorized to prescribe maximum interest rates and the premium charges.

To be eligible, the mortgage would have to represent a good mortgage insurance risk in the Commissioner's estimation, and the development would have to be consistent with sound land use patterns and consistent with comprehensive planning being carried on for the area in which the land is situated. It would also have to be served by such shopping, school, recreational, transportation, and other facilities as the Commissioner deems adequate or necessary.

Cost certification would be required to assure that the amount of the mortgage loan outstanding at reasonable intervals during construction does not exceed the maximum loan ratios described above.

No mortgage could be insured under the new program after October 1, 1969, except pursuant to a commitment to insure issued before that date.

(b) Amends various provisions of existing law to make land development mortgages insured under the new title X eligible for FNMA's regular secondary market program and for investments by national banks and Federal savings and loan associations.

Extension of insurance authorizations

Section 202.—Amends sections 2(a), 217, 809(f) and 810(k) of the National Housing Act to continue for 4 years (until October 1, 1969) FHA's authority to insure property improvement loans under the title I program and to insure housing loans and mortgages under all of its programs except the section 221 program which is continued by section 102 of the bill.

Downpayment requirement in case of low-income housing demonstration homes

Section 203.—Amends section 203(b)(9) of the National Housing Act to permit the downpayment on the purchase of a home financed with a mortgage insured by FHA under the regular section 203(b) home mortgage insurance program to be made by someone other than the mortgagor in the case of a home being purchased under the low-income housing demonstration program assisted pursuant to section 207 of the Housing Act of 1961.

Multifamily mortgage limits for four or more bedroom units

Section 204.—Amends sections 207, 213, 220, 221, 231, and 234 of the National Housing Act to increase the dollar limitation on the amount of an insurable mortgage in the case of dwelling units having four or more bedrooms. The amount of the increase would range from \$2,250 to \$2,500 per family unit. No change would be made in the existing limits for dwelling units having less than four bedrooms.

Rehabilitation in urban renewal areas

Section 205.—Amends section 220 of the National Housing Act (FHA's urban renewal housing program) to increase the maximum amount of an insurable mortgage in a case where the mortgagor is not the occupant of the property but intends to hold it for rental purposes from 85 percent of the amount which an owner-occupant

could receive to 93 percent of such amount. The existing 85-percent limit would continue to apply where the nonoccupant mortgagor intends to hold the property for sale rather than rental. Where refinancing is involved, existing indebtedness for improvement of the property could be included in the computation of the mortgage amount whether or not the indebtedness is secured by a mortgage against the property.

Nondwelling facilities for urban renewal housing

Section 206.—Amends section 220 of the National Housing Act (FHA's urban renewal housing program) to permit more nondwelling facilities to be included in a rental housing project financed with a mortgage insured under the section 220 program.

Under the amendment the project could include such nondwelling facilities as the Commissioner deems desirable and consistent with the urban renewal plan. However, the project must be predominantly residential and the Commissioner must find that any nondwelling facility included in the project is essential to the economic feasibility of the project, and that its financing will not result in a disadvantage to other business enterprises in the vicinity of the project.

Larger insured mortgages for servicemen

Section 207.—Amends section 222 of the National Housing Act (the FHA mortgage insurance program for servicemen) to increase from \$20,000 to \$30,000 the maximum amount of a mortgage which can be insured by FHA under that program.

The downpayment required would be 5 percent of the first \$20,000 of the appraised value of the property (or the amount required under the regular sec. 203(b) home mortgage program, whichever is lesser), and 15 percent of the value in excess of \$20,000.

Refinancing of insured mortgages

Section 208.—Amends section 223 of the National Housing Act to give FHA the authority to insure mortgages executed for the purpose of refinancing existing mortgages insured under any of FHA's programs. This authority is now available only for mortgages insured under sections 220, 221, 903, 908, and (in certain cases) 608.

Consolidation of FHA insurance funds

Section 209.—Adds a new section 519 to title V of the National Housing Act to provide for the consolidation into a single general insurance fund of all of FHA's existing insurance funds except the mutual mortgage insurance fund, which would continue without change in its present coverage of section 203 mortgages (although sec. 203(k) home improvement loans would be transferred to the new fund).

Optional cash payment of insurance benefits

Section 210.—Adds a new section 520 to title V of the National Housing Act to authorize the FHA Commissioner in his discretion to pay either in cash or in debentures any insurance claim filed by a mortgagee under any of FHA's programs after the enactment of the bill. (Under existing law payment must be in debentures, except in the case of mortgages insured under secs. 220, 221, and 233 after the enactment of the 1961 Housing Act and loans insured under sec. 203(k) after the enactment of the 1964 act.)

Any such cash payment would be in an amount equivalent to the face amount of the debentures which would otherwise be issued plus the interest such debentures would have earned.

Approval of technically suitable materials

Section 211.—Adds a new section 521 to title V of the National Housing Act to require the FHA Commissioner to adopt a uniform procedure for the acceptance of materials and products to be used in housing approved for mortgages or loans insured by the FHA. Under the procedure any material or product which is technically suitable for the use proposed shall be accepted.

Water and sewer facilities in connection with certain federally assisted housing

Section 212(a).—Adds a new section 522 to the National Housing Act to prohibit the insurance of any mortgage which covers new construction (except pursuant to a commitment to insure made prior to the date of enactment of the bill) if the housing is not served by a public or adequate community water and sewerage system unless (1) the property is served by a system approved by the Federal Housing Commissioner under the new mortgage insurance program for land development authorized by the bill, or (2) the property is situated in an area certified by appropriate local officials to be an area where the establishment of public or adequate community water and sewerage systems is not economically feasible.

(b) Adds similar provisions to title 38 of the United States Code to be applicable to housing loans under the veterans' housing program administered by the Veterans' Administration.

Property improvement program under title I

Section 213(a).—Amends section 2(b) of the National Housing Act to increase the limit on the amount of a property improvement loan that can be insured by the FHA under its title I property improvement program from \$3,500 to \$5,000, and to permit the loans to have a maturity of up to 7 years rather than the present 5 years.

(b) Subjects a lender purchasing FHA title I property improvement loans from a dealer or contractor to the same defenses against payment which might be asserted against the dealer or contractor. Presently, the lender may take as a holder in due course.

TITLE III—URBAN RENEWAL

General neighborhood renewal plans

Section 301.—Amends section 102(d) of the Housing Act of 1949 to permit a general neighborhood renewal plan to cover adjoining areas having specially related problems as well as the urban renewal area itself, thereby eliminating the present requirement that the whole area covered by a general neighborhood renewal plan be an urban renewal area, and authorizes such a plan even though the area involved includes subareas which are not themselves so blighted or deteriorated as to require urban renewal treatment.

Increase in authorization for capital grants

Section 302.—Amends section 103(b) of the Housing Act of 1949 to increase the urban capital grant authorization by \$2.9 billion in the following manner: \$675 million on enactment, by \$725 million on July

1, 1966, and by \$750 million on July 1 in each of the years 1967 and 1968.

The Housing Administrator is also directed to undertake a study of the existing urban renewal program with a view to making recommendations for strengthening the program, or for establishing a new or alternative program.

Increase in nonresidential exception

Section 303.—Amends section 110(c) of the Housing Act of 1949 to increase the limit on nonresidential capital grant authority by permitting, after the date of enactment of the bill, up to 40 percent of the amount of grants authorized by the bill to be available for projects in areas which are predominantly nonresidential both before and after renewal. Under present law 30 percent of the aggregate amount of grants authorized after the Housing Act of 1959 can be used for non-residential projects.

Relocation payments

Section 304.—Amends section 114(b)(2) of the Housing Act of 1949 to increase the relocation adjustment payment for small businesses displaced by urban renewal or public housing activities from \$1,500 to \$2,500.

Demolition of unsafe structures and code enforcement

Section 305(a).—Adds a new section 116 to the Housing Act of 1949 to authorize the Housing Administrator to make grants to cities, other municipalities, and counties to assist in financing the cost of demolishing structures which have been determined to be structurally unsound or unfit for human habitation. The amount of the grant cannot exceed two-thirds of the cost of the demolition.

The section also adds a new section 117 to the Housing Act of 1949 to authorize the Housing Administrator to make grants to cities, other municipalities, and counties to assist them in carrying out programs of concentrated code enforcement in deteriorating areas in which the code enforcement, together with public improvements to be provided by the locality, may be expected to arrest the decline of the area. The grants cannot exceed two-thirds (or three-fourths in the case of a city or county having a population of 50,000 or less) of the cost of carrying out a code enforcement program over and above its normal code enforcement program.

(b) Amends section 110(c) of such act to remove existing provisions relating to code enforcement which are inconsistent with the provisions of the bill.

(c) and (d) Amends section 220 of the National Housing Act to make FHA-insured housing mortgages and home improvement loans insured under that section available for the code enforcement areas assisted under the bill.

(e) Amends section 312(a) of the Housing Act of 1964 to permit the low interest rate rehabilitation loans authorized by that section to be made for property located in the code enforcement areas assisted under this section of the bill.

Eligibility of certain local grants-in-aid

Section 306.—Makes certain local expenditures available as local grants-in-aid to urban renewal in the cities of Jasper, Ala., Joliet, Ill., Johnson City, Tenn., New Brunswick, N.J., and St. Louis, Mo.

Amendment of section 316 of the Housing Act of 1954

Section 307.—Amends section 316 of the Housing Act of 1954 to clarify the authority of the Redevelopment Land Agency of the District of Columbia to undertake urban renewal projects in non-residential areas.

Rehabilitation loans

Section 308(a).—Amends section 312 of the Housing Act of 1964 to provide that a rehabilitation loan can be made under that section if the Housing Administrator finds that the applicant is unable to secure the necessary funds from other sources upon comparable terms rather than reasonable terms as now provided.

(b) Amends section 312 of the 1964 act to make it clear that moneys in the revolving fund for the rehabilitation loan program can be used for the necessary expenses of servicing the loans.

TITLE IV—LOW-RENT PUBLIC HOUSING

Acceptance of local certification of equivalent elimination

Section 401.—Amends section 10(a) of the United States Housing Act of 1937 to permit acceptance of certifications by local governing bodies that they have complied with the equivalent slum housing elimination requirements of that act.

Greater use of existing housing

Section 402.—Amends section 10(c) of the United States Housing Act of 1937 by perfecting the annual contributions formula to permit local housing authorities to make greater use of the existing housing supply through the purchase, purchase and rehabilitation, or lease of units which are available on the local market and suitable for low-rent housing purposes.

Increase in authorization for annual contributions

Section 403.—Amends section 10(e) of the United States Housing Act of 1937 to increase by \$47 million immediately, and by an additional \$47 million in each of the years 1966 through 1968, the existing limit on the aggregate amount of contracts for annual contributions which may be entered into by PHA under the low-rent housing program. This increase would provide an estimated 60,000 additional units of low-rent housing annually over the 4-year period, to be available both for conventional low-rent housing projects and for the new approaches to low-rent housing contained in the bill.

Reallocation of units

Section 404.—Amends section 10(e) of the United States Housing Act of 1937 to provide that, subject to any contractual obligation outstanding on the date of enactment of the bill, any low-rent public housing units not under construction within 5 years from the date they were reserved to a public housing agency may be reallocated and placed under contract for annual contributions in any State without limitation as to the aggregate amount of units which may be placed under contract in any one State.

Sale of federally owned projects to private purchasers

Section 405.—Amends section 12(c) of the United States Housing Act of 1937 to permit sale of a federally owned public housing project to a nonprofit organization for continued use as low-rent housing.

Increase in per room limitations

Section 406.—Amends section 15 of the United States Housing Act of 1937 to increase the limitations per room on the cost of construction and equipment of low-rent public housing from \$2,000 to \$2,400 for regular units and from \$3,000 to \$3,500 in the case of Alaska or housing designed specifically for the elderly. The per room limit in the case of housing for the elderly in Alaska is also increased from \$3,500 to \$4,000.

Purchase of units by tenants

Section 407.—Amends section 15 of the United States Housing Act of 1937 to permit any member of a tenant family in a low-rent public housing project to purchase a dwelling unit which is detached, semi-detached, or a row house for his occupancy or occupancy by a member or members of his family.

TITLE V—COLLEGE HOUSING

Increase in authorization for college housing loans

Section 501.—Amends section 491(d) of the Housing Act of 1950 to increase the college housing loan authorization by \$110 million upon the enactment of the bill, with further increases of \$285 million on July 1 in each of the years 1966 and 1967, and \$275 million on July 1, 1968. This section would also increase on July 1 in each of the years 1965 through 1968 (1) by \$30 million the ceiling on loans for other educational facilities (such as dining halls, health facilities, and student unions); and (2) by \$15 million the ceiling on loans to hospitals for nurses and intern housing.

Participation by new colleges

Section 502.—Amends section 404 of the Housing Act of 1950 to make it clear that a college housing loan can be made to a new educational institution if such institutions provide satisfactory assurance to the Housing Administrator that it will offer a baccalaureate degree within a reasonable time after completion of the facilities for which the loan is requested.

TITLE VI—GRANTS FOR BASIC PUBLIC WORKS, NEIGHBORHOOD FACILITIES, AND THE ADVANCE ACQUISITION OF LAND

Purpose

Section 601.—States that the purpose of title VI is to assist and encourage the communities of the Nation (1) to construct adequate basic water and sewer facilities needed to promote their efficient and orderly growth and development; (2) to construct neighborhood facilities needed to enable them to carry on programs of necessary social services; and (3) to acquire, in a planned and orderly fashion, land to be utilized in connection with the future construction of public works and facilities.

Grants for basic water and sewer facilities

Section 602. Authorizes the Housing Administrator to make grants (up to 50 percent of the development cost) to local public bodies and agencies to finance basic public water facilities (including works for the storage, treatment, purification, and distribution of water), and basic public sewer facilities (other than "treatment works" as defined

in the Federal Water Pollution Control Act). No grant can be made for any sewer facilities unless the Secretary of Health, Education, and Welfare certifies to the Administrator that any waste material carried by the facilities will be adequately treated before it is discharged into any public waterway.

In the case of a community having a population of less than 10,000 which is in dire need of such facilities because of special prescribed circumstances, the Housing Administrator may increase the amount of a grant for a basic public sewer facility to not more than 90 percent of the development cost of the facility.

Grants for neighborhood facilities

Section 603.—Authorizes the Housing Administrator to make grants of up to two-thirds of the development cost of the project (except grant could be 75 percent of development cost in case of a project located in a redevelopment area under sec. 5 of the Area Redevelopment Act) to local public bodies and agencies (or through them to private nonprofit organizations) to finance specific projects for neighborhood facilities, including neighborhood of community centers, youth centers, health stations, and other public buildings to provide health or recreational or similar social services.

Advance acquisition of land

Section 604.—Authorizes the Housing Administrator to make grants to local public bodies and agencies to assist in financing the acquisition of land to be utilized in connection with the future construction of public works or facilities.

The Administrator may require an applicant for a grant to agree to repay the grant if (1) the land is not utilized within 5 years after the grant agreement is entered into for construction of the public work or facility for which the land was acquired, or (2) the land is diverted to other uses.

General provisions

Section 605.—Confers upon the Administrator the usual functions, powers, and duties, and authorizes him to make advance or progress payments on account of any grant made under this title of the bill.

Definitions

Section 606.—Defines the terms used in the title.

Labor standards

Section 607.—Makes applicable to construction work financed with assistance under sections 602 and 603 the prevailing wage requirements of the Davis-Bacon Act (and the usual time and a half overtime provisions), along with the authority generally available to the Secretary of Labor with respect to the enforcement of the requirements.

Appropriations

Section 608 (a).—Authorizes appropriations for grants for basic public water and sewer facilities not to exceed \$100 million for the fiscal year commencing July 1, 1965, and \$200 million for each fiscal year commencing after June 30, 1966, and ending prior to July 1, 1969.

(b) Authorizes appropriations for each fiscal year commencing after June 30, 1965, and ending prior to July 1, 1969, not to exceed \$50 million for grants for neighborhood facilities, and not to exceed

\$25 million for grants for advance acquisition of land. This section also provides that any amounts appropriated shall remain available until expended, and that any amounts authorized for any fiscal year under the section but not appropriated may be appropriated for any succeeding fiscal year commencing prior to July 1, 1969.

TITLE VII—FEDERAL NATIONAL MORTGAGE ASSOCIATION

Increase in special assistance authority

Section 701(a).—Amends section 305(c) of the National Housing Act to increase by \$1,625 million the amount of special assistance that the President of the United States can authorize the Federal National Mortgage Association to provide for housing and urban development.

(b) Amends section 305(f) of the National Housing Act to increase the President's special assistance authority further by transferring the special assistance authority remaining from a special authorization in that section for FHA title VIII housing for the military, AEC, and NASA, except \$58,750,000 which is required to be reserved for section 809 mortgages.

Purchase of mortgages held by Federal instrumentalities

Section 702.—Amends section 302 of the National Housing Act to authorize FNMA to purchase, service, or sell mortgages covering residential property offered to it by other Federal agencies, and other obligations offered to it by the Housing and Home Finance Agency or by any of that Agency's constituent agencies or units. FNMA is also authorized in its fiduciary capacity to deal in obligations of the Housing Agency which are not first mortgages.

Purchase of below-market interest rate mortgages covering properties located in urban renewal areas

Section 703.—Amends section 302(b) of the National Housing Act to except FHA section 221(d)(3) below-market interest rate mortgages financing housing in urban renewal areas from the \$17,500 per dwelling unit limit imposed by section 302(b) of the National Housing Act on the amount of a mortgage that can be purchased by FNMA under its special assistance operations.

TITLE III—OPEN SPACE LAND AND URBAN BEAUTIFICATION AND IMPROVEMENT

Change in name of program, findings and purpose

Section 801.—Amends title VII of the Housing Act of 1961 to make changes in the name of the existing open space land program so that it will include a reference to "urban beautification and improvement." It also expands the existing statement of congressional findings and purpose.

Development grants for open space uses

Section 802 (a) and (b).—Amends section 702 of the Housing Act of 1961 to permit grants under that section to be used to assist in the development, for open space uses, of land acquired under title VII.

(c) Adds provisions to section 706 of the Housing Act of 1961 which define the term "open space uses" to mean any use of open space land

for (A) park and recreational purposes, (B) conservation of land and other natural resources, or (C) historic or scenic purposes.

Increased grant level for preservation and development of open space land

Section 803.—Amends section 702(a) of the Housing Act of 1961 to permit grants for the acquisition of land and its development for open space uses to be up to 50 percent of the total cost of the acquisition and development. Under existing law, the grant limit is 20 percent, except that grants may be made for up to 30 percent where the applicant exercises open space responsibility for all or a substantial part of the urban area.

Contract authorization

Section 804.—Amends section 702(b) of the Housing Act of 1961 to increase the limit on grants that can be made for open space land and urban beautification and improvement (as authorized by subsequent sections) from \$75 to \$310 million. Grants for the provision of open space land in built-up urban areas would be limited to \$64 million, and grants for urban beautification and improvement would be limited to \$36 million.

Open space planning and program requirements

Section 805.—Amends section 703(a) of the Housing Act of 1961 to require a finding by the Housing Administrator that each grant for the acquisition and development of open space land is needed for carrying out a unified or officially coordinated program, meeting criteria established by the Housing Administrator, for the provision and development of open space land as part of the comprehensively planned development of the urban area. Under existing law the Administrator must find that (1) the proposed use of the land for open space is important to the execution of a comprehensive plan for the urban area, and (2) a program of comprehensive planning is being actively carried on for the urban area.

Grants for provision of open-space land in built-up urban areas and for urban beautification and improvement

Section 806.—Adds new sections 705 and 706 to the Housing Act of 1961. The new section 705 authorizes grants to States and local public bodies to assist in financing the acquisition of developed land in built-up portions of urban areas to be cleared and used as permanent open-space land. The grants cannot exceed 50 percent of the cost of acquiring the interests in the land and of necessary demolition and removal of improvements, and can be made only where the local governing body determines that adequate open-space land cannot effectively be provided through the use of existing undeveloped or predominantly undeveloped land.

(b) Authorizes financial assistance extended under title VII of the Housing Act of 1961 (all open-space land and urban beautification and improvement assistance) to include grants for relocation payments like those provided under the urban renewal program. They will be available to those displaced after March 4, 1965.

The new section 706 authorizes grants to States and local public bodies to assist in carrying out local programs for the greater use and enjoyment of open-space and other public land in urban areas, including beautification of the land and its improvement for open-space

uses. The local programs must be important to the comprehensively planned development of the locality.

Grants shall not exceed 50 percent of the amount by which the cost of the activities carried on by an applicant during a year under an approved program exceeds its usual expenditures for comparable activities. However, the Housing Administrator may use up to \$5 million for grants covering two-thirds of the cost of activities that have special value in developing and demonstrating new and improved methods and materials for use in carrying out urban beautification and improvement.

Use of funds for studies and publication

Section 807.—Amends section 702 of the Housing Act of 1961 to authorize the Housing Administrator to use not more than \$50,000 of the title VII grant funds to undertake studies of open-space land and urban beautification and improvement problems and activities and to publish information relating thereto.

Conforming amendments

Section 808.—Makes technical amendments in title VII of the Housing Act of 1961 to conform to the new provisions added to that title by this title of the bill.

TITLE IX—RURAL HOUSING

Loans for previously occupied buildings and minimum site acquisition

Section 901.—This section amends section 501 of the Housing Act of 1949 to authorize the Secretary of Agriculture to make loans to farmers and rural residents for the purchase of previously occupied dwellings and related facilities and farm service buildings and for minimum adequate building sites.

Interest rate on direct rural housing loans

Section 902.—This section amends section 502(a) of the Housing Act of 1949 to increase to 5 percent the maximum interest rate on direct loans under section 502, except for loans to elderly persons in accordance with section 501(a)(3) and loans in accordance with sections 503 and 504, which would remain at 4 percent. It would also authorize the Secretary to charge fees on all title V loans.

Insured rural housing loans

Section 903.—Subsection (a) of this section adds to title V of the Housing Act of 1949 two new sections (517 and 518).

The new section 517 would authorize the Secretary of Agriculture to insure loans, and make loans to be sold insured, in accordance with section 502; except that such loans to persons of low or moderate income would bear interest not above 5 percent and be limited to adequate housing modest in size, design, and cost and to an aggregate of \$300 million per year, and such loans to other persons would be made at rates and charges comparable to those in effect under FHA's section 203 program. To assure the marketability of these loans to private investors within the interest ceiling set by this section, it is further provided that the Secretary may enter into repurchase agreements with investors.

The new section 517 would also establish a new rural housing insurance fund to finance insured section 502 loans and to be utilized by the

Secretary for various specified purposes. The new fund would be used in lieu of the agricultural credit insurance fund for section 514 domestic farm labor housing and section 515(b) elderly rental housing loans. Loans made out of the fund and held unsold could not exceed \$100 million at any one time. The Secretary would be authorized to borrow from the Treasury to meet loan insurance obligations and to make other authorized expenditures from the fund.

The new section 518 would establish a rural housing direct loan account, and would transfer to such account all rural housing direct loans made under sections 502, 503, 504, and 515(a) of the 1949 act, all collections therefrom, and any funds available from appropriations or Treasury borrowings for such loans. Amounts transferred to the account and such further amounts as may be appropriated would be available for making loans under the above sections and for making repayments to the Treasury.

Subsection (b) of section 903 of the bill amends section 511 of the Housing Act of 1949 to extend for 4 years (to October 1, 1969) the unused balance (approximately \$101 million) of the existing borrowing authority under section 511, and to remove the existing special reservation of \$50 million exclusively for loans to elderly persons in accordance with section 501(a)(3).

Purchase of rural housing loans by the Federal National Mortgage Association

Section 904.—This section amends title III of the National Housing Act to authorize FNMA to purchase loans insured under the new provisions of title V of the Housing Act of 1949 in its secondary market operations.

Extension of rural housing authorizations

Section 905.—This section amends title V of the Housing Act of 1949 to extend for 4 years (to October 1, 1969) the authority of the Secretary of Agriculture to make section 503 loan contribution commitments, the authority for appropriations to finance assistance under sections 504(a), 504(b), 506, and 516, and the authority of the Secretary to make section 515(b) rental housing loans for elderly persons. It would also increase from \$10 to \$50 million the total amount of appropriations authorized for section 516 assistance to provide low-rent housing for domestic farm labor, and would extend the construction standards and technical services provisions of section 506(a) to operations under the new provisions added to title V by the bill.

Sums excess to the needs of the rural housing insurance for the rural housing direct loan account

Section 906.—This section adds to title V of the Housing Act of 1949 a new section 519, directing the Secretary of Agriculture to pay into miscellaneous receipts of the Treasury any surpluses from the new rural housing insurance fund or the new rural housing direct loan account.

TITLE X—MISCELLANEOUS

Urban planning grants

Section 1001(a).—Amends section 701(b) of the Housing Act of 1954 to increase the limit on appropriations for urban planning grants from \$105 million to \$230 million.

(b) Amends section 701(b) of the Housing Act of 1954 to permit up to 5 percent of funds appropriated for urban planning grants to be used for studies, research, and demonstration projects for the development and improvement of techniques and methods for comprehensive planning and for the advancement of the purposes of the urban planning grant program.

(c) Amends section 701 of the Housing Act of 1954 to authorize the Housing Administrator to make two-thirds grants to organizations composed of elected officials who represent political jurisdictions within a metropolitan area to assist them to undertake studies, collect data, develop regional plans and programs, and engage in other activities desirable for the solution of the metropolitan or regional problems.

Authorization for Federal-State training programs

Section 1002(a).—Amends section 802(d) of the Housing Act of 1964 to increase the limit on appropriations for grants to assist Federal-State training programs from \$10 to \$30 million.

(b) Amends section 803 of the Housing Act of 1964 to provide that the limit per State on grants for Federal-State training programs shall be not more than 10 percent of the total amount appropriated for that purpose rather than 10 percent of the amount authorized to the appropriated as now provided.

Authorization for public works planning advances

Section 1003.—Amends section 702(e) of the Housing Act of 1954 to increase the limit on appropriations for public works planning advances from \$20 million to \$70 million.

Authorization for housing for the elderly or handicapped

Section 1004.—Amends section 202(a)(4) of the Housing Act of 1959 to increase the limit on appropriations for loans for housing for the elderly or handicapped from \$350 million to \$500 million.

Authorization for low-income housing demonstration programs

Section 1005.—Amends section 207 of the Housing Act of 1961 to increase the authorization for grants for low-income housing demonstrations from \$10 million to \$15 million.

Advisory committees—Technical provision

Section 1006.—Deletes an obsolete provision from section 601 of the Housing Act of 1949 relating to advisory committees.

Public facility loans

Section 1007(a).—Adds a provision to section 202(c) of the Housing Amendments of 1955 to authorize the Housing Administrator to make public facility loans to a private nonprofit corporation for the construction of works for the storage, treatment, purification, or distribution of water or the construction of sewage, sewage treatment, and sewer facilities, if the works or facilities are needed to serve a smaller municipality or rural area, and there is no existing public body able to construct and operate the works or facilities.

(b) Amends section 202(c) of the amendments to make a technical change made necessary by amendments of the Area Redevelopment Act.

(c) Amends section 203(c) of the amendments to permit a public facility loan to be made to a community without regard to its population if a research or development installation of the National

Aeronautics and Space Administration is located in or near the community.

Lease guarantees for certain small business concerns

Section 1008.—Adds a new title IV to the Small Business Investment Act of 1958 to authorize the Small Business Administration to guarantee payment of rentals under leases of commercial and industrial property entered into by small business concerns that are (1) eligible for loans under section 7(b)(3) of the Small Business Act or (2) eligible for loans under title IV of the Economic Opportunity Act of 1964.

The guarantee powers shall be exercised to the greatest extent practicable in cooperation with qualified surety or other companies on a participation basis.

A uniform annual fee shall be payable for the Administration's share of any guarantee. The fee shall not exceed 2½ percent per annum of the minimum annual guaranteed rental payable under the guaranteed lease. Fees may also be charged for the processing of applications for guarantees.

A revolving fund is established for carrying out the guarantee program. Initial capital of \$5 million for the fund is transferred from the fund established under section 4(c) of the Small Business Act. All receipts from the guarantee program shall be deposited in the fund. The initial capital shall be returned to its source in such amounts and at such times as the Small Business Administrator determines to be appropriate.

FHA conforming amendments

Section 1009.—Makes conforming amendments in the National Housing Act made necessary by provisions in the bill which consolidate FHA insurance funds into the general insurance fund.

Repeal of special provision in Urban Mass Transportation Act

Section 1010.—Repeals section 9(c) of the Urban Mass Transportation Act of 1964 which requires that contractors, in providing facilities or equipment which have received loan or grant assistance under the act, "shall use only such manufactured articles as have been manufactured in the United States."

Redevelopment areas—Technical provision

Section 1011.—Amends sections 103 of the Housing Act of 1949 and 701 of the Housing Act of 1954 to add references to acts supplementary to the Area Redevelopment Act.

Federal Reserve Act

Section 1012.—Amends section 24 of the Federal Reserve Act to permit national banks to (1) purchase participations in loans secured by real estate and (2) make loans for the construction of industrial or commercial buildings to have maturities up to 30 months (now 18 months).

Savings and loan associations

Section 1013(a).—Amends section 5(c) of the Home Owners Loan Act of 1933 to authorize Federal savings and loan associations to make loans outside of their 20-percent limitation secured by college dormitories or fraternity or sorority houses, or housing for staffs of colleges or hospitals.

(b) Amends section 404 of the National Housing Act to require an association to make deposits in FSLIC up to 1 percent of the association's savings as required by call of the Federal Home Loan Bank Board.

CORDON RULE

In the opinion of the committee, it is necessary to dispense with the requirements of subsection 4 of rule XXIX of the Standing Rules of the Senate in order to expedite the business of the Senate in connection with this report.

INDIVIDUAL VIEWS OF SENATOR ROBERTSON

RENT SUPPLEMENTS

I oppose the proposal to start out on a program which will involve up to \$8 billion over the next 40 years, requiring the Federal Government to pay part of the rent of low-income individuals and families. This is a vast amount of money and, in any event, the principle of the proposal is wrong. It will breed and foster reliance on the Government and discourage private initiative.

PUBLIC HOUSING

I oppose adding 240,000 more units at a rate of 60,000 per year to the already too large Federal low-rent public housing program, duplicating the rent supplement program, which has now been restricted to low-income tenants. At a time when we should be concentrating on economy in Government, it is not consistent with sound fiscal and monetary policy to authorize contract authority in a form of back-door Treasury financing that would require appropriations of up to \$7.5 billion over the next 40 years just to provide for these 60,000 units.

3-PERCENT INTEREST

The bill as reported proposes to set a 3-percent maximum interest rate on direct loans for elderly housing and on below-market rate non-profit or limited dividend sponsored FHA loans, generally called the section 221(d)(3) program. This would be a dangerous precedent and is contrary to the principles of sound banking and fair government.

Government competition to private enterprise is unfair and is getting more unfair with each passing year. The interest rate proposed here is less even than the average Federal Reserve bank discount rate. It is not only unfair to banks and other lending institutions, but, in the long run, the proposal is unfair to the Nation.

I voted against reporting this bill from the committee.

A. WILLIS ROBERTSON.

MINORITY VIEWS OF MR. BENNETT, MR. TOWER, MR. THURMOND, AND MR. HICKENLOOPER

BILLIONS IN NEW SPENDING OBLIGATIONS

New and enlarged urban programs bulging with money and power, designed to step up the pace of creeping federalism, are wrapped in the omnibus package approved by this committee as the Housing and Urban Development Act of 1965.

They are—

An \$8 billion, 40-year contract to experiment with rent-supplementals as a new approach to housing low-income families.

Seven hundred million dollars in 4 years to pay half the cost of extending and enlarging water and sewer facilities to meet the anticipated growth of urban communities to be determined by the crystal ball of the HHFA Administrator.

Fifty million dollars a year to develop neighborhood social and recreational facilities to take care of the population growth anticipated by the HHFA Administrator.

Twenty-five million dollars a year to pay the financing costs of the acquisition of land for public works needs anticipated by the HHFA Administrator to meet the expected growth of the community. The location of the land must also coincide with the Administrator's guess as to which direction the community will expand.

These are additions to existing federally controlled urban assistance programs which are constantly being continued and expanded to the point where any local participation in funds or direction is only token in importance.

ADDITIONAL FUNDS FOR EXISTING PROGRAMS

Some of the existing and expanded programs are—

Two billion and nine hundred million dollars more in 4-year authority for urban renewal capital grants; \$125 more in 4-year authority for urban renewal planning grants; a greater share of urban renewal funds permitted for rebuilding the core of cities and less for homes; agreement to talk soon about a complete revision of the concept of "urban renewal" to involve only the desire of cities to rebuild with no other "qualifications" necessary to obtain Federal funds.

An increase of \$225 million in 4-year, 50-percent grant contract authority to broaden the open-space program in urban areas to include beautification, purchase of land, demolition of buildings, and the relocation of people; a \$50 million increase for 4 years of grants to urban areas for public works planning, and the authority to pay two-thirds of the cost of removing unsafe and unsightly buildings in any part of an urban community under certain conditions.

In every instance of Federal financial participation in urban activities, the HHFA Administrator calls the signals and determines the conditions which must be met before the Federal funds are made available, thus usurping the previously inherent right, duty, and responsibility of the locally elected officials.

RENT SUPPLEMENT AND PUBLIC HOUSING

The new form of the rent supplement program as reported by this committee establishes two systems by which homes are to be provided for low-income groups. Rent supplement is expected to provide 500,000 units. At the same time the bill calls for 240,000 additional units to be used in the "public housing" program. All families which qualify as low-income families will be eligible for either of the programs.

Under the plan for rent supplements, the housing units may be scattered throughout the community, and it is possible that the rental market in some communities might provide better housing for those under the rent supplement program than under the other low-income housing programs.

Of the 240,000 "public housing" units requested, 140,000 will be of the conventional type which will be subject to site selection by authorities in the community. There are another 170,000 units of this type still in the so-called pipeline awaiting some action at the local level.

ASK MORE PUBLIC HOUSING UNITS

The remaining 100,000 units in the bill are to be divided between the purchasing and leasing of existing homes; 15,000 per year for 4 years in the first category and 10,000 per year in the latter. These units will not be subject to site selection at the local level and therefore will be scattered helter-skelter through the community.

In view of the Administration's expression that it has wanted for some time to devise a low-income housing program which would free it from the charge that it has been creating public housing ghettos, the question arises as to how selection of families will be made for the "ghetto type" low-income housing as opposed to the scattered-type, low-income housing. Who will get the rent supplements and who will not? If there is a difference in the standard of housing available under each of these programs, who will get the highest standard?

It seems that such a radical change from the historic "public housing" approach to the problem of low-income housing needs should move more slowly and be more carefully tested than is possible under this bill which would begin immediately to set up contract obligations that could total \$8 billion over 40 years.

It is our hope that if the Senate approves the rent-supplement system as a substitute for "public housing," safeguards will be written into the act whereby new 40-year contracting can be halted at any time in the next 4 years in the event there are indications that the program will not produce the intended results.

RENT SUPPLEMENT DESTROYS INCENTIVE

We opposed the original Administration rent supplement plan for several reasons, one of which was the very fact it did not offer assist-

ance where we felt assistance is most needed—the lower income groups. The Administration sought to pay rent supplements for families above the “public housing” level whose annual incomes, by formula, could be in the neighborhood of \$10,000.

We also opposed the Administration proposal because it would place under Federal obligation and control families whose income levels should inspire incentive rather than Government assistance. It would have created an income class, part of which would have been assisted by the Federal Government in its living standards, and part of which would have made sacrifices and used incentive to improve its living standards.

Even the Administration sponsors of the rent supplement idea question its potential although they ask for \$8 billion to try it. HHFA Administrator Robert C. Weaver, in his testimony before the committee, used the phrase: “If this program works * * *.”

In answering questions raised by Senator Wallace F. Bennett concerning the form of contracts to be signed with landlords Dr. Weaver admitted the contracts must enable the sponsors of the buildings to meet their mortgage obligations over a period of 40 years.

Dr. Weaver said the assurance of sufficient tenants for that length of time would be ascertained by surveys.

SURVEY REPORTS QUESTIONABLE

It seems questionable that in the period of 4 years of contract making provided in this bill a survey could be made that would determine the exact number of eligible families needed 40 years hence to fill the available units under contract.

Dr. Weaver also explained that from 20 to 30 percent of the sponsored units in each project would be placed under rent supplement contracts. The remaining 70 to 80 percent of the units would be nonsupplemented with tenants paying full economic rent. We question whether these projects can succeed with 70 to 80 percent occupancy. Therefore, the entire project is dependent on Federal subsidy for its success.

It is also conceivable that assignment of more eligible tenants to one project than to another in the same areas could hasten failure of the less favored one.

It is quite obvious to us that no matter what income class is to be the beneficiary, such a program is not desirable, is not in keeping with American tradition of inspiring incentive in peoples of all classes, and sets up a Villein tenure for those eligible for such bondage.

URBAN RENEWAL

In 1954 the Congress adopted the program name of “urban renewal” to replace that of “slum clearance” and thereby forecast the total rebuilding of the Nation’s so-called central cities with Federal funds.

The 1965 housing legislation has added a completely new theory, which holds that the Federal Government should assist in paying for increased city services, such as street maintenance, fire and police protection, etc.

An amendment was offered whereby the Federal Government might recapture some of the Federal urban renewal funds from city tax increments that will undoubtedly soar as a result of urban renewal

property improvement. In objecting to this amendment, Housing and Home Finance Agency officials listed a number of reasons, among them:

First, localities are faced with an immense and increasing demand for services. This demand is straining their financial resources—resources largely tied to property taxes.

ORDER STUDY OF TAX PROFITS

However, sufficient interest was expressed by the committee in this plan that it ordered a thorough study be made toward creating a practicable means for recovery of Federal funds from city tax profits on urban renewal projects.

The great tax benefits to the cities are largely due to the removal of low-tax buildings by means of an urban renewal project that provides high-tax evaluation buildings as replacement. It is understandable that high-value central city property cannot be used for housing the families who previously lived there.

We find that each housing bill takes the urban renewal program further away from a means of more housing for low-income groups and more toward the new luxurious central city. The original Urban Renewal Act restricted nondwelling funds to 10 percent of the total. By now, as provided in this bill, the restricted nondwelling funds percentage has risen to 40 percent. Actually, an attempt was made to waive all restrictions, and, while this effort was rejected, it did result in a committee recommendation that a study be made of the feasibility of rewriting the formula in a manner directing more urban renewal funds for use in rebuilding the central cities without regard to additional dwellings.

NEED TO BE CLOSE TO WORK

It is our opinion that the growth of low-income population within cities should be high in any reconsideration of Federal assistance priorities. The trend to open spaces and beautification, both of which are given new and extended priorities in this Housing bill, may be worthy projects if considered alone, but we believe that the need for close-in dwellings for the lower income classes should be kept in mind because many of those families must rely on employment in the core of the cities.

If the land is made too valuable for low-income housing because of urban renewal, as seems to be the case in many cities, then perhaps a portion of the increased local tax benefits might be used by the cities to assist in the transportation costs of the low-income workers between homes on less valuable land and sources of downtown employment, which might be some distance away.

In its consideration of the 1964 housing bill and again this year, the committee has been urged to increase the room-ceiling costs for the building of low-rent housing in the larger cities because of higher land values and higher building costs. At the present time, through statutory authority and administrative interpretation the top limit on per room costs is \$2,750 and the ceiling on unit construction, including land and other preparations, is \$20,000.

Several of the larger cities are using these top building allowance figures and still find it difficult to provide the dwelling units because of the constant rise in land values and building costs. Further in-

creases in the allowance would force the cost levels for low-income tenants in the large cities up to levels only those with normal medium incomes can pay.

PROGRAM TO HELP BACKFIRES

It is at this point a paradox sets in. Urban renewal has been removing undesirable slums and blighted areas from cities while at the same time making the land too valuable for use by the persons who previously had homes or businesses in the renewed areas—and economical only for commercial or industrial uses—or for high-rent apartments. Those who were to have been helped have been forced out.

Congress now is being asked to realize that the central cities can no longer house the poor or the little businesses, and city authorities want to be divorced from the concept of slum clearance as a basis of eligibility for Federal funds.

Next year perhaps we will be asked to approve programs for the development of special suburbs for those formerly living in the central cities and forced out of them by urban renewal.

GRANTS FOR THE FUTURE

The HHFA Administrator will obviously have to resort to his crystal ball to properly administer three grant programs which are new this year to the national housing program. He must determine, for benefit of proper administration, the future growth of communities; the direction of that growth, and the proper location within the communities of neighborhood facilities sufficient to provide for the population growth.

Notwithstanding historical experiences of boom-busts, the most recent occurring in Federal Government installations and procurement areas, the HHFA Administrator is authorized under section 602 of the bill to grant 50 percent of the cost of improving and enlarging basic water and sewer facilities in those communities where he foresees a "significant population growth." He would have \$400 million to give away for this purpose during the next 4 years.

Grants are also available in the bill to assist communities to acquire land in advance for future use for public works. The grants would cover the financing charges for the land.

MUST PREDICT GROWTH DIRECTION

In this instance, the Administrator would approve the site selection for the anticipated public works which would necessitate a prediction as to the direction of the future growth of the community. Private land developers would certainly profit by the Commissioner's decision as to which way the community should grow. For this program the Commissioner will have \$700 million to give away in 4 years.

The signers of this report were able to gain approval for an amendment which would make it necessary for the community to renew its application for Federal assistance if the land has not been used for the intended purpose within 5 years.

The third new grant program for communities would authorize the Administrator to give away \$200 million in 4 years to provide the cities with neighborhood facilities including community centers, youth

centers, health stations, and other social services. Operations costs would be met with local funds, but the Administrator would control the use of the facilities for 20 years.

MAKE ELDERLY CENTERS ELIGIBLE

Signers of this report supported a provision in the report on the bill recommending that local official bodies make centers for elderly eligible for Federal assistance.

We feel these three grant programs further exemplify the tendency of the Federal Government to take over the responsibilities of the cities. It is our opinion that the governing forces in the larger cities are welcoming the Federal control programs as a means of escaping the responsibility of assessing their citizens the taxes necessary to meet the costs of increased services.

OVERLAPPING AUTHORITY

The ever-growing tentacles of Federal authority seem to have become entangled now that the Farmers Home Administration and the Federal Housing Administration are both concerned with insuring rural home mortgages.

We feel that no deserving applicant for Federal home mortgage assistance has been neglected through the crossing paths of the two FHA's, but we believe a more clearly cut line of jurisdiction between the two would be helpful.

At present the Farmers Home Administration, by statute, reaches into rural areas, defined as open country, and small towns up to 2,500 population. At the same time, the Federal Housing Administration has authority to reach any prospective borrower. Commissioner Philip N. Brownstein says the following of the Federal Housing Administration's authority:

It is our continuing responsibility to make FHA-insured mortgage financing available to all eligible borrowers wherever they may reside. * * * FHA has the programs and the procedures to serve all areas.

RESPONSIBILITY NEEDS TO BE DEFINED

We recommend that during the period covered by this bill some effort be made by agency officials and staff members of the Senate Subcommittee on Housing to draft language which will more clearly define the areas of responsibility for the two agencies.

We are pleased to note that the Federal Housing Administration this year urged its approved mortgagees to become more active in the mortgage needs in smaller towns. However, this newly inspired interest in the smaller towns may further the need for a clear definition of authority between the two FHA's.

There appears to be another area of possible overlapping of Federal assistance in the housing bill now before the Senate. There is a provision to grant \$700 million over 4 years toward the payment of 50 percent of the cost of improving, extending, and enlarging basic sewer and water systems.

In the recently approved Public Works and Economic Development Act of 1965 funds are made available for the same purpose. While

the Public Works Act is assumed to be directed toward industrial development, the Committee on Public Works said in its report:

For example, if a community has an inadequate sewage treatment plant it can hardly hope to induce industrial development which would further overload its disposal plant, thus creating a health and welfare problem.

REPORT INDICATES POSSIBLE DUPLICATION

The report further sets out that "water and sewage facilities related to residential development" would be eligible for grants and loan under the bill.

Such an intent expressed in the report would indicate the public works assistance could be obtained without the requirement of urgent or existent industrial need. In that case funds would be available from two sources, the public works bill and the housing bill, with grants of 50 percent of cost in each case, plus a low-interest loan possibility under the public works bill.

The Administration requested in the housing bill that \$100 million per year for 4 years to be authorized for this program, and we believe the \$700 million total for 4 years now in the Housing bill should be reduced to the original request for \$400 million with \$100 million authorized for each year.

SUBSIDIZED INTEREST RATES

We bring to the attention of the Senate a growing tendency to incorporate fixed subsidized interest rates in direct loan programs in the Housing Act, which have been operating without fault or complaint for years with interest rates that are tied to the actual cost of money to the U.S. Treasury.

Two programs in this bill will begin operating on fixed subsidized rates if the bill is enacted into law. They are: Elderly housing under the section 202 program and section 221(d)(3) low-rent housing.

We believe that all direct loan programs should carry interest rates of not less than the interest rates on Treasury bonds of comparable maturity.

Our thinking on this subject coincides with the Administration's reasoning in objecting to subsidized interest rates in this bill. Secretary of the Treasury Henry H. Fowler, in a letter to Senator Bennett on May 18, said:

I am concerned over the implication of those provisions that a flat 3-percent rate should be established on loans under these programs (college housing, elderly housing, and moderate income rental housing). Past experience suggests that rigid rates of this kind for Federal credit programs have perverse and unintended budgetary, program, and economic effects.

We feel it is morally as well as fiscally wrong to loan to selected elements of the population the taxpayers' money at less interest than the Treasury must pay to replace those funds.

WALLACE F. BENNETT.
JOHN G. TOWER.
STROM THURMOND.
BOURKE B. HICKENLOOPER.

INDIVIDUAL VIEWS OF SENATOR JOHN G. TOWER

INTRODUCTION

In addition to my individual views given here, I have joined in presentation of minority views, since I share in general a number of grave reservations therein expressed.

MERITORIOUS PROVISIONS IN BILL

I voted to report the housing bill out of committee, primarily because of its continuance of several meritorious programs, as for example, the Federal Housing Administration, the Federal National Mortgage Association, housing for the elderly and handicapped, college housing, the low income housing demonstration program, and the rural housing program.

Also, I voted to report the bill since I wish to accord the Senate the full opportunity to give its consideration to this Nation's housing programs.

IMPROVEMENTS IN MAJOR PROGRAMS

In addition to the meritorious provisions above referred to, bill improvements, though now somewhat tenuous in nature, show promise of marked, advantageous effect on the urban renewal and public housing programs.

URBAN RENEWAL

I am most pleased the minority, with majority support, succeeded in securing the inclusion into the bill, language requiring the HHFA Administrator to make a thorough study of the overall urban renewal program and to report its findings within 2 years.

Urban renewal has been only partially successful in alleviating the problems it was supposed to solve. In some cases, problems have been created instead, as for example, the displacement of low-income families and individuals without adequate provision for housing them elsewhere. The so-called bulldozer approach, whereby comparatively new, structurally sound buildings have been demolished under the guise of slum clearance, has been costly and wasteful.

The HHFA has recently reported an improvement in housing project displacees. Perhaps with the reasonable rehabilitation grants to homeowners in urban renewal areas provided for under this bill, hopefully we will see the beginning of more responsibility in renewal construction.

RECAPTURE OF URBAN RENEWAL GRANTS

Bipartisan, favorable committee interest was expressed in my amendment to require the repayment of urban grants, out of additional tax revenues generated by renewal projects.

Increased tax benefits now inure to the cities, largely through the replacement of low-tax valuation buildings with those of much higher tax valuation. Based on recent figures, on some 403 projects in which renewal development had begun or was completed, there was a 427-percent increase in assessed valuation, from \$575 million to \$3.031 billion.

Recognizing the weighty constitutional and legal problems raised by my proposal, I withdrew it, upon assurances that a study would be recommended in the majority report toward legislative feasibility of Federal urban grant recapture.

It would be best, I believe, that such study be conducted by the Bureau of the Budget, the General Accounting Office, the Housing and Home Finance Agency, and the committee.

Nonresidential restriction

I am opposed to the increase in the bill of the nonresidential restriction, from 30 to 40 percent. The urban renewal program was initiated primarily, and it should remain so, as a slum clearance program to more adequately house low-income groups, and not as a means to provide a luxurious central city business community.

RENT SUPPLEMENT

As inconceivable as it may seem, the rent supplement program originally offered by the Administration was totally void of assistance provisions to those of the public housing level.

This original proposal provided for the Federal expenditure of rent supplement payments said to average about \$50, and up to \$75 per month, for families of moderate-income means, such means generally being between \$4,800 and \$8,000 (but possibly up to \$10,000) per year.

Census figures of 1960 show there were some 19 million families with incomes of \$4,000 to \$8,000, and of this number, only 8.4 percent lived in substandard housing. In contrast, of the 12 million nonfarm families earning incomes of less than \$4,000, 23.8 percent of those owning their homes lived in substandard housing, while one-third of those renting occupied substandard dwelling units. And the original rent supplement program totally ignored any low-income need.

I am, of course, most pleased that the committee flatly refused to accept the administration's moderate-income supplement concept, and instead directed the program to the use of those most in need of it, particularly since the rejection of my earlier suggestion that broad-based demonstration projects be initiated, in lieu of the proposed massive, virtually unlimited administration approach.

However, regardless of the redirection of the rent supplement program, I remain opposed to it.

This country, through its vast store of free enterprise and individual initiative, has produced for our citizenry the finest housing of any country in the world.

I fear such a rent supplement program will be construed as hope to millions now adequately housed that they too are entitled to have a portion of their rent paid by the taxpayer.

But most of all, I fear a stifling of the incentive for homeownership, a trend toward giving to renters the status of Government wards. This is a departure indeed from the American way.

PUBLIC HOUSING

The present public housing program, I believe, tends to destroy the desire or interest of thousands of families to participate in the great American privilege of homeownership.

I am hopeful my proposal, now incorporated into the bill, to allow a public housing tenant to purchase his individual unit by counting monthly rentals over a 3-year period as a downpayment, will be a welcome and practical inducement to affected public housing occupants to buy a home.

RELIEF FOR HOMEOWNERS AFFECTED BY CLOSING OF FEDERAL INSTALLATIONS

The committee, in recognizing the hardship caused to some homeowners by Federal base closings, wisely provided for the following:

(1) A moratorium on payments under FHA and VA mortgages for distressed homeowners who are unemployed as a result of such base closing.

(2) Authorization by the Secretary of Defense to acquire title to homes near closed military bases at a price equal to value of property at time of announcement of base closing.

These provisions, I believe, will be of much assistance to the applicable distressed homeowner, in that he will be spared loss of home or severe financial loss.

NEW PROGRAM STATUS

I am desirous of the Housing and Home Finance Agency initiating periodic reporting measures, which would result in more comprehensive information concerning Agency operations, being furnished the committee.

I am particularly interested in scrutinizing most carefully various new programs provided for in the bill:

Land development.

Grants for basic water and sewer facilities.

Grants for neighborhood facilities.

Advance acquisition of land.

Each of these programs, as additions to existing federally controlled urban assistance programs, must be administered sparingly and judiciously, lest they deter private initiative and local participation in solving problems primarily of local concern.

JOHN S. TOWER.

INDIVIDUAL VIEWS OF SENATOR STROM THURMOND

In addition to the objections to this bill contained in the minority views which I signed, I have serious reservations concerning one section which was not contained in the administration bill as introduced, but was added in the Housing Subcommittee. This is section 211 of the bill which adds a new section, section 521, to title V of the National Housing Act. This section would require the Administrator of the Housing and Home Finance Agency to adopt a uniform procedure for the acceptance of materials and products which are found to be technically suitable for the use proposed in structures approved for mortgages and loans under the Housing Act.

I share the concern that has been expressed by members of the committee concerning the seeming reluctance of the FHA, and certain commodity standards groups, to approve new materials which are the result of technological advances in the industry. This is a matter which deserves a searching study by the appropriate congressional committees to assure that new materials can be taken advantage of to reduce the costs of housing to the American public where these materials are as good as, or better than, those presently in use.

Nevertheless, I am disturbed about the words "technically suitable," because the fear has been expressed to me that this amendment could open the door to the FHA accepting substandard items that might be classified as "technically suitable." It is not clear in the wording of the amendment who is to determine if any material is "technically suitable," but it seems apparent that the Administrator of the HHFA would be required to make an independent judgment as to each and every product concerned. This would place an onerous burden upon the Administrator, one that he is not capable of adequately performing at the present time. The cost to the HHFA of testing the materials could greatly increase the administrative expenses of the Agency.

These objections have been well expressed by the Administrator of the HHFA in his letter addressed to the chairman of the subcommittee, as follows:

JUNE 21, 1965.

HON. JOHN SPARKMAN,
Chairman, Subcommittee on Housing.

DEAR MR. CHAIRMAN: This letter concerns the proposal to insert in the Housing and Urban Development Act of 1965 the following provision:

"SEC. 521. The Commissioner shall adopt a uniform *procedure for the acceptance of materials and products* to be used in structures approved for mortgages or loans insured under this Act. Under such procedure any material or product which is *technically suitable for the use proposed* shall be accepted." [Emphasis supplied.]

The HHFA would not favor such legislation because it is neither necessary nor desirable. Now, and since the beginning of FHA, an

effective "procedure for the acceptance of materials and products" has been in use. Minimum property standards have been established for different types of structures built under varying programs as a means of encouraging improvement in housing standards and conditions and as a guide for judging the soundness for insurance of a mortgage transaction. These standards are derived or patterned after, wherever suitable, industry promulgated standards which have been nationally recognized by architects, engineers, builders, or other interested groups.

The proposal would require the enlarging of present FHA procedure to a point which could duplicate or interfere with the aims and the work of the Office of Commodity Standards of the Department of Commerce and the work of industrywide trade groups. The Office of Commodity Standards, through industry conferences, assists industries in the voluntary adopting of standards. The objective of the industries is the elimination of avoidable waste through voluntary adherence to standards of practice for sizes, dimensions, varieties, or other characteristics of specific products. If the FHA were to accept any "technically suitable" product, it would lead to acceptance of a far wider and confusing variety of product characteristics and sizes. This could nullify the efforts of the industry groups and the Department of Commerce to eliminate waste through standardization with eventual extra cost to be paid for by consumers.

The FHA establishes minimum property standards as a guide to mortgage insurance risk. The exercise of the usual administrative judgment function would be removed from the FHA if the provision were interpreted as giving a legally enforceable right to a proponent of a "technically suitable" product to demand its acceptance. Formalized adversary hearings would be required to determine whether a product is "technically suitable" if the FHA administratively decided not to list it as meeting minimum standards. The ultimate test of whether a product is "technically suitable" would be dependent upon a decision by the courts.

Under present procedures, the FHA adopts a minimum standard and decides only whether a material or product meets that standard. The mandatory acceptance of a "technically suitable" product might be misleading in that it would suggest endorsement of a product by the FHA, whereas, the use of a similar product would be more desirable when all factors are considered.

A requirement that FHA accept any product which is "technically suitable" could work to the detriment of nationally recognized industry standards. For example, there is a nationally recognized standard of sizes and grades for softwood framing lumber used in housing. These various sizes and grades are used by the FHA as references in describing minimum acceptable grades and sizes for particular uses. If FHA accepted all of the infinite variations in size and grade which might be proposed as "technically suitable," it would render the present industry standards meaningless. Each variant would have to be considered separately. Competition between manufacturers could lead to a proliferation of sizes and company standards with little or no control over the quality of the product other than that provided by the producer. Any trend away from standardization of sizes would lead to extra costs in architectural design.

Where industry groups have established grade marking or other labeling devices the FHA is able to determine readily whether particular products meet its minimum standards. Inspections by FHA on a construction site are greatly simplified. Without grade marking or labeling adhering to present industry standards FHA inspection procedures would necessarily become more complicated and burdensome to the homebuilder. Building materials without generally accepted industry labels or grade markings would have to be examined closely on the job site to determine whether these materials meet FHA's minimum property standards.

Adopting this amendment would increase demands upon the FHA to accept materials produced here and abroad without benefit of established standards of sizes and quality. If samples of such products meet a test of "technically suitable," the FHA would then have to rely on its own continuous close inspections, rather than voluntary policing within an industry, to protect the home buyers' interest. The benefits of standardization and resultant cost savings would be lost. Homeowners are benefited much more by standardization than they would be by this amendment.

I am told that the purpose of this amendment is to require the FHA to make its own decisions with respect to the acceptability of a material or product. This it does now. But, if it could not rely on the work of other agencies and organizations it could result in the FHA being required to establish elaborate research facilities. This duplication of effort would add to FHA's administrative costs. The amendment could produce an unnecessary expense for the Federal Government and add to the costs borne by the home buyer.

In my opinion, adoption of the amendment could seriously impede efforts to house low- and moderate-income families and jeopardize the success of FHA programs in a most drastic way. I am opposed to this amendment and urge that your committee recommend against its adoption.

Sincerely yours,

ROBERT C. WEAVER, *Administrator*.

It is my belief that the committee should conduct full and open hearings on this proposal before including it in any bill. Until such hearings are held, I cannot support this provision.

STROM THURMOND.



Calendar No. 366

89TH CONGRESS
1ST SESSION

S. 2213

[Report No. 378]

IN THE SENATE OF THE UNITED STATES

JUNE 28 (legislative day, JUNE 25), 1965

Mr. SPARKMAN, from the Committee on Banking and Currency, reported the following bill; which was read twice and ordered to be placed on the calendar

A BILL

To assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*
- 3 That this Act may be cited as the "Housing and Urban
- 4 Development Act of 1965".

1 TITLE I—SPECIAL PROVISIONS FOR DISAD-
2 VANTAGED PERSONS

3 FINANCIAL ASSISTANCE TO ENABLE CERTAIN PRIVATE
4 HOUSING TO BE AVAILABLE FOR LOWER INCOME FAMI-
5 LIES WHO ARE ELDERLY, HANDICAPPED, DISPLACED,
6 VICTIMS OF A NATURAL DISASTER, OR OCCUPANTS OF
7 SUBSTANDARD HOUSING

8 SEC. 101. (a) The Housing and Home Finance Ad-
9 ministrator (hereinafter referred to as the "Administrator")
10 is authorized to make, and contract to make, annual pay-
11 ments to a "housing owner" on behalf of "qualified tenants",
12 as those terms are defined herein, in such amounts and under
13 such circumstances as are prescribed in or pursuant to this
14 section. In no case shall a contract provide for such pay-
15 ments with respect to any housing for a period exceeding
16 forty years. The aggregate amount of the contracts to make
17 such payments shall not exceed amounts approved in appro-
18 priation Acts, and payments pursuant to such contracts shall
19 not exceed \$50,000,000 per annum prior to July 1, 1966,
20 which maximum dollar amount shall be increased by \$50,-
21 000,000 on July 1 in each of the years 1966, 1967, and
22 1968.

23 (b) As used in this section, the term “housing owner”
24 means—

25 (1) a private nonprofit corporation or other entity,

1 a limited dividend corporation or other entity, or a co-
2 operative housing corporation, which is a mortgagor
3 under section 221 (d) (3) of the National Housing Act
4 and which, after the date of enactment of this Act, has
5 been approved for mortgage insurance thereunder and
6 has been approved for receiving the benefits of this
7 section;

8 (2) a private nonprofit corporation, a public body
9 or agency, or a cooperative housing corporation which
10 is a borrower under section 202 of the Housing Act of
11 1959 and has been approved for receiving the benefits
12 of this section; and

13 (3) a private nonprofit corporation or other entity
14 which is the mortgagor under a mortgage insured under
15 section 231 (c) (3) of the National Housing Act and
16 which, after the date of enactment of this Act, has ob-
17 tained final endorsement of such mortgage for mortgage
18 insurance and has been approved for receiving the bene-
19 fits of this section.

20 (c) As used in this section, the term "qualified tenant"
21 means any individual or family who has, pursuant to criteria
22 and procedures established by the Administrator, been
23 determined—

24 (1) to have an income below the maximum amount
25 which can be established for occupancy in public hous-

1 ing dwellings pursuant to the limitations prescribed in
2 sections 2 (2) and 15 (7) (b) (ii) of the United States
3 Housing Act of 1937; and

4 (2) to be one of the following—

5 (A) displaced by governmental action;

6 (B) sixty-two years of age or older (or, in the
7 case of a family, to have a head who is, or whose
8 spouse is, sixty-two years of age or over) ;

9 (C) physically handicapped (or, in the case
10 of a family, to have a head who is, or whose spouse
11 is, physically handicapped) ;

12 (D) occupying substandard housing; or

13 (E) an occupant or former occupant of a
14 dwelling which is (or was) situated in an area
15 determined by the Small Business Administration,
16 subsequent to April 1, 1965, to have been affected
17 by a natural disaster, and which has been ex-
18 tensively damaged or destroyed as the result of
19 such disaster.

20 (d) (1) Payments under this section with respect to
21 properties financed with mortgages insured under section
22 221 (d) (3) of the National Housing Act shall be made
23 only if such mortgages do not receive the benefits of the
24 interest rate provided for in the proviso in section 221 (d)
25 (5) of that Act; except that the Administrator may make,

1 and contract to make, such payments, on an experimental
2 basis, with respect to properties financed with mortgages
3 receiving such benefits subject to the condition that such
4 payments shall not be made with respect to more than
5 20 per centum of the dwelling units in any property so
6 financed.

7 (2) Payments under this section with respect to prop-
8 erties financed under section 202 of the Housing Act of
9 1959 or section 231 (c) (3) of the National Housing Act
10 shall be made on an experimental basis subject to the condi-
11 tion that such payments shall not be made with respect to
12 more than 20 per centum of the dwelling units in any
13 property so financed.

14 (3) With respect to properties financed (A) with mort-
15 gages receiving the benefits of the interest rate provided
16 for in the proviso in section 221 (d) (5) of the National
17 Housing Act, (B) with mortgages receiving the benefits
18 of section 231 (c) (3) of such Act, and (C) under section
19 202 of the Housing Act of 1959, the Administrator may
20 make, and contract to make, payments under this section
21 subject to the condition that not more than 10 per centum
22 of the amounts approved in appropriation Acts, pursuant to
23 subsection (a), for payments under this section in any year
24 shall be utilized for payments with respect to properties so
25 financed.

1 (4) The Administrator shall include in the report sub-
2 mitted to the Congress, pursuant to subsection (k), a full
3 report concerning the experimental programs authorized
4 under this subsection, together with his recommendations
5 with respect thereto.

6 (e) The amount of the annual payment with respect
7 to any dwelling unit shall not exceed the amount by which
8 the fair market rental for such unit exceeds one-fourth of the
9 tenant's income as determined by the Administrator pur-
10 suant to procedures and regulations established by him.

11 (f) (1) For purposes of carrying out the provisions of
12 this section, the Administrator shall establish criteria and
13 procedures for determining the eligibility of occupants and
14 rental charges, including criteria and procedures with respect
15 to periodic review of tenant incomes and periodic adjustment
16 of rental charges. The Administrator shall issue, upon the
17 request of a housing owner, certificates as to the following
18 facts concerning the individuals and families applying for
19 admission to, or residing in, dwellings of such owner:

20 (A) the income of the individual or family; and

21 (B) whether the individual or family was dis-
22 placed by government action, is elderly, is physically
23 handicapped, or is (or was) occupying substandard
24 housing or housing extensively damaged or destroyed
25 as the result of a natural disaster.

1 (2) Procedures adopted by the Administrator here-
2 under shall provide for recertifications of the incomes of
3 occupants, except the elderly, at intervals of two years (or
4 at shorter intervals in cases where the Administrator may
5 deem it desirable) for the purpose of adjusting rental charges
6 and annual payments on the basis of occupants' incomes,
7 but in no event shall rental charges adjusted under this sec-
8 tion for any dwelling exceed the fair market rental of the
9 dwelling.

10 (3) The Administrator may enter into agreements, or
11 authorize housing owners to enter into agreements, with
12 public or private agencies for services required in the selec-
13 tion of qualified tenants, including those who may be ap-
14 proved, on the basis of the probability of future increases in
15 their incomes, as lessees under an option to purchase dwell-
16 ings or cooperative ownership interests therein, and in the
17 establishment of rentals. The Administrator is authorized
18 (without limiting his authority under any other provision
19 of law) to delegate to any such public or private agency his
20 authority to issue certificates pursuant to this subsection.

21 (g) Section 101(c) of the Housing Act of 1949 is
22 amended by inserting "(i)" after "a mortgage under" in
23 the first proviso and by inserting immediately before the
24 colon at the end of such proviso the following: ", or (ii)

1 section 221 (d) (3) of the National Housing Act if pay-
2 ments with respect to the mortgaged property are made or
3 are to be made under section 101 of the Housing and Urban
4 Development Act of 1965, except that no such mortgage
5 shall be insured, and no commitment to insure such a mort-
6 gage shall be issued, with respect to property in any com-
7 munity for which a workable program for community
8 improvement was required and in effect at the time a contract
9 for a loan or capital grant was entered into under this title,
10 or a contract for annual contributions or capital grants was
11 entered into pursuant to the United States Housing Act of
12 1937, unless there is a workable program for community
13 improvement which meets the requirements of this subsec-
14 tion in effect in such community at the time of such insurance
15 or commitment”.

16 (h) The Administrator is authorized to make such rules
17 and regulations, to enter into such agreements, and to adopt
18 such procedures as he may deem necessary or desirable to
19 carry out the provisions of this section. Nothing contained
20 in this section shall affect the authority of (1) the Federal
21 Housing Commissioner with respect to any housing assisted
22 under this section and under sections 221 (d) (3) and 231
23 (c) (3) of the National Housing Act, or (2) the Housing
24 and Home Finance Administrator with respect to any hous-
25 ing assisted under this section and under section 202 of the

1 Housing Act of 1959, including the authority to prescribe
2 occupancy requirements under other provisions of law or to
3 determine the portion of any such housing which may be
4 occupied by qualified tenants.

5 (i) There are authorized to be appropriated such sums
6 as may be necessary to carry out the provisions of this sec-
7 tion, including, but not limited to, such sums as may be
8 necessary to make annual payments, pay for services pro-
9 vided under (or pursuant to agreements entered into under)
10 subsection (f), and provide administrative expenses.

11 (j) Section 114 (c) (2) of the Housing Act of 1949
12 is amended by inserting before the colon at the end of the
13 first proviso the following: “, or a dwelling unit assisted
14 under section 101 of the Housing and Urban Development
15 Act of 1965”.

16 (k) On or before January 1, 1968, the Administrator
17 shall submit to the Congress a full report of operations under
18 this section, together with his recommendations with respect
19 thereto.

20 EXTENSION OF FHA SECTION 221 PROGRAMS; MODIFICA-
21 TION OF INTEREST RATE

22 SEC. 102. (a) The fifth sentence of section 221 (f) of
23 the National Housing Act is amended by striking out “sub-
24 section (d) (2) or (d) (4) after September 30, 1965, or

1 under subsection (d) (3) after September 30, 1965," and
 2 inserting in lieu thereof "this section after October 1, 1969,".

3 (b) The proviso in section 221 (d) (5) of such Act is
 4 amended by striking out "not less than the annual rate of
 5 interest determined" and inserting in lieu thereof "not less
 6 than the lower of (A) 3 per centum per annum, or (B) the
 7 annual rate of interest determined".

8 REHABILITATION GRANTS TO HOMEOWNERS IN URBAN
 9 RENEWAL AREAS

10 SEC. 103. (a) Title I of the Housing Act of 1949 is
 11 amended by adding at the end thereof the following new
 12 section:

13 "REHABILITATION GRANTS

14 "SEC. 115. (a) Notwithstanding any other provision
 15 of this title, the Administrator may authorize a local public
 16 agency to make grants (and the urban renewal project may
 17 include the making of such grants) as prescribed in this sec-
 18 tion. Any such grant may be made only to an individual or
 19 family, as described in subsection (b), who owns and oc-
 20 cupies a structure in the urban renewal area and for the pur-
 21 pose of covering the cost of repairs and improvements
 22 necessary to make such structure conform to public standards
 23 for decent, safe, and sanitary housing as required by applica-
 24 ble codes or other requirements of the urban renewal plan
 25 for the area. Any contract for financial assistance under this

1 title shall provide that the capital grant otherwise payable
2 for the project shall be increased by an amount equal to the
3 total amount of such grants and that no part of the total
4 amount of such grants shall be required to be contributed as
5 part of the local grant-in-aid.

6 “(b) A grant authorized by this section may be made
7 to an individual or family whose income does not exceed
8 \$3,000 a year, and such grant may be in an amount which
9 does not exceed the lesser of (1) the actual (and approved)
10 cost of the repairs and improvements, or (2) \$1,500. In
11 case the income of the individual or family exceeds \$3,000 a
12 year, a grant may be made under this section, subject to the
13 limitations specified in clauses (1) and (2) of the preceding
14 sentence, in an amount not to exceed that portion of the cost
15 of such repairs and improvements as cannot be paid for with
16 any available loan which can be amortized as part of such
17 individual's or family's monthly housing expense without
18 requiring such monthly housing expense to exceed 25 per
19 centum of such individual's or family's monthly income.”

20 (b) Any contract with a local public agency which was
21 executed under title I of the Housing Act of 1949 before the
22 date of enactment of this Act may be amended to provide for
23 grants authorized by section 115 of the Housing Act of
24 1949.

1 PARITY OF TREATMENT FOR THE HANDICAPPED AND
2 ELDERLY IN PUBLIC HOUSING

3 SEC. 104. Section 2 (2) of the United States Housing
4 Act of 1937 is amended to read as follows:

5 “(2) The term ‘families of low income’ means families
6 (including elderly and displaced families) who are in the
7 lowest income group and who cannot afford to pay enough
8 to cause private enterprise in their locality or metropolitan
9 area to build an adequate supply of decent, safe, and sanitary
10 dwellings for their use. The term ‘families’ includes families
11 consisting of a single person in the case of elderly families
12 and displaced families, and includes the remaining member
13 of a tenant family. The term ‘elderly families’ means families
14 whose heads (or their spouses), or whose sole members, have
15 attained the age at which an individual may elect to receive
16 an old-age benefit under title II of the Social Security Act,
17 or are under a disability as defined in section 223 of that
18 Act, or are handicapped within the meaning of section 202
19 of the Housing Act of 1959. The term ‘displaced fami-
20 lies’ means families displaced by urban renewal or other
21 governmental action.”

22 MODIFICATION OF INTEREST RATE ON LOANS TO PROVIDE
23 HOUSING FOR ELDERLY OR HANDICAPPED

24 SEC. 105. Section 202 (a) (3) of the Housing Act of
25 1959 is amended by striking out "the higher of (A) $2\frac{3}{4}$

1 per centum per annum, or” and inserting in lieu thereof
 2 “the lower of (A) 3 per centum per annum, or”.

3 RELOCATION PAYMENTS UNDER THE URBAN MASS

4 TRANSPORTATION ACT OF 1964

5 SEC. 106. Section 7 (b) of the Urban Mass Transporta-
 6 tion Act of 1964 is amended by striking out all that follows
 7 the second sentence and inserting in lieu thereof the follow-
 8 ing: “The term ‘relocation payments’ means payments by the
 9 applicant which are (1) made to an individual, family, busi-
 10 ness concern, or nonprofit organization displaced by a project
 11 on or after March 4, 1965, (2) not otherwise authorized
 12 under any Federal law, and (3) made only on such terms
 13 and conditions and subject to such limitations (as applicable,
 14 but not including the date of displacement) as are provided
 15 for relocation payments, at the time such payment is ap-
 16 proved, by sections 114 (b) and (c) of the Housing Act of
 17 1949. Relocation payments authorized by this subsection
 18 shall be made subject to such rules and regulations as may
 19 be prescribed by the Administrator.”

20 MORTGAGE RELIEF FOR HOMEOWNERS WHO ARE UNEM-

21 PLOYED AS THE RESULT OF THE CLOSING OF A FED- 22 ERAL INSTALLATION

23 SEC. 107. (a) For the purposes of this section—

24 (1) The term “mortgage” means a mortgage which
 25 (A) is insured under the National Housing Act, or (B)

1 secures a home loan guaranteed or insured under the Service-
2 men's Readjustment Act of 1944 or chapter 37 of title 38,
3 United States Code.

4 (2) The term "Federal mortgage agency" means—

5 (A) the Federal Housing Commissioner when used
6 in connection with mortgages insured under the National
7 Housing Act, and

8 (B) the Administrator of Veterans' Affairs when
9 used in connection with mortgages securing home loans
10 guaranteed or insured under the Servicemen's Readjust-
11 ment Act of 1944 or chapter 37 of title 38, United
12 States Code.

13 (3) The term "distressed mortgagor" means an indi-
14 vidual who—

15 (A) is unemployed, although willing to work, as
16 the result of the closing (in whole or in part) of a
17 Federal installation, and

18 (B) is the owner-occupant of a dwelling upon
19 which there is a mortgage securing a loan which is in
20 default because of the inability of such individual to
21 make payments of principal and/or interest under such
22 mortgage.

23 (b) (1) Any distressed mortgagor, for the purpose
24 of avoiding foreclosure of his mortgage, may apply to the
25 appropriate Federal mortgage agency for a determination

1 that suspension of his obligation to make payments of prin-
2 cipal and/or interest under such mortgage during a tem-
3 porary period is necessary in order to avoid such foreclosure.

4 (2) Upon receipt of an application made under this sub-
5 section by a distressed mortgagor, the Federal mortgage
6 agency shall issue to such mortgagor a certificate of mora-
7 torium if it determines, after consultation with the interested
8 mortgagee, that—

9 (A) the mortgagor is not in default with respect to
10 any condition or covenant of the mortgage other than
11 that requiring the payment of installments of principal
12 and/or interest under the mortgage, and

13 (B) such action is the only available means where-
14 by a foreclosure of such mortgage can be avoided.

15 (3) Prior to the issuance to any distressed mortgagor of
16 a certificate of moratorium under paragraph (2), the Fed-
17 eral mortgage agency shall require such mortgagor to enter
18 into a binding agreement under which he will be required to
19 make payments to such agency, after the expiration of such
20 certificate, in an aggregate amount equal to the amount paid
21 by such agency in behalf of such mortgagor as provided in
22 subsection (c). The manner and time in which such pay-
23 ments shall be made shall be determined by the Federal mort-
24 gage agency having due regard to the purposes sought to be
25 achieved by this section.

1 (4) Any certificate of moratorium issued under this
2 subsection shall expire on whichever of the following dates
3 is the earliest—

4 (A) one year from the date on which such certifi-
5 cate is issued;

6 (B) thirty days after the date on which the mort-
7 gator to whom such certificate is issued ceases to be a
8 distressed mortgagor as defined in subsection (a) ; or

9 (C) the date on which such mortgagor becomes in
10 default with respect to any condition or covenant in his
11 mortgage other than that requiring the payment by him
12 of installments of principal and/or interest under the
13 mortgage.

14 (c) (1) Whenever a Federal mortgage agency issues
15 a certificate of moratorium to any distressed mortgagor
16 with respect to any mortgage, it shall transmit to the mort-
17 gagee a copy of such certificate, together with a notice stat-
18 ing that, while such certificate is in effect, such agency will
19 assume the obligation of such mortgagor to make payments
20 of principal, and if so specified in the certificate, of interest,
21 under the mortgage.

22 (2) Payments made by any Federal mortgage agency
23 pursuant to a certificate of moratorium issued under this
24 section with respect to the mortgage of any distressed mort-
25 gator shall include, in addition to the payments referred to

1 in paragraph (1), an amount equal to the unpaid principal
2 and interest charges which had accrued under such mort-
3 gage prior to the issuance of such certificate and subsequent
4 to the date on which such mortgagor became a distressed
5 mortgagor as defined in subsection (a).

6 (3) While any certificate of moratorium issued under
7 this section is in effect with respect to the mortgage of any
8 distressed mortgagor, no further payments of principal, and
9 if so specified in the certificate, of interest, under the mort-
10 gage shall be required of such mortgagor, and no action
11 (legal or otherwise) shall be taken or maintained by the
12 mortgagee to enforce or collect such payments. Upon the
13 expiration of such certificate, the mortgagor shall again be
14 liable for the payment of all amounts due under the mort-
15 gage in accordance with its terms.

16 (4) Each Federal mortgage agency shall give prompt
17 notice in writing to the interested mortgagor and mortgagee
18 of the expiration of any certificate of moratorium issued by
19 it under this section.

20 (d) The Federal mortgage agencies are authorized
21 to issue such individual and joint regulations as may be
22 necessary to carry out this section and to insure the uniform
23 administration thereof.

24 (e) There shall be in the Treasury (1) a fund which

1 shall be available to the Federal Housing Commissioner for
2 the purpose of extending financial assistance in behalf of
3 distressed mortgagors as provided in subsection (c), and (2)
4 a fund which shall be available to the Administrator of Vet-
5 erans' Affairs for the same purpose. The capital of each
6 such fund shall consist of such sums as may, from time to
7 time, be appropriated thereto, and any sums so appropriated
8 shall remain available until expended. Receipts arising
9 from the programs of assistance under subsection (c) shall
10 be credited to the fund from which such assistance was
11 extended. Moneys in either of such funds not needed for
12 current operations, as determined by the Federal Housing
13 Commissioner, or the Administrator of Veterans' Affairs,
14 as the case may be, shall be invested in bonds or other
15 obligations of the United States, or paid into the Treasury
16 as miscellaneous receipts.

17 (f) Section 1816 of title 38, United States Code, is
18 amended by inserting "(a)" before the text of such section,
19 and by adding at the end thereof a new subsection as
20 follows:

21 "(b) With respect to any loan made under section
22 1811 which has not been sold as provided in subsection
23 (g) of such section, if the Administrator finds after there
24 has been a default in the payment of any installment of
25 principal or interest owing on such loan, that the default

1 was due to the fact that the veteran who is obligated under
2 the loan has become unemployed as the result of the closing
3 (in whole or in part) of a Federal installation, he shall
4 (1) extend the time for curing the default to such time
5 as he determines is necessary and desirable to enable such
6 veteran to complete payments on such loan, including an
7 extension of time beyond the stated maturity thereof, or
8 (2) modify the terms of such loan for the purpose of chang-
9 ing the amortization provisions thereof by recasting, over
10 the remaining term of the loan, or over such longer period
11 as he may determine, the total unpaid amount then due
12 with the modification to become effective currently or upon
13 the termination of an agreed-upon extension of the period
14 for curing the default.”

15 ACQUISITION OF CERTAIN PROPERTIES SITUATED AT OR
16 NEAR MILITARY BASES WHICH HAVE BEEN ORDERED TO
17 BE CLOSED

18 SEC. 108. (a) The Secretary of Defense is authorized
19 to acquire title to any property, improved with a one- or
20 two-family dwelling, which is situated at or near a military
21 base or installation which the Department of Defense has,
22 subsequent to November 1, 1964, ordered to be closed in
23 whole or in part, if he determines—

24 (1) that the owner of such property is, or has been,

1 employed or performing military service at such base
2 or installation;

3 (2) that the closing of such base or installation, in
4 whole or in part, has required or will require the ter-
5 mination of such owner's employment or service at
6 such base or installation; and

7 (3) that as the result of the actual or pending
8 closing of such base or installation there is no present
9 market for the sale of such property upon reasonable
10 terms and conditions.

11 (b) The purchase price of any property which is situ-
12 ated at or near a military base or installation and is acquired
13 under this section shall be equal to an amount determined by
14 the Secretary of Defense to be the average price at which
15 properties, similar in size, construction, condition, and loca-
16 tion to that of the property to be acquired, were sold during
17 a representative period, as determined by the Secretary,
18 prior to the announcement of the intention of the Depart-
19 ment of Defense to close all or part of such base or
20 installation.

21 (c) The title to any property acquired under this sec-
22 tion shall be free and clear of any outstanding liens or encum-
23 brances and shall conform to such requirements as the
24 Secretary of Defense shall by regulation require. Such reg-
25 ulations shall also prescribe the terms and conditions under

1 which payments may be made under this section, and deci-
2 sions by the Secretary regarding such payments, and the
3 terms and conditions under which the same are approved or
4 disapproved, shall be final and conclusive and shall not be
5 subject to judicial review.

6 (d) Properties acquired under this section shall be
7 transferred to the Federal Housing Commissioner, and the
8 Federal Housing Commissioner shall have power to deal
9 with, rent, renovate, or sell for cash or credit any properties
10 so transferred. Receipts from the management or sale of
11 any such properties may be utilized by the Commissioner
12 to defray expenses arising in connection with the manage-
13 ment of such properties, and any part of such receipts not
14 required for such expenses shall be covered into the Treas-
15 ury as miscellaneous receipts.

16 (e) Section 223 (a) of the National Housing Act is
17 amended—

18 (1) by striking out the period at the end of para-
19 graph (7) and inserting in lieu thereof “; or”; and

20 (2) by inserting after paragraph (7) a new para-
21 graph as follows:

22 “(8) executed in connection with the sale by the
23 Commissioner of any housing acquired pursuant to sec-
24 tion 108 of the Housing and Urban Development Act
25 of 1965.”

1 (f) Such sums as may be necessary to carry out the
2 provisions of this section are hereby authorized to be appro-
3 priated, and any sums so appropriated shall remain available
4 until expended.

5 TITLE II—FHA INSURANCE OPERATIONS

6 LAND DEVELOPMENT

7 SEC. 201. (a) The National Housing Act is amended
8 by adding at the end thereof the following new title:

9 "TITLE X—MORTGAGE INSURANCE FOR LAND 10 DEVELOPMENT

11 "DEFINITIONS

12 "SEC. 1001. As used in this title—

13 "(a) the term 'mortgage' means a lien or liens on
14 real estate in fee simple, or on a leasehold (1) under a
15 lease for not less than ninety-nine years which is renew-
16 able or (2) under a lease having a period of not less
17 than fifty years to run from the date the mortgage was
18 executed;

19 "(b) the term 'first mortgage' includes such classes
20 of first liens as are commonly given to secure advances
21 (including but not limited to advances during construc-
22 tion) on, or the unpaid purchase price of, real estate
23 under the laws of the State in which the real estate is
24 located, together with the credit instrument or instru-
25 ments, if any, secured thereby, and may be in the form

1 of trust mortgages or mortgage indentures or deeds of
2 trusts securing notes, bonds, or other credit instruments;

3 “(c) the terms ‘mortgagee’, ‘mortgagor’, and
4 ‘State’ have the same meaning as in section 207 of
5 this Act;

6 “(d) the term ‘improvements’ means waterlines and
7 water supply installations, sewerlines and sewage dis-
8 posal installations, roads, streets, curbs, gutters, side-
9 walks, storm drainage facilities, and other installations
10 or work, whether on or off the site, which the Com-
11 missioner deems necessary or desirable to prepare land
12 primarily for residential and related uses or to provide
13 facilities for public or common use; but such term shall
14 not include any building unless it is (1) a building
15 which is needed in connection with a water supply or
16 sewage disposal installation, or (2) a building, other
17 than a school, which is to be owned and maintained
18 jointly by the property owners; and

19 “(e) the term ‘land development’ means the process
20 of making, installing, or constructing improvements.

21 “BASIC CONDITIONS FOR INSURANCE

22 “SEC. 1002. (a) The Commissioner is authorized (1)
23 to insure, upon such terms and conditions as he may pre-
24 scribe, any first mortgage (including advances on such

1 mortgage) in accordance with the provisions of this title,
2 and (2) to make a commitment for the insurance of such
3 mortgage prior to the date of execution of such mortgage
4 or prior to the date of disbursement of the mortgage pro-
5 ceeds. No mortgage shall be insured under this title after
6 October 1, 1969, except pursuant to a commitment to insure
7 issued before such date.

8 “(b) The mortgage shall—

9 “(1) be executed by a mortgagor, other than a
10 public body, approved by the Commissioner;

11 “(2) be made to and held by a mortgagee approved
12 by the Commissioner; and

13 “(3) cover the land to be developed and the im-
14 provements to be made with the assistance of the mort-
15 gage insurance under this title, except facilities intended
16 for public use and in public ownership.

17 “(c) The principal obligation of the mortgage shall
18 (1) not exceed 75 per centum of the Commissioner’s esti-
19 mate of the value of the property upon completion of the
20 land development, and (2) not exceed the sum of 50 per
21 centum of the Commissioner’s estimate of the value of the
22 land before development and 90 per centum of his estimate
23 of the cost of such development. The outstanding principal
24 obligations of mortgages involving a single land development

1 undertaking, as defined by the Commissioner, shall at no
2 time exceed \$10,000,000.

3 “(d) The mortgage shall—

4 “(1) have a maturity, not to exceed seven years
5 or such longer maturity as the Commissioner deems
6 reasonable in the case of a privately owned system for
7 water or sewerage, and contain repayment provisions
8 satisfactory to the Commissioner;

9 “(2) bear interest at a rate satisfactory to the Com-
10 missioner, and such interest shall be exclusive of premium
11 charges for mortgage insurance and such service charges
12 and fees as may be approved by the Commissioner; and

13 “(3) contain such terms and provisions with respect
14 to protection of the security, payment of taxes, de-
15 linquency charges, prepayment, additional and secondary
16 liens, and other matters as the Commissioner may in his
17 discretion prescribe.

18 “(e) A property or project to be financed by a mort-
19 gage insured under this title shall—

20 “(1) represent a good mortgage insurance risk;
21 and

22 “(2) involve improvements that comply with all
23 applicable State and local governmental requirements

1 and with minimum standards approved by the Com-
2 missioner.

3 "LAND PLANNING

4 "SEC. 1003. (a) The land development covered by a
5 mortgage insured under this title shall be undertaken pur-
6 suant to a schedule, conforming to such requirements and
7 procedures as the Commissioner may prescribe, that will
8 assure the use of the land for the purposes for which it is to
9 be developed within the shortest reasonable period consistent
10 with the objectives of sound and economic community growth
11 or urban development.

12 "(b) The land development shall be undertaken in
13 accordance with an overall development plan, appropriate
14 to the scope and character of the undertaking, which—

15 "(1) has received all governmental approvals re-
16 quired by State or local law or by the Commissioner;

17 "(2) is acceptable to the Commissioner as provid-
18 ing reasonable assurance that the land development will
19 contribute to good living conditions in the area being
20 developed, which area (i) will have a sound economic
21 base and a long economic life, (ii) will be characterized
22 by sound land-use patterns, and (iii) will include or be
23 served by such shopping, school, recreational, transpor-

tation, and other facilities as the Commissioner deems adequate or necessary; and

“(3) is consistent with a comprehensive plan which covers, or with comprehensive planning being carried on for, the area in which the land is situated, and which meets criteria established by the Housing and Home Finance Administrator for such plans or planning.

“ENCOURAGEMENT OF SMALL BUILDERS AND MODERATE
COST HOUSING

“SEC. 1004. The Commissioner shall adopt such requirements as he deems necessary in land development covered by mortgages insured under this title to encourage the maintenance of a diversified local homebuilding industry, broad participation by builders, and the inclusion of a proper balance of housing for families of moderate or low income.

“WATER AND SEWERAGE FACILITIES

“SEC. 1005. After development of the land it shall be served by public systems for water and sewerage which are consistent with other existing or prospective systems within the area, except that the Commissioner may approve an adequate privately or cooperatively owned system which will be regulated in a manner acceptable to him with respect to user rates and charges, capital structure, methods of

1 operation, rate of return, and conditions and terms of any
2 sale or transfer.

3 "RELEASES

4 "SEC. 1006. The Commissioner may, on such terms and
5 conditions as he may prescribe, consent to the release or
6 subordination of a part or parts of the mortgaged property
7 from the lien of the mortgage.

8 "PREMIUMS AND FEES

9 "SEC. 1007. The Commissioner shall collect reasonable
10 premiums for the insurance of any mortgage under this title
11 and make such charges as he determines are reasonable for
12 the analysis of the land development plan and the appraisal
13 and inspection of the property and improvements. On or
14 before January 1, 1967, the Commissioner shall make a
15 report to the Congress concerning the premium rates and
16 other charges under this title that he estimates will be ade-
17 quate to provide income sufficient for a self-supporting pro-
18 gram.

19 "INSURANCE BENEFITS

20 "SEC. 1008. The provisions of subsections (e), (g),
21 (h), (i), (j), (k), (l), and (n) of section 207 of this
22 Act shall be applicable to mortgages insured under this
23 title, except that as applied to such mortgages (1) any
24 reference therein to section 207 shall be deemed to refer to
25 this title, and (2) any reference to an annual premium shall

1 be deemed to refer to such premiums as the Commissioner
2 may designate under this title.

3 "INCONTESTABILITY PROVISIONS

4 "SEC. 1009. Any contract of insurance executed by the
5 Commissioner under this title shall be conclusive evidence of
6 the eligibility of the mortgage for insurance, and the validity
7 of any contract of insurance so executed shall be incontest-
8 able in the hands of an approved mortgagee from the date of
9 the execution of such contract, except for fraud or material
10 misrepresentation on the part of such approved mortgagee.

11 "RULES AND REGULATIONS

12 "SEC. 1010. The Commissioner is authorized to make
13 such rules and regulations and to require such agreements
14 as he may deem necessary or desirable to carry out the pro-
15 visions of this title.

16 "TAXATION PROVISIONS

17 "SEC. 1011. Nothing in this title shall be construed to
18 exempt any real property acquired and held by the Com-
19 missioner under this title from taxation by any State or
20 political subdivision thereof to the same extent, according
21 to its value, as other real property is taxed.

22 "COST CERTIFICATION

23 "SEC. 1012. (a) The Commissioner shall adopt such re-
24 quirements as he determines necessary to assure, at reason-
25 able intervals of time during land development and upon

1 completion of such development, that the amount of the
2 mortgage loan outstanding at each such interval does not
3 exceed with respect to that portion of the land remaining
4 under the lien of the mortgage (1) 50 per centum of the
5 Commissioner's estimate of the value of such remaining
6 land before development, plus (2) 90 per centum of the
7 actual costs of the development allocated by the Commis-
8 sioner to such remaining land.

9 “(b) From time to time during, and upon completion
10 of, the development, the Commissioner shall require the
11 mortgagor to certify as to the actual costs of development
12 of the land.

13 “(c) Certifications required pursuant to this section
14 shall be accompanied by such data and records as the Com-
15 missioner shall prescribe.

16 “(d) A mortgagor's certification approved by the Com-
17 missioner shall be final and incontestable except for fraud
18 or material misrepresentation on the part of the mortgagor.

19 “(e) As used in this section, the term ‘actual costs’
20 means the costs (exclusive of kickbacks, rebates, or trade
21 discounts) to the mortgagor of the improvements involved.
22 These costs may include amounts paid for labor, materials,
23 construction contracts, land planning, engineers' and archi-
24 tect's fees, surveys, taxes, and interest during development,
25 organizational and legal expenses, such allocation of general

1 overhead expenses as are acceptable to the Commissioner,
2 and other items of expense incidental to development which
3 may be approved by the Commissioner. If the Commis-
4 sioner determines there is an identity of interest between
5 the mortgagor and the contractor, there may be included
6 an allowance for contractor's profit in an amount deemed
7 reasonable by the Commissioner."

8 (b) (1) Section 302 (b) of the National Housing Act is
9 amended by striking out "the term 'mortgages' " in the last
10 sentence and inserting in lieu thereof "the terms 'mortgages'
11 and 'home mortgages' ".
12

13 (2) The first paragraph of section 24 of the Federal
14 Reserve Act is amended by inserting before the next to last
15 sentence the following new sentence: "Notwithstanding the
16 foregoing limitations and restrictions in this section, any na-
17 tional banking association may make loans for land develop-
18 ment which are secured by mortgages insured under title X
19 of the National Housing Act."

20 (3) Section 5 (c) of the Home Owners Loan Act of
21 1933 is amended by adding at the end thereof the following
22 new paragraph:

23 "Without regard to any other provision of this sub-
24 section, any such association may, to such extent as the
Federal Home Loan Bank Board may by regulation permit,

1 invest in loans, and interests in loans, secured by mortgages
 2 as to which the association has the benefit of insurance under
 3 title X of the National Housing Act or of a commitment or
 4 agreement for such insurance, and investments under this
 5 sentence shall not be included in any percentage of assets
 6 or other percentage referred to in this subsection.”

7 EXTENSION OF INSURANCE AUTHORIZATIONS

8 SEC. 202. (a) Section 2 (a) of the National Housing
 9 Act is amended by striking out “October 1, 1965” and insert-
 10 ing in lieu thereof “October 1, 1969”.

11 (b) Section 217 of such Act is amended by—

12 (1) striking out “title VIII” and inserting in lieu
 13 thereof “titles VIII or X”, and

14 (2) striking out “October 1, 1965” and inserting
 15 in lieu thereof “October 1, 1969”.

16 (c) The second sentences of sections 809 (f) and 810
 17 (k) of such Act are each amended by striking out “October
 18 1, 1965” and inserting in lieu thereof “October 1, 1969”.

19 DOWNPAYMENT REQUIREMENT IN CASE OF LOW-INCOME

20 HOUSING DEMONSTRATION HOMES

21 SEC. 203. Section 203 (b) (9) of the National Housing
 22 Act is amended by inserting after “a mortgage meeting the
 23 requirements of subsection (i) of this section,” the follow-
 24 ing: “or with respect to a mortgage covering a single-family
 25 home being purchased under the low-income housing dem-

1 onstration project assisted pursuant to section 207 of the
2 Housing Act of 1961,”.

3 MULTIFAMILY MORTGAGE LIMITS FOR FOUR OR MORE
4 BEDROOM UNITS

5 SEC. 204. (a) Section 207 (c) (3) of the National
6 Housing Act is amended by—

7 (1) striking out “and \$18,500 per family unit with
8 three or more bedrooms” and inserting in lieu thereof
9 “\$18,500 per family unit with three bedrooms, and
10 \$21,000 per family unit with four or more bedrooms”;
11 and

12 (2) striking out “and \$22,500 per family unit with
13 three or more bedrooms” and inserting in lieu thereof
14 “\$22,500 per family unit with three bedrooms, and
15 \$25,500 per family unit with four or more bedrooms”.

16 (b) (1) Section 213 (b) (2) of such Act is amended
17 by—

18 (A) striking out “and \$18,500 per family unit with
19 three or more bedrooms” and inserting in lieu thereof
20 “\$18,500 per family unit with three bedrooms, and
21 \$21,000 per family unit with four or more bedrooms”;
22 and

23 (B) striking out “and \$22,500 per family unit with
24 three or more bedrooms” and inserting in lieu thereof

1 “\$22,500 per family unit with three bedrooms, and
2 \$25,500 per family unit with four or more bedrooms”.

3 (2) Section 213 (c) of such Act is amended by striking
4 out all that follows “and not to exceed” and inserting in lieu
5 thereof the following: “a sum computed on the basis of a
6 separate mortgage for each family dwelling (irrespective of
7 whether such dwelling has a party wall or is otherwise
8 physically connected with another dwelling or dwellings)
9 comprising the property or project, equal to the total of each
10 of the maximum principal obligations of such mortgages
11 which would meet the requirements of section 203 (b) (2) of
12 this Act if the mortgagor were the owner and occupant who
13 had made any required payment on account of the property
14 prescribed in such paragraph.”

15 (c) Section 220 (d) (3) (B) (iii) of such Act is
16 amended by—

17 (1) striking out “and \$18,500 per family unit with
18 three or more bedrooms” and inserting in lieu thereof
19 “\$18,500 per family unit with three bedrooms, and
20 \$21,000 per family unit with four or more bedrooms”;
21 and

22 (2) striking out “and \$22,500 per family unit with
23 three or more bedrooms” and inserting in lieu thereof
24 “\$22,500 per family unit with three bedrooms, and
25 \$25,500 per family unit with four or more bedrooms”.

1 (d) Subsections (d) (3) (ii) and (d) (4) (ii) of sec-
2 tion 221 of such Act are amended by—

3 (1) striking out “and \$17,000 per family unit with
4 three or more bedrooms” and inserting in lieu thereof
5 “\$17,000 per family unit with three bedrooms, and
6 \$19,250 per family unit with four or more bedrooms”;
7 and

8 (2) striking out “and \$20,000 per family unit with
9 three or more bedrooms” and inserting in lieu thereof
10 “\$20,000 per family unit with three bedrooms, and
11 \$22,750 per family unit with four or more bedrooms”.

12 (e) Section 231 (c) (2) of such Act is amended by—

13 (1) striking out “and \$17,000 per family unit with
14 three or more bedrooms” and inserting in lieu thereof
15 “\$17,000 per family unit with three bedrooms, and
16 \$19,250 per family unit with four or more bedrooms”;
17 and

18 (2) striking out “and \$20,000 per family unit with
19 three or more bedrooms” and inserting in lieu thereof
20 “\$20,000 per family unit with three bedrooms, and
21 \$22,750 per family unit with four or more bedrooms”.

22 (f) Section 234 (e) (3) of such Act is amended by—

23 (1) striking out “and \$18,500 per family unit with
24 three or more bedrooms” and inserting in lieu thereof
25 “\$18,500 per family unit with three bedrooms, and

1 \$21,000 per family unit with four or more bedrooms”;
2 and

3 (2) striking out “and \$22,500 per family unit with
4 three or more bedrooms” and inserting in lieu thereof
5 “\$22,500 per family unit with three bedrooms, and
6 \$25,500 per family unit with four or more bedrooms”.

7 REHABILITATION IN URBAN RENEWAL AREAS

8 SEC. 205. Section 220 (d) (3) (A) of the National
9 Housing Act is amended by—

10 (1) striking out the second proviso in clause (i) ;
11 and

12 (2) striking out clause (ii) and inserting in lieu
13 thereof the following:

14 “(ii) in a case where the mortgagor is not the
15 occupant of the property and the mortgagor intends to
16 hold the property for rental purposes, have a principal
17 obligation in an amount not to exceed 93 per centum
18 of the amount available to a mortgagor who is the
19 occupant of the property computed under the provisions
20 of clause (i) ;

21 “(iii) in a case where the mortgagor is not the
22 occupant of the property and intends to hold the prop-
23 erty for the purpose of sale, have a principal obligation
24 in an amount not to exceed 85 per centum of the amount
25 computed under the provisions of clause (i) , or in the

1 alternative, in an amount computed under the provisions
2 of clause (i) if the mortgagor and mortgagee assume
3 responsibility in a manner satisfactory to the Com-
4 missioner for the reduction of the mortgage by an
5 amount not less than 15 per centum of the outstanding
6 principal amount thereof, or by such greater amount as
7 may be required to meet the limitations of clause (iv),
8 in the event the mortgaged property is not, prior to
9 the due date of the eighteenth amortization payment of
10 the mortgage, sold to a purchaser acceptable to the
11 Commissioner who is the occupant of the property and
12 who assumes and agrees to pay the mortgage indebted-
13 ness; and

14 “(iv) in no case involving refinancing (except as
15 provided in clause (iii)), have a principal obligation
16 in an amount exceeding the sum of the estimated cost
17 of repair and rehabilitation and the amount (as deter-
18 mined by the Commissioner) required to refinance
19 existing indebtedness secured by the property or project
20 and any existing indebtedness incurred in connection
21 with improving, repairing, or rehabilitating the prop-
22 erty; or”.

23 NONDWELLING FACILITIES FOR URBAN RENEWAL HOUSING.

24 SEC. 206. Section 220 (d) (3) (B) of the National

1 Housing Act is amended by striking out clause (iv) and
2 inserting in lieu thereof the following:

3 “(iv) include such nondwelling facilities as the
4 Commissioner deems desirable and consistent with the
5 urban renewal plan: *Provided*, That the project shall
6 be predominantly residential and the Commissioner shall
7 find that any nondwelling facility included in the project
8 is essential to the economic feasibility of the project,
9 and that its financing under this section will not result
10 in an unfair disadvantage to other business enterprises in
11 the vicinity of the project.”

12 LARGER INSURED MORTGAGES FOR SERVICEMEN

13 SEC. 207. Section 222 (b) of the National Housing Act
14 is amended by—

15 (1) striking out “\$20,000” in paragraph (2) and
16 inserting in lieu thereof “\$30,000”; and

17 (2) striking out paragraph (3) and inserting in
18 lieu thereof the following:

19 “(3) have a principal obligation equal to the sum
20 of (i) 95 per centum of \$20,000 of the appraised value
21 of the property (or such higher amount as may be
22 derived by applying the maximum ratio of loan to value
23 prescribed in section 203 (b) (2)), and (ii) 85 per
24 centum of such value in excess of \$20,000; and”.

REFINANCING OF INSURED MORTGAGES

SEC. 208. Section 223 (a) (7) of the National Housing Act is amended by striking out "section 608 of title VI prior to the effective date of the Housing Act of 1954 or under section 220, 221, 903, or section 908" and inserting in lieu thereof "this Act".

CONSOLIDATION OF FHA INSURANCE FUNDS

SEC. 209. Title V of the National Housing Act is amended by adding at the end thereof the following new section:

"ESTABLISHMENT OF GENERAL INSURANCE FUND

"SEC. 519. (a) There is hereby created a General Insurance Fund which shall be used by the Commissioner, on and after the date of the enactment of the Housing and Urban Development Act of 1965, as a revolving fund for carrying out all the insurance provisions of this Act with the exception of the provisions of sections 203 (b), 203 (h), and 203 (i). All mortgages or loans insured under this Act pursuant to commitments issued on or after the date of the enactment of the Housing and Urban Development Act of 1965, except those insured under sections 203 (b), 203 (h), and 203 (i), and all loans reported for insurance under section 2 on and after the date of the enactment of the Housing and Urban Development Act of 1965, shall be insured under the Gen-

1 eral Insurance Fund. The Commissioner shall transfer to the
2 General Insurance Fund—

3 “(1) the assets and liabilities of all insurance ac-
4 counts and funds, except the Mutual Mortgage Insurance
5 Fund, existing under this Act immediately prior to the
6 date of the enactment of the Housing and Urban De-
7 velopment Act of 1965;

8 “(2) all outstanding commitments for insurance
9 issued prior to the date of the enactment of the Housing
10 and Urban Development Act of 1965, except commit-
11 ments issued under sections 203 (b), 203 (h), and
12 203 (i) ;

13 “(3) the insurance on all mortgages and loans in-
14 sured prior to the date of the enactment of the Housing
15 and Urban Development Act of 1965, except the in-
16 surance under sections 203 (b), 203 (h), and 203 (i) ;
17 and

18 “(4) the insurance of loans made by approved
19 financial institutions pursuant to section 2 prior to the
20 date of the enactment of the Housing and Urban De-
21 velopment Act of 1965.

22 “(b) The general expenses of the operations of the
23 Federal Housing Administration relating to mortgages and
24 loans which are the obligation of the General Insurance
25 Fund may be charged to the General Insurance Fund.

1 “(c) Moneys in the General Insurance Fund not needed
2 for the current operations of the Federal Housing Admin-
3 istration with respect to mortgages and loans which are the
4 obligation of the General Insurance Fund shall be deposited
5 with the Treasurer of the United States to the credit of such
6 Fund, or invested in bonds or other obligations of, or in
7 bonds or other obligations guaranteed as to principal and
8 interest by, the United States. The Commissioner may,
9 with the approval of the Secretary of the Treasury, purchase
10 in the open market debentures issued as obligations of the
11 Fund created by this section or issued prior to the date of
12 enactment of the Housing and Urban Development Act of
13 1965 under other provisions of this Act, except debentures
14 issued under the Mutual Mortgage Insurance Fund. Such
15 purchases shall be made at a price which will provide an
16 investment yield of not less than the yield obtainable from
17 other investments authorized by this section. Debentures
18 so purchased shall be canceled and not reissued.

19 “(d) Premium charges, adjusted premium charges, and
20 appraisal and other fees received on account of the insurance
21 of any mortgage or loan which is the obligation of the Gen-
22 eral Insurance Fund, the receipts derived from the property
23 covered by such mortgages and loans and from the claims,
24 debts, contracts, property, and security assigned to the Com-

1 missioner in connection therewith, and all earnings on the
2 assets of such Fund shall be credited to the General Insurance
3 Fund. The principal of, and interest paid and to be paid on,
4 debentures which are the obligation of such Fund, cash in-
5 surance payments and adjustments, and expenses incurred in
6 the handling, management, renovation, and disposal of prop-
7 erties acquired in connection with mortgages and loans which
8 are the obligation of such Fund, shall be charged to such
9 Fund.”

10 OPTIONAL CASH PAYMENT OF INSURANCE BENEFITS

11 SEC. 210. Title V of the National Housing Act is
12 amended by inserting after section 519 (added by section
13 209 of this Act) a new section as follows:

14 “OPTIONAL CASH PAYMENT OF INSURANCE BENEFITS

15 “SEC. 520. Notwithstanding any other provision of
16 this Act with respect to the payment of insurance benefits,
17 the Commissioner is authorized, in his discretion, to pay in
18 cash or in debentures any insurance claim or part thereof
19 which is paid on or after the date of enactment of the Hous-
20 ing and Urban Development Act of 1965 on a mortgage or a
21 loan which was insured under any section of this Act either
22 before or after such date. If payment is made in cash, it
23 shall be in an amount equivalent to the face amount of
24 the debentures that would otherwise be issued plus an amount
25 equivalent to the interest which the debentures would have

1 earned, computed to a date to be established pursuant to regu-
2 lations issued by the Commissioner.”

3 APPROVAL OF TECHNICALLY SUITABLE MATERIALS

4 SEC. 211. Title V of the National Housing Act is
5 amended by inserting after section 520 (added by section
6 210 of this Act) a new section as follows:

7 “APPROVAL OF TECHNICALLY SUITABLE MATERIALS

8 “SEC. 521. The Commissioner shall adopt a uniform
9 procedure for the acceptance of materials and products to be
10 used in structures approved for mortgages or loans insured
11 under this Act. Under such procedure any material or
12 product which is technically suitable for the use proposed
13 shall be accepted.”

14 WATER AND SEWER FACILITIES IN CONNECTION WITH
15 CERTAIN FEDERALLY ASSISTED HOUSING

16 SEC. 212. (a) Title V of the National Housing Act is
17 amended by inserting after section 521 (added by section
18 211 of this Act) a new section as follows:

19 “WATER AND SEWER FACILITIES

20 “SEC. 522. Notwithstanding any other provision of this
21 Act, no mortgage which covers new construction shall be
22 approved for insurance under this Act (except pursuant to
23 a commitment made prior to the date of the enactment of
24 the Housing and Urban Development Act of 1965) if the

1 mortgaged property includes housing which is not served by
2 a public or adequate community water and sewerage system:
3 *Provided*, That this limitation shall be applicable only to
4 property which is not served by a system approved by the
5 Commissioner pursuant to title X of this Act and which
6 is situated in an area certified by appropriate local officials
7 to be an area where the establishment of public or adequate
8 community water and sewerage systems is economically
9 feasible: *Provided further*, That for purposes of this section
10 the economic feasibility of establishing such public or ade-
11 quate community water and sewerage systems shall be
12 determined without regard to whether such establishment is
13 authorized by law or is subject to approval by one or more
14 local governments or public bodies.”

15 (b) Section 1804 of title 38, United States Code, is
16 amended by adding at the end thereof a new subsection as
17 follows:

18 “(e) No loan for the purchase or construction of new
19 residential property (other than property served by a water
20 and sewerage system approved by the Federal Housing
21 Commissioner pursuant to title X of the National Housing
22 Act) shall be financed through the assistance of this chap-
23 ter, except pursuant to a commitment made prior to the
24 date of enactment of the Housing and Urban Development
25 Act of 1965, if such property is not served by a public or

1 adequate community water and sewerage system and is
2 located in an area where the appropriate local officials
3 certify that the establishment of such systems is economically
4 feasible. For purposes of this subsection, the economic
5 feasibility of establishing public or adequate community
6 water and sewerage systems shall be determined without
7 regard to whether such establishment is authorized by law
8 or is subject to approval by one or more local governments
9 or public bodies.”

10 PROPERTY IMPROVEMENT PROGRAM UNDER TITLE I

11 SEC. 213. (a) Section 2 (b) of the National Housing
12 Act is amended by—

13 (1) striking out “\$3,500” and inserting in lieu
14 thereof “\$5,000”; and

15 (2) striking out “five years” and inserting in lieu
16 thereof “seven years”.

17 (b) Effective on January 1, 1966, section 2 (a) of
18 such Act is amended by—

19 (1) striking out “purchases of obligations” in the
20 first sentence and inserting in lieu thereof “purchases
21 of transferrable but nonnegotiable obligations”; and

22 (2) inserting after the first sentence a new sen-
23 tence as follows: “The instrument evidencing any
24 purchased obligation with respect to which insurance

1 is provided under this section shall have printed on the
2 face thereof a statement indicating that any defense
3 against payment which may be available to the maker
4 thereof against the original payee will be available
5 against any subsequent transferee from the original
6 payee.”

7 TITLE III—URBAN RENEWAL

8 GENERAL NEIGHBORHOOD RENEWAL PLANS

9 SEC. 301. Section 102 (d) of the Housing Act of 1949
10 is amended by—

11 (1) striking out the first sentence of the second
12 paragraph and inserting in lieu thereof the following:

13 “In order to facilitate proper preliminary planning for
14 the attainment of the urban renewal objectives of this title,
15 the Administrator may also make advances of funds (in addi-
16 tion to those authorized above) to local public agencies for
17 the preparation of General Neighborhood Renewal Plans (as
18 herein defined). A General Neighborhood Renewal Plan
19 may be prepared for an area consisting of an urban renewal
20 area or areas, together with any adjoining areas having spe-
21 cially related problems, and which is of such size that the
22 urban renewal activities in the urban renewal area or areas
23 may have to be initiated in stages, consistent with the capac-
24 ity and resources of the respective local public agency or

1 agencies, over an estimated period of not more than eight
2 years.”; and

3 (2) striking out the first numbered paragraph and
4 inserting in lieu thereof the following:

5 “(1) in the interest of sound community planning,
6 it is desirable that the urban renewal activities proposed
7 for the area be planned in their entirety;”.

8 INCREASE IN AUTHORIZATION FOR CAPITAL GRANTS

9 SEC. 302. (a) Section 103 (b) of the Housing Act of
10 1949 is amended by striking out “\$4,725,000,000” and
11 inserting in lieu thereof “\$4,700,000,000, which amount
12 shall be increased by \$675,000,000 on the date of enact-
13 ment of the Housing and Urban Development Act of 1965,
14 by \$725,000,000 on July 1, 1966, and by \$750,000,000
15 on July 1 in each of the years 1967 and 1968”.

16 (b) The first proviso in section 103 (b) of such Act,
17 and the second sentence of section 6 (b) of the Urban Mass
18 Transportation Act of 1964, are repealed.

19 (c) The Housing and Home Finance Administrator
20 shall undertake a study of the existing slum clearance and
21 urban renewal program under title I of the Housing Act of
22 1949 with a view to making recommendations for strength-
23 ening such program, or for establishing a new or alternative
24 program to assist the States and their communities in slum

1 clearance and urban renewal activities. Such study shall
2 include, among other relevant matters, a consideration of
3 ways in which (1) more effective assistance can be given to
4 meet the special problems of smaller communities undertak-
5 ing or proposing to undertake urban renewal projects, and
6 (2) the time required to complete urban renewal projects
7 can be shortened. Findings and recommendations resulting
8 from such study shall be reported to the President for sub-
9 mission to the Congress not later than two years after the
10 appropriation of funds for such study. Such sums as may be
11 necessary to carry out the provisions of this subsection are
12 hereby authorized to be appropriated.

13 INCREASE IN NONRESIDENTIAL EXCEPTION

14 SEC. 303. The sixth sentence of section 110 (c) of the
15 Housing Act of 1949 is amended by striking out the period
16 and inserting in lieu thereof the following: “: *And provided*
17 *further*, That the aggregate amount of capital grants avail-
18 able under this title with respect to such projects after the
19 date of the enactment of the Housing and Urban Develop-
20 ment Act of 1965 (which amount shall not include any
21 amounts previously authorized for such projects) shall not
22 exceed 40 per centum of the amount of grants authorized
23 under this title by such Act.”

RELOCATION PAYMENTS

SEC. 304. Section 114 (b) (2) of the Housing Act of 1949 is amended by striking out "\$1,500" and inserting in lieu thereof "\$2,500".

DEMOLITION OF UNSAFE STRUCTURES AND CODE

ENFORCEMENT

SEC. 305. (a) Title I of the Housing Act of 1949 is amended by inserting after section 115 (added by section 103 of this Act) two new sections as follows:

"DEMOLITION

"SEC. 116. (a) Notwithstanding any other provision of this title, the Administrator is authorized to enter into contracts to make, and to make, grants as provided in this section (payable from any grant funds provided under section 103 (b)) to cities, other municipalities, and counties to assist in financing the cost of demolishing structures which under State or local law have been determined to be structurally unsound or unfit for human habitation, and which such city, municipality, or county has authority to demolish. The amount of any grant under this section shall not exceed two-thirds of the cost of the demolition of such structures.

"(b) No grant shall be made under this section unless the structures to be demolished are located in an urban re-

1 newal area, or, in the case of structures outside an urban
2 renewal area, (1) the locality involved has an approved
3 workable program for community improvement in accord-
4 ance with the requirements of section 101 (c) of this title, as
5 determined by the Administrator, (2) the demolition to be
6 assisted will be on a planned neighborhood basis and will
7 further the over-all renewal objectives of such locality, (3)
8 there is in such locality a program of enforcement of existing
9 local housing and related codes, (4) the structures to be
10 demolished constitute a public nuisance and a serious hazard
11 to the public health or welfare, and (5) the governing body
12 of such locality has determined that other available legal pro-
13 cedures have been exhausted to secure remedial action by the
14 owner of the structures involved and that demolition by
15 governmental action is required.

16 "CODE ENFORCEMENT

17 "SEC. 117. Notwithstanding any other provision of this
18 title, the Administrator is authorized to enter into contracts
19 to make, and to make, grants as provided in this section
20 (payable from any grant funds provided under section 103
21 (b)) to cities, other municipalities, and counties for the
22 purpose of assisting such localities in carrying out programs
23 of concentrated code enforcement in deteriorated or deterior-
24 ating areas in which such enforcement, together with those
25 public improvements to be provided by the locality, may be

1 expected to arrest the decline of the area. Such grants shall
2 not exceed two-thirds (or three-fourths in the case of any
3 city, other municipality, or county having a population of
4 50,000 or less according to the most recent decennial
5 census) of the cost of planning and carrying out such pro-
6 grams which may include the provision and repair of neces-
7 sary streets, curbs, sidewalks, street lighting, tree planting,
8 and similar improvements within such areas. The Adminis-
9 trator shall not make any grant under this section unless he
10 has obtained adequate assurances (1) that the locality will
11 maintain during the period of the contract, in addition to its
12 expenditures for planning and carrying out any program
13 assisted under this section, a level of expenditures for sode
14 enforcement activities at not less than its normal expendi-
15 tures for such activities prior to the execution of such con-
16 tract, and (2) that the locality has a satisfactory program
17 for the provision of all necessary public improvements for
18 such areas. The provisions of sections 101 (c), 106, 114,
19 and 115 shall be applicable to the programs assisted under
20 this section."

21 (b) Section 110 (c) of such Act is amended by—

22 (1) striking out "or a program of code enforce-
23 ment in an urban renewal area," in the first sentence;
24 and

25 (2) striking out the proviso in paragraph (5).

1 (c) Section 220 (d) (1) (A) of the National Housing
2 Act is amended by inserting before the first proviso the
3 following: “, or (iv) an area in which a program of con-
4 centrated code enforcement activities is being carried out
5 pursuant to section 117 of the Housing Act of 1949”.

6 (d) Section 220 (h) (1) of the National Housing Act
7 is amended by inserting after “urban renewal project” in
8 the first sentence the following: “or in an area in which a
9 program of concentrated code enforcement activities is being
10 carried out pursuant to section 117 of the Housing Act of
11 1949”.

12 (e) Section 312 (a) of the Housing Act of 1964 is
13 amended by inserting after “urban renewal area” in the first
14 sentence the following: “or an area in which a program of
15 concentrated code enforcement activities is being carried out
16 pursuant to section 117 of the Housing Act of 1949”.

17 ELIGIBILITY OF CERTAIN LOCAL GRANTS-IN-AID

18 SEC. 306. (a) Notwithstanding the date of the com-
19 mencement of construction of the Tanyard Creek collector
20 sanitary sewer in Jasper, Alabama, local expenditures made
21 in connection with this collector sanitary sewer system shall,
22 to the extent otherwise eligible, be counted as a local grant-
23 in-aid to the downtown urban renewal project (Alabama
24 R-49) in accordance with the provisions of title I of the
25 Housing Act of 1949.

1 (b) Notwithstanding the date of the commencement of
2 construction of the East Side High School and the start of
3 construction of the improvements to Hickory Creek in Joliet,
4 Illinois, expenditures made in connection with such high
5 school and such creek improvements shall, to the extent
6 otherwise eligible, be counted as a local grant-in-aid to the
7 proposed south central urban renewal project in accordance
8 with the provisions of title I of the Housing Act of 1949.

9 (c) Notwithstanding the date of commencement of the
10 installation of certain underground electrical wiring in John-
11 son City, Tennessee, expenditures made in connection with
12 such installation shall, to the extent otherwise eligible, be
13 counted as a local grant-in-aid to Johnson City's proposed
14 downtown urban renewal project (Tennessee R-80) in
15 accordance with the provisions of title I of the Housing Act
16 of 1949.

17 (d) Notwithstanding the provisions of section 312 of
18 the Housing Act of 1954 or any request previously made
19 pursuant to such section, upon request of the local public
20 agency the eligibility of the local grants-in-aid for any proj-
21 ect in the city of New Brunswick, New Jersey, in connec-
22 tion with which the final capital grant payment has not been
23 made, shall be determined in accordance with the provisions
24 of section 110 (d) of the Housing Act of 1949.

25 (e) Two thirds of all expenditures by the city of Saint

1 Louis, Missouri, in connection with its Downtown Sports
2 Stadium project, to the extent such expenditures would have
3 been eligible under the provisions of section 110 (d) of the
4 Housing Act of 1949 to be counted as non-cash grants-in-
5 aid toward such project if it had received Federal assistance
6 as an urban renewal project pursuant to the provisions of
7 title I of such Act, shall be eligible to be counted as a grant-
8 in-aid toward any Federally-assisted urban renewal projects
9 in Saint Louis.

10 AMENDMENT OF SECTION 316 OF THE HOUSING ACT

11 OF 1954

12 SEC. 307. The first full paragraph of section 316 (2) of
13 the Housing Act of 1954 is amended by striking out the first
14 parenthetical clause and inserting in lieu thereof the follow-
15 ing: “(as such projects are now or may hereafter be defined
16 in title I of the Housing Act of 1949, including but not
17 limited to projects authorized without regard to the resi-
18 dential or nonresidential character or reuse of the urban
19 renewal area)”.

20 REHABILITATION LOANS

21 SEC. 308. (a) Section 312 (a) of the Housing Act of
22 1964 is amended by striking out “reasonable” in the second
23 sentence and inserting in lieu thereof “comparable”.

24 (b) Section 312 (d) of such Act is amended by adding
25 at the end thereof a new sentence as follows: “All moneys

1 in such revolving fund shall be available for necessary
2 expenses of servicing loans made pursuant to this section,
3 including reimbursement or payment for services and facil-
4 ities of the Federal National Mortgage Association and of
5 any public or private agency for the servicing of such loans.”

6 TITLE IV—LOW-RENT PUBLIC HOUSING

7 ACCEPTANCE OF LOCAL CERTIFICATION OF EQUIVALENT

8 ELIMINATION

9 SEC. 401. The fourth sentence of section 10 (a) of the
10 United States Housing Act of 1937 is amended by inserting
11 immediately before the comma after the word “elimination”,
12 where the word first appears, the following: “, as certified
13 by the local governing body”.

14 GREATER USE OF EXISTING HOUSING

15 SEC. 402. Section 10 (c) of the United States Housing
16 Act of 1937 is amended by striking out “*And provided*”
17 and inserting in lieu thereof “*Provided*”, and by inserting a
18 colon and the following proviso before the period at the
19 end thereof: “*And provided further*, That the amount of the
20 fixed annual contribution which would be established under
21 this Act for a newly constructed project by a public housing
22 agency designed to accommodate a number of families of
23 a given size and kind may be established, as a maximum
24 annual contribution in lieu of any other guaranteed con-
25 tribution authorized under this section, for a project by such

1 public housing agency which would provide housing for the
2 comparable number, sizes and kinds of families through the
3 acquisition, acquisition and rehabilitation, or use under lease
4 of existing structures which are suitable for low-rent housing
5 use and obtainable in the local market”.

6 INCREASE IN AUTHORIZATION FOR ANNUAL
7 CONTRIBUTIONS

8 SEC. 403. Section 10 (e) of the United States Housing
9 Act of 1937 is amended by inserting immediately following
10 “per annum”, the following: “, which limit shall be in-
11 creased by \$47,000,000 on the date of enactment of the
12 Housing and Urban Development Act of 1965, and by fur-
13 ther amounts of \$47,000,000 on July 1 in each of the years
14 1966, 1967, and 1968, respectively,”.

15 REALLOCATION OF UNITS

16 SEC. 404. Section 10 (e) of the United States Housing
17 Act of 1937 is amended by striking out “*Provided,*” and
18 inserting in lieu thereof the following: “*Provided, That*
19 subject to any contractual obligation outstanding on the date
20 of enactment of the Housing and Urban Development Act
21 of 1965, any units not under construction within five years
22 from the date they were reserved to a public housing agency
23 may be reserved, allocated, or placed under contract for
24 annual contributions in any State without limitation as to
25 the aggregate amount of units which may be placed under

1 contract for annual contributions in any one State: *Provided*
2 *further,*".

3 SALE OF FEDERALLY OWNED PROJECTS TO PRIVATE
4 PURCHASERS

5 SEC. 405. The first sentence of section 12 (c) of the
6 United States Housing Act of 1937 is amended to read as
7 follows: "The Authority may sell a Federal project only
8 to a public housing agency or to a nonprofit body for use
9 as low-rent housing."

10 INCREASE IN PER ROOM LIMITATIONS

11 SEC. 406. Paragraph (5) of section 15 of the United
12 States Housing Act of 1937 is amended by—

13 (1) striking out "\$2,000" and inserting in lieu
14 thereof "\$2,400";

15 (2) striking out "\$3,000", each place it appears,
16 and inserting in lieu thereof "\$3,500"; and

17 (3) striking out "\$3,500" and inserting in lieu
18 thereof "\$4,000".

19 PURCHASE OF UNITS BY TENANTS

20 SEC. 407. (a) Section 15 of the United States Housing
21 Act is amended by adding after paragraph (8) a new par-
22 agraph as follows:

23 "(9) Notwithstanding any other provision of this Act,
24 but subject to the provisions of any contract with the Author-
25 ity, any public housing agency may permit any member of a

1 tenant family to enter into a contract (either individually or
2 as a member of a group) for the acquisition of a dwelling
3 unit in any project of the public housing agency which is
4 suitable by reason of its detached, semidetached, or row
5 construction for sale and for occupancy by such purchaser
6 or a member or members of his family, upon the following
7 terms:

8 “(A) The purchaser shall pay at least (i) a pro rata
9 share cost of any services furnished him by the public agency,
10 including but not limited to, administration, maintenance,
11 repairs, utilities, insurance, provision of reserves, and other
12 expenses, (ii) local taxes on his dwelling unit, and (iii)
13 monthly payments of interest and principal sufficient to
14 amortize a sales price, equal to the greater of the unamor-
15 tized debt or the appraised value (at the time such purchase
16 contract is entered into) of the dwelling unit, in not more
17 than forty years: *Provided*, That the public housing agency
18 may, under terms and conditions to be prescribed by it,
19 permit a purchaser to apply an amount equal to the net
20 rent paid for his dwelling unit, over a period not exceeding
21 three years prior to the entering into of any such contract,
22 toward the purchase price of such unit;

23 “(B) The interest rate shall be fixed at not less than
24 the average interest cost of loans outstanding on the project,
25 except that in the case of a project on which bonds are not

1 outstanding the interest rate shall be fixed at not less than
2 the going Federal rate applicable to such project;

3 “(C) The principal payments shall be not less than
4 one-half of 1 per centum per annum of the sales price during
5 the first five years after purchase, 1 per centum per annum
6 during the next five years, $1\frac{1}{2}$ per centum per annum during
7 the third five years, and thereafter not less than the principal
8 payments resulting from a level debt service of interest and
9 principal over the balance of the payment period; and

10 “(D) If at any time (i) a purchaser fails to carry out
11 his contract with the public housing agency and if no mem-
12 ber of his family who resides in the dwelling assumes such
13 contract, or (ii) if the purchaser or a member of his family
14 who assumes the contract does not reside in the dwelling, the
15 public housing agency shall have an option to acquire his
16 interest under such contract upon payment to him or his
17 estate of an amount equal to his aggregate principal pay-
18 ments plus the value to the public housing agency of any
19 improvements made by him, less an amount equal to $2\frac{1}{2}$ per
20 centum of the sales price.”

21 (b) Such Act is further amended—

22 (1) by inserting in the parenthetical phrase in sec-
23 tion 10 (h) after the words “exclusive of” the following:

24 “any part thereof covered by a contract or conveyed

1 pursuant to paragraph (9) of section 15, and exclusive
2 of”;

3 (2) by inserting after “may be made” in section
4 10 (1) the following: “, subject to any outstanding con-
5 tracts made pursuant to paragraph (9) of section 15,”;

6 (3) by inserting after “acquisition”, the first place
7 it appears in paragraphs (1), (2), and (3) of section
8 15, the following: “(except pursuant to paragraph (9)
9 of section 15) ”; and

10 (4) by inserting before the semicolon at the end
11 of paragraph (1) of section 22 (a) a colon and the
12 following: “*Provided*, That such conveyance or delivery
13 of title shall be subject to the rights of third parties
14 vested pursuant to paragraph (9) of section 15”.

15 TITLE V—COLLEGE HOUSING

16 INCREASE IN AUTHORIZATION FOR COLLEGE HOUSING

17 LOANS

18 SEC. 501. Section 401 (d) of the Housing Act of 1950
19 is amended to read as follows:

20 “(d) To obtain funds for loans under subsection (a)
21 of this section, the Administrator may issue and have out-
22 standing at any one time notes and obligations for purchase
23 by the Secretary of the Treasury in an amount not to ex-
24 ceed \$2,985,000,000, which amount shall be increased by
25 \$285,000,000 on July 1 in each of the years 1966 and

1 1967, and by \$275,000,000 on July 1, 1968: *Provided*,
 2 That the amount outstanding for other educational facilities,
 3 as defined herein, shall not exceed \$295,000,000, which
 4 limit shall be increased by \$30,000,000 on July 1 in each
 5 of the years 1965 through 1968: *Provided further*, That
 6 the amount outstanding for hospitals, referred to in clause
 7 (2) of section 404 (b) of this title, shall not exceed
 8 \$220,000,000, which limit shall be increased by \$15,000,000
 9 on July 1 in each of the years 1965 through 1968.”

10 PARTICIPATION BY NEW COLLEGES

11 SEC. 502. Section 404 (b) of the Housing Act of 1950
 12 is amended by striking out “institution offering” in clause
 13 (1) and inserting in lieu thereof the following: “institution
 14 which offers, or provides satisfactory assurance to the Ad-
 15 ministrator that it will offer within a reasonable time after
 16 completion of a facility for which assistance is requested
 17 under this title,”.

18 TITLE VI—GRANTS FOR BASIC PUBLIC WORKS, 19 NEIGHBORHOOD FACILITIES, AND THE AD- 20 VANCE ACQUISITION OF LAND

21 PURPOSE

22 SEC. 601. The purpose of this title is to assist and en-
 23 courage the communities of the Nation fully to meet the needs
 24 of their citizens by making it possible, with Federal grant
 25 assistance, for their governmental bodies (1) to construct

1 adequate basic water and sewer facilities needed to promote
2 the efficient and orderly growth and development of our com-
3 munities, (2) to construct neighborhood facilities needed to
4 enable them to carry on programs of necessary social serv-
5 ices, and (3) to acquire, in a planned and orderly fashion,
6 land to be utilized in connection with the future construction
7 of public works and facilities.

8 GRANTS FOR BASIC WATER AND SEWER FACILITIES

9 SEC. 602. (a) The Housing and Home Finance Ad-
10 ministrator (hereinafter in this title referred to as the "Ad-
11 ministrator") is authorized to make grants to local public
12 bodies and agencies to finance specific projects for basic
13 public water facilities (including works for the storage, treat-
14 ment, purification, and distribution of water), and for basic
15 public sewer facilities (other than "treatment works" as
16 defined in the Federal Water Pollution Control Act) : *Pro-*
17 *vided*, That no grant shall be made under this section for
18 any sewer facilities unless the Secretary of Health, Educa-
19 tion, and Welfare certifies to the Administrator that any
20 waste material carried by such facilities will be adequately
21 treated before it is discharged into any public waterway so
22 as to meet applicable Federal, State, interstate, or local
23 water quality standards.

24 (b) The amount of any grant made under the authority
25 of this section shall not exceed 50 per centum of the develop-

1 ment cost of the project: *Provided*, That in the case of a
2 community having a population of less than ten thousand,
3 according to the most recent decennial census, which is
4 situated within a metropolitan area, the Administrator may
5 increase the amount of a grant for a basic public sewer
6 facility assisted under this section to not more than 90 per
7 centum of the development cost of such facility, if the com-
8 munity is unable to finance the construction of such facility
9 without the increased grant authorized under this subsection,
10 and if in such community (1) there does not exist a public
11 or other adequate sewer facility which serves a substantial
12 portion of the inhabitants of the community, and (2) the
13 rate of unemployment is, and has been continuously for
14 the preceding calendar year, 100 per centum above the
15 national average: *And provided further*, That the limitations
16 and restrictions contained in subsection (c) of this section
17 shall not be applicable to any community applying for an
18 increased grant under this subsection.

19 (c) No grant shall be made under this section in con-
20 nection with any project unless the Administrator determines
21 that the project is necessary to provide adequate water or
22 sewer facilities for, and will contribute to the improvement
23 of the health or living standards of, the people in the com-
24 munity to be served, and that the project is (1) designed so
25 that an adequate capacity will be available to serve the rea-

1 sonably foreseeable growth needs of the area; (2) consistent
2 with a program meeting criteria, established by the Admin-
3 istrator, for a unified or officially coordinated areawide water
4 or sewer facilities system as part of the comprehensively
5 planned development of the area, except that prior to July 1,
6 1968, grants may, in the discretion of the Administrator, be
7 made under this section when such a program for an area-
8 wide water and sewer facilities system is under active prep-
9 aration, although not yet completed, if the facility or facilities
10 for which assistance is sought can reasonably be expected
11 to be required as a part of such program, and there is urgent
12 need for the facility or facilities; and (3) necessary to
13 orderly community development.

14 GRANTS FOR NEIGHBORHOOD FACILITIES

15 SEC. 603. (a) In accordance with the provisions of this
16 section, the Administrator is authorized to make grants to
17 any local public body or agency to assist in financing specific
18 projects for neighborhood facilities. Any such project may
19 be undertaken by such body or agency directly or through
20 a nonprofit organization approved by it: *Provided*, That
21 no grant shall be provided under this section for any project
22 to be undertaken through a nonprofit organization unless the
23 Administrator determines (1) that such organization has
24 or will have the legal, financial, and technical capacity to
25 carry out the project, and (2) that the public body or agency

1 to which the grant is made will have satisfactory continuing
2 control over the use of the proposed facilities.

3 (b) The amount of any grant made under the authority
4 of this section shall not exceed $66\frac{2}{3}$ per centum of the devel-
5 opment cost of the project for which the grant is made (or 75
6 per centum of such cost in the case of a project located in
7 an area which at the time the grant is made is designated
8 as a redevelopment area under the Area Redevelopment
9 Act or any Act supplementary thereto.

10 (c) No grant shall be made under this section for any
11 project unless the Administrator determines that the project
12 will provide a neighborhood facility which is (1) necessary
13 for carrying out a program of health, recreational, social, or
14 similar community service (including a community action
15 program approved under title II of the Economic Opportu-
16 nity Act of 1964) in the area, (2) consistent with compre-
17 hensive planning for the development of the community, and
18 (3) so located as to be available for use by a significant por-
19 tion (or number in the case of large urban places) of the
20 area's low- or moderate-income residents.

21 (d) For a period of twenty years after a grant has been
22 made under this section for a neighborhood facility, such
23 facility shall not, without the approval of the Administrator,
24 be converted to uses other than those proposed by the ap-

1 plicant in its application for a grant. The Administrator
2 shall not approve any conversion in the use of such a neigh-
3 borhood facility during such twenty-year period unless he
4 finds that such conversion is in accordance with the then
5 applicable program of health, recreational, social, or similar
6 community services in the area and consistent with com-
7 prehensive planning for the development of the community
8 in which the facility is located. In approving any such
9 conversion, the Administrator may impose such additional
10 conditions and requirements as he deems necessary.

11 (e) The Administrator shall give priority to applica-
12 tions for projects designed primarily to benefit members of
13 low-income families or otherwise substantially further the
14 objectives of a community action program approved under
15 title II of the Economic Opportunity Act of 1964.

16 ADVANCE ACQUISITION OF LAND

17 SEC. 604. (a) In order to encourage and assist in the
18 timely acquisition of land planned to be utilized in connection
19 with the future construction of public works or facilities, the
20 Administrator is authorized to make grants to local public
21 bodies and agencies to assist in financing the acquisition of
22 a fee simple estate or other interest in such land.

23 (b) The amount of any grant made under the authority
24 of this section shall not exceed the aggregate amount of
25 reasonable interest charges on the loan or other financial

1 obligation incurred to finance the acquisition of such land
2 for a period not exceeding the lesser of (1) five years
3 from the date such loan was made or such financial obliga-
4 tion was incurred, or (2) the period of time between the
5 date such loan was made or such financial obligation was
6 incurred and the date construction is begun on the public
7 work or facility for which the land acquired was planned
8 to be utilized.

9 (c) No grant shall be made under this section for any
10 project for the acquisition of land unless the Administrator
11 determines that the public work or facility for which such
12 land is to be utilized is planned to be constructed or initiated
13 within a reasonable period of time (not to exceed five years
14 after a contract to make such grant is entered into) and
15 that construction of such public work or facility will contrib-
16 ute to economy, efficiency, and the comprehensively planned
17 development of the area.

18 (d) As a condition to providing assistance under this
19 section, the Administrator may, under terms and conditions
20 prescribed by him, require an applicant to agree to repay
21 such assistance, if (1) the land purchased with such assist-
22 ance is not utilized within five years after the agreement
23 is entered into in connection with the construction of the
24 public work or facility for which such land was acquired
25 or (2) such land is diverted to other uses.

1

GENERAL PROVISIONS

2

SEC. 605. (a) In the performance of, and with respect
3 to, the functions, powers, and duties vested in him by this
4 title, the Administrator shall (in addition to any authority
5 otherwise vested in him) have the functions, powers, and
6 duties set forth in section 402, except subsections (a), (c)
7 (2), and (f) of the Housing Act of 1950.

8

(b) The Administrator is authorized, notwithstanding
9 the provisions of section 3648 of the Revised Statutes, to
10 make advance or progress payments on account of any grant
11 made pursuant to this title. No part of any grant authorized
12 to be made by the provisions of this title shall be used for the
13 payment of ordinary governmental operating expenses.

14

DEFINITIONS

15

SEC. 606. As used in this title—

16

(a) The term "State" means the several States, the Dis-
17 trict of Columbia, the Commonwealth of Puerto Rico, and
18 the territories and possessions of the United States.

19

(b) The term "local public bodies and agencies" in-
20 cludes public corporate bodies or political subdivisions; public
21 agencies or instrumentalities of one or more States, munici-
22 palities, or political subdivisions of one or more States (in-
23 cluding public agencies and instrumentalities of one or more
24 municipalities or other political subdivisions of one or more
25 States); Indian tribes; and boards or commissions estab-

1 lished under the laws of any State to finance specific capital
2 improvement projects.

3 (c) The term "development cost" means the cost of
4 constructing the facility and of acquiring the land on which
5 it is located, including necessary site improvements to permit
6 its use as a site for the facility.

7 LABOR STANDARDS

8 SEC. 607. All laborers and mechanics employed by con-
9 tractors or subcontractors on projects assisted under sections
10 602 and 603 shall be paid wages at rates not less
11 than those prevailing on similar construction in the locality
12 as determined by the Secretary of Labor in accordance
13 with the Davis-Bacon Act, as amended (40 U.S.C. 276a—
14 276a-5). No such project shall be approved without first
15 obtaining adequate assurance that these labor standards will
16 be maintained upon the construction work. The Secretary
17 of Labor shall have, with respect to the labor standards speci-
18 fied in this section, the authority and functions set forth
19 in Reorganization Plan Numbered 14 of 1950 (15 F.R.
20 3176; 64 Stat. 1267; 5 U.S.C. 133z-15), and section 2
21 of the Act of June 13, 1934, as amended (48 Stat. 948;
22 40 U.S.C. 276c).

23 APPROPRIATIONS

24 SEC. 608. (a) There are authorized to be appropriated
25 for grants under section 602 not to exceed (1) \$100,000,000

1 for the fiscal year commencing July 1, 1965, and (2)
2 \$200,000,000 for each fiscal year commencing after June
3 30, 1966, and ending prior to July 1, 1969.

4 (b) There are authorized to be appropriated for each
5 fiscal year commencing after June 30, 1965, and ending
6 prior to July 1, 1969, not to exceed (1) \$50,000,000 for
7 grants under section 603, and (2) \$25,000,000 for grants
8 under section 604.

9 (c) Any amounts appropriated under this section shall
10 remain available until expended, and any amounts authorized
11 for any fiscal year under this section but not appropriated
12 may be appropriated for any succeeding fiscal year com-
13 mencing prior to July 1, 1969.

14 TITLE VII—FEDERAL NATIONAL MORTGAGE
15 ASSOCIATION

16 INCREASE IN SPECIAL ASSISTANCE AUTHORITY

17 SEC. 701. (a) Section 305 (c) of the National Housing
18 Act is amended by inserting before the period at the end
19 thereof a comma and the following: “, which limit shall be
20 increased by \$100,000,000 on the date of enactment of the
21 Housing and Urban Development Act of 1965, by \$450,-
22 000,000 on July 1, 1966, by \$550,000,000 on July 1, 1967,
23 and by \$525,000,000 on July 1, 1968”.

24 (b) Section 305 (f) of such Act is amended by inserting
25 before the period at the end thereof the following: “:

1 *Provided further*, That any portion of the total amount
 2 of authority set forth in the first proviso of this subsection,
 3 which (1) is not required under the second proviso of this
 4 subsection to be kept available for purchases and commit-
 5 ments with respect to mortgages insured under section 809,
 6 and (2), on the date of enactment of the Housing and Urban
 7 Development Act of 1965 and on each July 1 thereafter,
 8 would otherwise be available for making new purchases and
 9 commitments pursuant to this subsection, shall be transferred
 10 to and merged with the authority granted by subsection (a)
 11 and added to the amount of such authority which is available,
 12 as of the date of the transfer, for purchases and commitments
 13 under subsection (c) ; and the total amount of authority as
 14 set forth in the first proviso of this subsection shall pro-
 15 gressively be reduced by the amount of each such transfer”.

16 PURCHASE OF MORTGAGES HELD BY FEDERAL

17 INSTRUMENTALITIES

18 SEC. 702. (a) Section 302 of the National Housing
 19 Act is amended by—

20 (1) striking out “Federal,” in clause (2) in sub-
 21 section (b) ;

22 (2) inserting before “first mortgages” in the first
 23 sentence of subsection (c) the following: “obligations
 24 offered to it by the Housing and Home Finance Agency

1 or its Administrator, or by such Agency's constituent
2 units or agencies or the heads thereof, or any"; and

3 (3) inserting "and other obligations" after "mort-
4 gages" in the last sentence of subsection (c).

5 (b) Section 306 (e) of such Act is amended to read
6 as follows:

7 “(e) Notwithstanding any other provision of law, the
8 Association is authorized, under the aforesaid separate ac-
9 countability, to make commitments to purchase, and to pur-
10 chase, service, or sell any obligations offered to it by the
11 Housing and Home Finance Agency or its Administrator, or
12 by such Agency's constituent units or agencies or the heads
13 thereof, or any mortgages covering residential property
14 offered to it by any Federal instrumentality, or the head
15 thereof. There shall be excluded from the total amounts
16 set forth in subsection (c) the amounts of any obligations or
17 mortgages purchased by the Association pursuant to this
18 subsection.”

19 PURCHASE OF BELOW-MARKET INTEREST RATE MORTGAGES
20 COVERING PROPERTIES LOCATED IN URBAN RENEWAL
21 AREAS

22 SEC. 703. Section 302 (b) of the National Housing Act
23 is amended by inserting after "urban renewal area," in clause
24 (3) the following: "or a below-market interest rate mortgage

1 insured under section 221 (d) (3) and covering property
2 located in an urban renewal area.”.

3 TITLE VIII—OPEN-SPACE LAND AND URBAN
4 BEAUTIFICATION AND IMPROVEMENT

5 CHANGE IN NAME OF PROGRAM; FINDINGS AND PURPOSE

6 SEC. 801. (a) The heading of title VII of the Housing
7 Act of 1961 is amended to read as follows: “TITLE VII—
8 OPEN-SPACE LAND AND URBAN BEAUTIFICA-
9 TION AND IMPROVEMENT”.

10 (b) Section 701 of such Act is amended by redesignig-
11 nating subsection (b) as subsection (c) and inserting after
12 subsection (a) a new subsection as follows:

13 “(b) The Congress further finds that there is an urgent
14 need both for the additional provision of parks and other
15 open-space areas in the developed portions of the Nation’s
16 urban areas and for greater and better coordinated local
17 efforts to beautify and improve open space and other public
18 land throughout urban areas to facilitate their increased use
19 and enjoyment by the Nation’s urban population.”

20 (c) Section 701 (c) of such Act (as redesignated by
21 subsection (b) of this section) is amended by—

22 (1) striking out “preserve” and inserting in lieu
23 thereof “(1) provide, preserve, and develop”; and

24 (2) striking out “purposes.” and inserting in lieu

1 thereof “uses, and (2) beautify and improve open space
2 and other public urban land, in accordance with pro-
3 grams to encourage and coordinate local public and
4 private efforts toward this end.”

5 DEVELOPMENT GRANTS FOR OPEN-SPACE USES

6 SEC. 802. (a) The first sentence of section 702 (a) of
7 the Housing Act of 1961 is amended—

8 (1) by inserting “and development” after “acqui-
9 sition” the first place it appears; and

10 (2) by inserting before the period the following:
11 “, and the development, for open-space uses, of land
12 acquired under this title”.

13 (b) Section 702 (c) of such Act is amended by strik-
14 ing out “development costs or”.

15 (c) Section 706 of such Act is amended by adding at
16 the end thereof the following:

17 “(4) The term ‘open-space uses’ means any use
18 of open-space land for (A) park and recreational pur-
19 poses, (B) conservation of land and other natural re-
20 sources, or (C) historic or scenic purposes.”

21 INCREASED GRANT LEVEL FOR PRESERVATION AND DEVEL-
22 OPMENT OF OPEN-SPACE LAND

23 SEC. 803. The second sentence of section 702 (a) of the
24 Housing Act of 1961 is amended to read as follows: “The
25 amount of any such grant shall not exceed 50 per centum

1 of the total cost, as approved by the Administrator, of
2 such acquisition and development."

3 CONTRACT AUTHORIZATION

4 SEC. 804. Section 702 (b) of the Housing Act of 1961
5 is amended by striking out "\$75,000,000" and inserting in
6 lieu thereof the following: "\$310,000,000: *Provided*, That
7 of such sum the Administrator may contract to make
8 grants under section 705 aggregating not to exceed \$64,-
9 000,000, and grants under section 706 aggregating not to
10 exceed \$36,000,000".

11 OPEN-SPACE PLANNING AND PROGRAM REQUIREMENTS

12 SEC. 805. Section 703 (a) of the Housing Act of 1961
13 is amended to read as follows:

14 "SEC. 703. (a) The Administrator shall enter into con-
15 tracts to make grants under sections 702 and 705 of this title
16 only if he finds that such assistance is needed for carrying out
17 a unified or officially coordinated program, meeting criteria
18 established by him, for the provision and development of
19 open-space land as part of the comprehensively planned
20 development of the urban area."

21 GRANTS FOR PROVISION OF OPEN-SPACE LAND IN BUILT-UP

22 URBAN AREAS AND FOR URBAN BEAUTIFICATION AND

23 IMPROVEMENT

24 SEC. 806. Title VII of the Housing Act of 1961 is
25 amended by redesignating sections 705 and 706 as sections

1 707 and 708, respectively, and by inserting after section 704
2 two new sections as follows:

3 "GRANTS FOR PROVISION OF OPEN-SPACE LAND IN BUILT-
4 UP URBAN AREAS

5 "SEC. 705. (a) The Administrator is further authorized
6 to enter into contracts to make grants to States and local
7 public bodies to help finance the acquisition of title to, or
8 other permanent interests in, developed land in built-up
9 portions of urban areas to be cleared and used as permanent
10 open-space land. The Administrator shall make such grants
11 only where the local governing body determines that ade-
12 quate open-space land cannot effectively be provided through
13 the use of existing undeveloped or predominantly undevel-
14 oped land. Grants under this section shall not exceed 50
15 per centum of the cost of acquiring such interests and of neces-
16 sary demolition and removal of improvements.

17 " (b) Financial assistance extended to any project under
18 this title may include grants for relocation payments, as
19 herein defined. Such grants may be in addition to other
20 financial assistance under this title, and no part of the
21 amount of such relocation payments shall be required to be
22 contributed as a local grant. The term 'relocation payments'
23 means payments by the applicant which are (1) made to
24 an individual, family, business concern, or nonprofit organi-
25 zation displaced, after March 4, 1965, by a project assisted

1 under this title; (2) not otherwise authorized under any
2 Federal law; and (3) made only on such terms and condi-
3 tions and subject to such limitations (to the extent appli-
4 cable, but not including the date of displacement) as are
5 provided for relocation payments, at the time such payments
6 are approved, by sections 114 (b) and (c) of the Housing
7 Act of 1949. Relocation payments authorized by this sub-
8 section shall be made subject to such rules and regulations
9 as may be prescribed by the Administrator.

10 "GRANTS FOR URBAN BEAUTIFICATION AND IMPROVEMENT

11 "SEC. 706. The Administrator is authorized to enter
12 into contracts to make grants, as herein provided, to
13 States and local public bodies to assist in carrying out
14 local programs for the greater use and enjoyment of
15 open-space and other public land in urban areas. The
16 Administrator shall establish criteria for such programs
17 to assure that each program (1) represents significant
18 and effective efforts, involving all available public and
19 private resources, for the beautification of such land and
20 its improvement for open-space uses; and (2) is important
21 to the comprehensively planned development of the locality.
22 Grants made under this section shall not exceed 50 per
23 centum of the amount by which the cost of the activities
24 carried on by an applicant during a fiscal year under an
25 approved program exceeds its usual expenditures for com-

1 parable activities: *Provided*, That, notwithstanding any
 2 other provision of this section, the Administrator may use
 3 not to exceed \$5,000,000 of the sum authorized for contracts
 4 under this section for the purpose of entering into contracts to
 5 make grants in amounts not to exceed two-thirds of the cost
 6 of activities which he determines have special value in devel-
 7 oping and demonstrating new and improved methods and
 8 materials for use in carrying out the purposes of this section."

9 USE OF FUNDS FOR STUDIES AND PUBLICATION

10 SEC. 807. The second sentence of section 707 of the
 11 Housing Act of 1961 (as redesignated by section 806 of
 12 this Act) is amended to read as follows: "The Administra-
 13 tor is authorized to use during any fiscal year not to exceed
 14 \$50,000 of the funds available for grants under this title to
 15 undertake such studies and publish such information."

16 CONFORMING AMENDMENTS

17 SEC. 808. (a) The heading of section 702 of the Hous-
 18 ing Act of 1961 is amended to read as follows: "GRANTS
 19 FOR PRESERVATION AND DEVELOPMENT OF OPEN-SPACE
 20 LAND".

21 (b) Section 702 (a) of such Act is amended by striking
 22 out "acceptable to the Administrator as capable of carrying
 23 out the provisions of this title".

24 (c) Section 702 (e) of such Act is amended by striking

1 out in the second sentence “served by the open-space land
2 acquired” and inserting in lieu thereof “assisted”.

3 (d) Section 704 of such Act is amended by striking
4 out in the first sentence “for which” and inserting in lieu
5 thereof “for the acquisition of which”.

6 TITLE IX—RURAL HOUSING

7 LOANS FOR PREVIOUSLY OCCUPIED BUILDINGS AND

8 MINIMUM SITE ACQUISITION

9 SEC. 901. (a) Section 501 (a) of the Housing Act of
10 1949 is amended by—

11 (1) inserting after “their farms” in clause (1)
12 the following: “and to purchase previously occupied
13 buildings and land constituting a minimum adequate
14 site, in order”; and

15 (2) inserting after “rural areas” in clause (2) the
16 following: “for the construction, improvement, altera-
17 tion, or repair of dwellings, related facilities, and farm
18 buildings and to rural residents for the same purposes
19 and for the purchase of previously occupied buildings
20 and the purchase of land constituting a minimum ade-
21 quate site, in order”.

22 (b) Section 501 (c) of such Act is amended by in-
23 serting after “rural area”, the first place it appears in clause
24 (1), the following: “or is a rural resident”.

1 INTEREST RATE ON DIRECT RURAL HOUSING LOANS

2 SEC. 902. Section 502 (a) of the Housing Act of 1949
3 is amended by striking out “with interest at a rate not to
4 exceed 4 per centum per annum on the unpaid balance of
5 principal” and inserting in lieu thereof the following: “with
6 interest, in the case of applicants described in clauses (1)
7 and (2) of section 501 (a), at a rate not to exceed 5 per
8 centum per annum on the unpaid balance of principal, and,
9 in the case of applicants described in clause (3) of section
10 501 (a) and applicants under sections 503 and 504, at a
11 rate not to exceed 4 per centum per annum on such unpaid
12 balance. Loans made or insured under this title shall be
13 conditioned on the borrower paying such fees and other
14 charges as the Secretary may require”.

15 INSURED RURAL HOUSING LOANS

16 SEC. 903. (a) Title V of the Housing Act of 1949 is
17 amended by adding at the end thereof the following new
18 sections:

19 “INSURED RURAL HOUSING LOANS

20 “SEC. 517. (a) The Secretary may insure loans meeting
21 the requirements of section 502, and may make loans in
22 accordance with the requirements of such section to be sold
23 and insured; except that such loans shall—

24 “(1) if the borrowers are persons of low or mod-
25 erate income (as defined by the Secretary), (A) not

1 exceed amounts necessary to provide adequate housing,
2 modest in size, design, and cost (as determined by the
3 Secretary), (B) bear interest at a rate not to exceed
4 5 per centum per annum, and (C) not exceed in the
5 aggregate \$300,000,000 of new loans made or insured
6 in any one fiscal year; and

7 “(2) if the borrowers are persons other than those
8 described in clause (1), bear interest and provide for
9 insurance or service charges at rates comparable to the
10 combined rate of interest and premium charges in effect
11 under section 203 of the National Housing Act, as deter-
12 mined by the Secretary.

13 “(b) The Secretary may insure loans in accordance with
14 the requirements of sections 514 (exclusive of subsections
15 (a) (3), (a) (5), and (b)) and 515 (exclusive of subsec-
16 tions (a) and (b) (4)), and may make loans meeting such
17 requirements to be sold and insured. Upon the expiration of
18 ninety days after the original capitalization of the Rural
19 Housing Insurance Fund, created by subsection (e) of this
20 section, no new loans shall be made or insured under section
21 514 or 515 (b), except in conformity with this section.

22 “(c) The Secretary may use the Rural Housing In-
23 surance Fund for the purpose of making loans to be sold
24 and insured under this section, but the aggregate of such

1 loans which are held by the Secretary at any one time shall
2 not exceed \$100,000,000.

3 “(d) The Secretary may, in conformity with subsec-
4 tions (a) and (b), insure the payment of principal and in-
5 terest as it becomes due on loans made by lenders other
6 than the United States, and on loans made from the Rural
7 Housing Insurance Fund which are sold by the Secretary.
8 Any contract of insurance executed by the Secretary here-
9 under shall be an obligation supported by the full faith and
10 credit of the United States, and shall be incontestable except
11 for fraud or misrepresentation of which the holder has actual
12 knowledge. In connection with loans insured under this sec-
13 tion, the Secretary may take liens running to the United
14 States notwithstanding the fact that the notes evidencing such
15 loans may be held by lenders other than the United States.
16 Notes evidencing such loans shall be freely assignable, but
17 the Secretary shall not be bound by any such assignment
18 until notice thereof is given to and acknowledged by him.

19 “(e) There is hereby created the Rural Housing In-
20 surance Fund (hereinafter referred to as the ‘Fund’) which
21 shall be used by the Secretary as a revolving fund for carry-
22 ing out the provisions of this section. There are authorized
23 to be appropriated to the Secretary such sums as may be
24 necessary for the purposes of the Fund.

25 “(f) Money in the Fund not needed for current opera-

1 tions shall be invested in direct obligations of the United
2 States or obligations guaranteed by the United States.

3 “(g) All funds, claims, notes, mortgages, contracts, and
4 property acquired by the Secretary under this section, and
5 all collections and proceeds therefrom, shall constitute assets
6 of the Fund; and all liabilities and obligations of such assets
7 shall be liabilities and obligations of the Fund. Loans may
8 be held in the Fund and collected in accordance with their
9 terms or may be sold by the Secretary with or without agree-
10 ments for insurance thereof. The Secretary is authorized to
11 make agreements with respect to servicing loans held or in-
12 sured by him under this section and purchasing such insured
13 loans on such terms and conditions as he may prescribe.

14 “(h) The Secretary is authorized to issue notes to the
15 Secretary of the Treasury to obtain funds necessary for
16 discharging obligations under this section and for author-
17 ized expenditures out of the Fund, but, except as may be
18 authorized in appropriation Acts, not for the original or
19 any additional capital of the Fund. Such notes shall be
20 in such form and denominations and have such maturities
21 and be subject to such terms and conditions as may be pre-
22 scribed by the Secretary with the approval of the Secretary
23 of the Treasury. Each note shall bear interest at the average
24 rate, as determined by the Secretary of the Treasury, pay-

1 able by the Treasury upon its marketable public obligations
2 outstanding at the beginning of the fiscal year in which such
3 note is issued, which are neither due nor callable for redemp-
4 tion for fifteen years from their date of issue. The Secretary
5 of the Treasury is authorized and directed to purchase any
6 notes of the Secretary issued hereunder, and for that purpose
7 the Secretary of the Treasury is authorized to use as a public
8 debt transaction the proceeds from the sale of any securities
9 issued under the Second Liberty Bond Act, as amended, and
10 the purposes for which such securities may be issued under
11 such Act are extended to include purchases of notes issued by
12 the Secretary. All redemptions, purchases, and sales by the
13 Secretary of the Treasury of such notes shall be treated as
14 public debt transactions of the United States. The notes
15 issued by the Secretary to the Secretary of the Treasury
16 shall constitute obligations of the Fund.

17 “(i) The Secretary may retain out of interest payments
18 by the borrower an annual charge in an amount specified
19 in the insurance or sale agreement applicable to the loan.
20 Of the charges retained by the Secretary, if any, not to
21 exceed 1 per centum per annum of the unpaid balance of the
22 loan shall be deposited in the Fund. Any retained charges
23 not deposited in the Fund shall be available for administrative
24 expenses in carrying out the provisions of this title, to be
25 transferred annually and become merged with any appro-

1 priation for administrative expenses of the Farmers Home
2 Administration, when and in such amounts as may be
3 authorized in appropriation Acts.

4 “(j) The Secretary may also utilize the Fund—

5 “(1) to pay amounts to which the holder of the
6 note is entitled in accordance with an insurance or sale
7 agreement under this section accruing between the date
8 of any prepayment by the borrower to the Secretary and
9 the date of transmittal of any such prepayments to the
10 holder of the note; and in the discretion of the Secretary,
11 prepayments other than final payments need not be
12 remitted to the holder until due;

13 “(2) to pay the holder of any note insured under
14 this section any defaulted installment or, upon assign-
15 ment of the note to the Secretary at the Secretary’s
16 request, or pursuant to a purchase agreement, the entire
17 balance outstanding on the note; and

18 “(3) to pay taxes, insurance, prior liens, expenses
19 necessary to make fiscal adjustments in connection with
20 the application and transmittal of collections, and other
21 expenses and advances to protect the security for loans
22 which are insured under this section or held in the Fund,
23 and to acquire such security property at foreclosure sale
24 or otherwise.

1 “RURAL HOUSING DIRECT LOAN ACCOUNT

2 “SEC. 518. (a) There is hereby created the Rural Hous-
3 ing Direct Loan Account (hereinafter referred to as the
4 ‘Account’) which shall be used by the Secretary for carry-
5 ing out the provisions of this section. There are authorized
6 to be appropriated to the Secretary such sums as may be
7 necessary for the purposes of the Account.

8 “(b) There are transferred to the Account (1) all
9 funds, claims, notes, mortgages, contracts, and property,
10 and all collections and proceeds therefrom, held by the
11 Secretary under the direct loan provisions of this title, in-
12 cluding those securing notes issued by the Secretary to the
13 Secretary of the Treasury under section 511 and any un-
14 expended balance of amounts borrowed upon such notes,
15 and (2) all unexpended balances of appropriations for direct
16 loans under this title, including the fund authorized by sec-
17 tion 515 (a). All amounts hereafter borrowed by the
18 Secretary from the Secretary of the Treasury under section
19 511 shall be deposited in the Account. All collections and
20 proceeds from assets acquired by the Account shall be
21 deposited in the Account.

22 “(c) When and in such amounts as may be authorized
23 in appropriation Acts, the Secretary may issue notes to the
24 Secretary of the Treasury to obtain funds to be deposited in
25 the Account. The form, denominations, maturities, and other

1 terms and conditions of such notes shall be prescribed by
2 the Secretary with the approval of the Secretary of the
3 Treasury. Each note shall bear interest at the average rate
4 determined by the Secretary of the Treasury, payable by the
5 Treasury upon its marketable public obligations outstanding
6 at the beginning of the fiscal year in which such note is is-
7 sued, which are neither due nor callable for redemption for
8 fifteen years from their date of issue. The Secretary of the
9 Treasury is authorized and directed to purchase any notes of
10 the Secretary issued hereunder, and for that purpose the
11 Secretary of the Treasury is authorized to use as a public
12 debt transaction the proceeds from the sale of any securities
13 issued under the Second Liberty Bond Act, as amended, and
14 the purposes for which such securities may be issued under
15 such Act are extended to include the purchase of notes issued
16 by the Secretary. All redemptions, purchases, and sales by
17 the Secretary of the Treasury of such notes shall be treated
18 as public debt transactions of the United States.

19 “(d) The Account shall remain available to the Secre-
20 tary for the payment of interest and principal on notes issued
21 by the Secretary to the Secretary of the Treasury under sec-
22 tion 511 or this section, and for direct loans and related ad-
23 vances under this title in such amounts as are now author-
24 ized by law and in such further amounts as shall be authorized

1 in appropriation Acts. Amounts so authorized for such loans
2 and advances shall remain available until expended.”

3 (b) Section 511 of such Act is amended by—

4 (1) striking out the first sentence and inserting in
5 lieu thereof “The Secretary may issue notes and other
6 obligations for purchase by the Secretary of the Treas-
7 ury for the purpose of making direct loans under this
8 title.”;

9 (2) striking out the second sentence and inserting
10 in lieu thereof “The total principal amount of such
11 notes and obligations issued pursuant to this section dur-
12 ing the period beginning July 1, 1956, and ending
13 October 1, 1969, shall not exceed \$850,000,000.”; and

14 (3) striking out the fifth sentence and inserting in
15 lieu thereof the following “Each such note or other
16 obligation shall bear interest at the average rate, as
17 determined by the Secretary of the Treasury, payable
18 by the Treasury upon its marketable public obligations
19 outstanding at the beginning of the fiscal year in which
20 such note or other obligation is issued, which are neither
21 due nor callable for redemption for 15 years from their
22 date of issue.”

1 PURCHASE OF RURAL HOUSING LOANS BY THE FEDERAL
2 NATIONAL MORTGAGE ASSOCIATION

3 SEC. 904. Section 302 (b) of the National Housing Act
4 is amended by inserting in the last sentence before the
5 period the following: "or title V of the Housing Act of
6 1949".

7 EXTENSION OF RURAL HOUSING AUTHORIZATIONS

8 SEC. 905. (a) Section 512 of the Housing Act of 1949
9 is amended by striking out "September 30, 1965" and in-
10 serting in lieu thereof "October 1, 1969".

11 (b) Section 513 of such Act is amended by—

12 (1) striking out "September 30, 1965" in clause

13 (b) and inserting in lieu thereof "October 1, 1969";

14 (2) striking out "\$10,000,000" and "September
15 30, 1965" in clause (c) and inserting in lieu thereof
16 "\$50,000,000" and "October 1, 1969", respectively;

17 and

18 (3) striking out "September 30, 1965" in clause

19 (d) and inserting in lieu thereof "October 1, 1969".

20 (c) Section 515 (b) (5) of such Act is amended by
21 striking out "September 30, 1965" and inserting in lieu
22 thereof "October 1, 1969".

1 (d) Section 506 (a) of such Act is amended by strik-
 2 ing out “sections 501 to 504, inclusive, and sections 514-
 3 516”, each place it occurs, and inserting in lieu thereof “this
 4 title”.

5 SUMS EXCESS TO THE NEEDS OF THE RURAL HOUSING
 6 INSURANCE FUND OR THE RURAL HOUSING DIRECT
 7 LOAN ACCOUNT

8 SEC. 906. Title V of the Housing Act of 1949 is
 9 amended by adding after section 518 (added by section 903
 10 of this Act) a new section as follows:

11 “SUMS EXCESS TO THE NEEDS OF THE RURAL HOUSING
 12 INSURANCE FUND OR THE RURAL HOUSING DIRECT
 13 LOAN ACCOUNT

14 “SEC. 519. Any sums in the Rural Housing Insurance
 15 Fund or the Rural Housing Direct Loan Account which the
 16 Secretary determines are in excess of amounts needed to
 17 meet the obligations and carry out the purposes of such Fund
 18 or Account shall be returned to miscellaneous receipts of the
 19 Treasury.”

20 TITLE X—MISCELLANEOUS

21 URBAN PLANNING GRANTS

22 SEC. 1001. (a) The fifth sentence of section 701 (b)
 23 of the Housing Act of 1954 is amended by striking out
 24 “\$105,000,000” and inserting in lieu thereof “\$230,000,-
 25 000”.

1 (b) Section 701 (b) of such Act is amended by striking
2 out the period at the end and inserting in lieu thereof the
3 following: “: *Provided*, That not to exceed 5 per centum
4 of any funds so appropriated may be used by the Adminis-
5 trator for studies, research, and demonstration projects for
6 the development and improvement of techniques and meth-
7 ods for comprehensive planning and for the advancement of
8 the purposes of this section.”

9 (c) (1) Section 701 of such Act is amended by adding
10 at the end thereof a new subsection as follows:

11 “(g) In addition to the planning grants authorized by
12 subsection (a), the Administrator is further authorized to
13 make grants to organizations composed of elected officials
14 whom he finds to be representative of the political jurisdic-
15 tions within a metropolitan area or urban region for the
16 purpose of assisting such organizations to undertake studies,
17 collect data, develop regional plans and programs, and en-
18 gage in such other activities as the Administrator finds nec-
19 essary or desirable for the solution of the metropolitan or
20 regional problems in such areas or regions. To the maxi-
21 mum extent feasible, all grants under this subsection shall
22 be for activities relating to all the developmental aspects of
23 the total metropolitan area or urban region, including, but
24 not limited to, land use, transportation, housing, economic

1 development, natural resources development, community fa-
 2 cilities, and the general improvement of living environments.
 3 A grant under this subsection shall not exceed two-thirds of
 4 the estimated cost of the work for which the grant is made.”

5 (2) Section 701 (b) of such Act is amended by strik-
 6 ing out “planning” in the fourth sentence.

7 AUTHORIZATION FOR FEDERAL-STATE TRAINING PROGRAMS

8 SEC. 1002. (a) Section 802 (d) of the Housing Act of
 9 1964 is amended by striking out “\$10,000,000” and insert-
 10 ing in lieu thereof “\$30,000,000”.

11 (b) The text of section 803 of such Act is amended to
 12 read as follows: “Not more than 10 per centum of the total
 13 amount appropriated for the purposes of this part may be
 14 used for making grants to any one State.”

15 AUTHORIZATION FOR PUBLIC WORKS PLANNING ADVANCES

16 SEC. 1003. The second sentence of section 702 (e) of
 17 the Housing Act of 1954 is amended by striking out
 18 “\$20,000,000” and inserting in lieu thereof “\$70,000,000”.

19 AUTHORIZATION FOR HOUSING FOR THE ELDERLY OR

20 HANDICAPPED

21 SEC. 1004. Section 202 (a) (4) of the Housing Act of
 22 1959 is amended by striking out “\$350,000,000” and insert-
 23 ing in lieu thereof “\$500,000,000”.

1 AUTHORIZATION FOR LOW-INCOME HOUSING DEMONSTRA-
2 TION PROGRAMS

3 SEC. 1005. Section 207 of the Housing Act of 1961 is
4 amended by striking out "\$10,000,000" and inserting in
5 lieu thereof "\$15,000,000".

6 ADVISORY COMMITTEES—TECHNICAL PROVISION

7 SEC. 1006. Section 601 of the Housing Act of 1949
8 is amended by striking out the second sentence.

9 PUBLIC FACILITY LOANS

10 SEC. 1007. (a) Section 202 (c) of the Housing Amend-
11 ments of 1955 is amended by adding at the end thereof the
12 following new sentence: "Notwithstanding any other provi-
13 sion of this title, the Administrator may extend financial
14 assistance, as otherwise authorized by clause (1) of subsec-
15 tion (a) of this section, to any private nonprofit corporation
16 to finance the construction of works for the storage, treat-
17 ment, purification, or distribution of water or the construc-
18 tion of sewage, sewage treatment, and sewer facilities, if
19 such works or facilities are needed to serve a smaller munic-
20 ipality or rural area, and there is no existing public body able
21 to construct and operate such works or facilities."

22 (b) Section 202 (b) (4) of such Amendments is
23 amended—

1 (1) by striking out the parenthetical phrase in
 2 clause (A) and inserting in lieu thereof the following:
 3 “(one hundred and fifty thousand or more in the case of
 4 a community situated in an area designated as a redevelop-
 5 ment area under the Area Redevelopment Act or any
 6 Act supplementary thereto)”; and

7 (2) by inserting after “public works or facilities”
 8 in the second sentence the following: “(i) in a com-
 9 munity in or near which is located a research or develop-
 10 ment installation of the National Aeronautics and Space
 11 Administration, or (ii)”.

12 LEASE GUARANTEES FOR CERTAIN SMALL BUSINESS

13 CONCERNS

14 SEC. 1008. (a) The Small Business Investment Act of
 15 1958 is amended by adding after title III a new title as
 16 follows:

17 “TITLE IV—LEASE GUARANTEES

18 “AUTHORITY OF THE ADMINISTRATION

19 “SEC. 401. (a) The Administration may, whenever it
 20 determines such action to be necessary or desirable, and
 21 upon such terms and conditions as it may prescribe, guarantee
 22 the payment of rentals under leases of commercial and in-
 23 dustrial property entered into by small business concerns
 24 that are (1) eligible for loans under section 7(b)(3) of
 25 the Small Business Act, or (2) eligible for loans under title

1 IV of the Economic Opportunity Act of 1964, to enable such
2 concerns to obtain such leases. Any such guarantee may be
3 made or effected either directly or in cooperation with any
4 qualified surety company or other qualified company through
5 a participation agreement with such company. The fore-
6 going powers shall be subject, however, to the following
7 restrictions and limitations:

8 “(1) No guarantee shall be issued by the Adminis-
9 tration (A) if a guarantee meeting the requirements
10 of the applicant is otherwise available on reasonable
11 terms, and (B) unless the Administration determines
12 that there exists a reasonable expectation that the small
13 business concern in behalf of which the guarantee is
14 issued will perform the covenants and conditions of
15 the lease.

16 “(2) The Administration shall, to the greatest ex-
17 tent practicable, exercise the powers conferred by this
18 section in cooperation with qualified surety or other
19 companies on a participation basis.

20 “(b) The Administration shall fix a uniform annual fee
21 for its share of any guarantee under this section which shall
22 be payable in advance at such time as may be prescribed by
23 the Administrator. The amount of any such fee shall be
24 determined in accordance with sound actuarial practices and

1 procedures, to the extent practicable, but in no case shall
2 such amount exceed, on the Administration's share of any
3 guarantee made under this title, $2\frac{1}{2}$ per centum per annum of
4 the minimum annual guaranteed rental payable under any
5 guaranteed lease: *Provided*, That the Administration shall
6 fix the lowest fee that experience under the program estab-
7 lished hereby has shown to be justified. The Administration
8 may also fix such uniform fees for the processing of applica-
9 tions for guarantees under this section as the Administrator
10 determines are reasonable and necessary to pay the adminis-
11 trative expenses that are incurred in connection therewith.

12 “(c) In connection with the guarantee of rentals under
13 any lease pursuant to authority conferred by this section, the
14 Administrator may require, in order to minimize the finan-
15 cial risk assumed under such guarantee—

16 “(1) that the lessee pay an amount, not to exceed
17 one-fourth of the minimum guaranteed annual rental
18 required under the lease, which shall be held in escrow
19 and shall be available (A) to meet rental charges accru-
20 ing in any month for which the lessee is in default, or
21 (B) if no default occurs during the term of the lease, for
22 application (with accrued interest) toward final pay-
23 ments of rental charges under the lease;

24 “(2) that upon occurrence of a default under the
25 lease, the lessor shall, as a condition precedent to enforce-

ing any claim under the lease guarantee, utilize the entire period, for which there are funds available in escrow for payment of rentals, in reasonably diligent efforts to eliminate or minimize losses, by releasing the commercial or industrial property covered by the lease to another qualified tenant, and no claim shall be made or paid under the guarantee until such effort has been made and such escrow funds have been exhausted;

“(3) that any guarantor of the lease will become a successor of the lessor for the purpose of collecting from a lessee in default rentals which are in arrears and with respect to which the lessor has received payment under a guarantee made pursuant to this section; and

“(4) such other provisions, not inconsistent with the purposes of this title, as the Administrator may in his discretion require.

“POWERS

“SEC. 402. Without limiting the authority conferred upon the Administrator and the Administration by section 201 of this Act, the Administrator and the Administration shall have, in the performance of and with respect to the functions, powers, and duties conferred by this title, all the authority and be subject to the same conditions prescribed in section 5 (b) of the Small Business Act with respect to

1 loans, including the authority to execute subleases, assign-
2 ments of lease and new leases with any person, firm, orga-
3 nization, or other entity, in order to aid in the liquidation of
4 obligations of the Administration hereunder.

5 "FUND

6 "SEC. 403. There is hereby established a revolving fund
7 for use by the Administration in carrying out the provisions
8 of this title. Initial capital for such fund shall consist of not
9 to exceed \$5,000,000 transferred from the fund established
10 under section 4 (c) of the Small Business Act: *Provided*,
11 That the last sentence of such section 4 (c) shall not apply
12 to any amounts so transferred. Into the fund established by
13 this section there shall be deposited all receipts from the guar-
14 antee program authorized by this title. Moneys in such
15 fund not needed for the payment of current operating ex-
16 penses or for the payment of claims arising under such pro-
17 gram may be invested in bonds or other obligations of, or
18 bonds or other obligations guaranteed as to principal and in-
19 terest by, the United States; except that moneys provided as
20 initial capital for such fund shall be returned to the fund
21 established by section 4 (c) of the Small Business Act, in
22 such amounts and at such times as the Administration deter-
23 mines to be appropriate, whenever the level of the fund
24 herein established is sufficiently high to permit the return of

1 such moneys without danger to the solvency of the program
2 under this title.”

3 (b) Section 201 of such Act is amended by striking
4 out the third sentence and inserting in lieu thereof the fol-
5 lowing: “The powers conferred by this Act upon the Ad-
6 ministration and upon the Administrator, with the exception
7 of those conferred by titles IV and V hereof, shall be exer-
8 cised through the Small Business Investment Division and
9 through the Deputy Administrator appointed hereunder.
10 The powers conferred by this Act upon the Administration
11 and upon the Administrator by titles IV and V hereof shall
12 be exercised through such division, section, or other personnel
13 as the Administrator in his discretion shall determine.”

14 (c) The table of contents of such Act is amended by
15 inserting after the analysis of title III the following:

“TITLE IV—LEASE GUARANTEES

“Sec. 401. Authority of the Administration.

“Sec. 402. Powers.

“Sec. 403. Fund.”

16 (d) Section 4(c) of the Small Business Act is
17 amended—

18 (1) by striking out “\$1,666,000,000” and insert-
19 ing in lieu thereof “\$1,671,000,000,”; and

20 (2) by striking out the period at the end of the

1 fifth sentence and inserting in lieu thereof the following:
2 “: *Provided*, That such limitation shall not apply to
3 functions under title IV thereof.”

4 FHA CONFORMING AMENDMENTS

5 SEC. 1009. (a) Section 2 (f) of the National Housing
6 Act is amended by striking out all that follows the first
7 sentence.

8 (b) Section 8 of such Act is amended by—

9 (1) striking out in subsection (g) “Title I Housing
10 Insurance Fund” and inserting in lieu thereof “General
11 Insurance Fund”; and

12 (2) striking out subsections (h) and (i).

13 (c) Section 203 (k) of such Act is amended by—

14 (1) striking out in clause (3) of the first sentence
15 “a separate Section 203 Home Improvement Account
16 to be maintained as hereinafter provided under the Mu-
17 tual Mortgage Insurance Fund” and inserting in lieu
18 thereof “the General Insurance Fund”;

19 (2) striking out in clause (4) of the first sentence
20 “the Section 203 Home Improvement Account or in
21 debentures executed in the name of such Account” and
22 inserting in lieu thereof “the General Insurance Fund or
23 in debentures executed in the name of such Fund”;

24 (3) striking out in the third sentence all that follows
25 “203 (k)” and inserting in lieu thereof a period; and

1 (4) striking out the fourth, fifth, and sixth sentences.

2 (d) Section 204 of such Act is amended by—

3 (1) striking out in the first sentence of subsection

4 (a) “or section 210”;

5 (2) striking out that part of the second sentence of

6 subsection (c) which follows “the mortgagee” and

7 inserting in lieu thereof “from the Mutual Mortgage

8 Insurance Fund.”;

9 (3) striking out in the first sentence of subsection

10 (d) all that follows “negotiable”, the first place it

11 appears, and inserting in lieu thereof a period.

12 (4) striking out in subsection (d) “the Fund”,

13 each place it appears, and inserting in lieu thereof “the

14 Mutual Mortgage Insurance Fund”;

15 (5) striking out in the fifth sentence of subsection

16 (d) “or the Housing Fund, as the case may be,”;

17 (6) striking out in the sixth sentence of subsection

18 (d) “or the Housing Fund”; and

19 (7) striking out that part of subsection (f) (1) (i)

20 which follows “203” and precedes the colon.

21 (e) Section 207 of such Act is amended by—

22 (1) striking out in the first sentence of subsection

23 (d) “and section 210”;

24 (2) striking out in the first sentence of subsection

1 (d) “of the Housing Insurance Fund issued by the
 2 Commissioner under this title” and inserting in lieu
 3 thereof “issued by the Commissioner under any title
 4 and section of this Act, except debentures of the Mutual
 5 Mortgage Insurance Fund”;

6 (3) striking out subsections (f), (m), and (p);
 7 and

8 (4) striking out “the Housing Insurance Fund”
 9 and “the Housing Fund”, each place they appear in
 10 subsections (b), (h), (i), (j), (k), and (l), and
 11 inserting in lieu thereof “the General Insurance Fund”.

12 (f) Section 209 of such Act is amended by striking out
 13 in the second sentence “or account or accounts,”.

14 (g) Section 213 of such Act is amended by—

15 (1) striking out in subsection (a) (3) “the Hous-
 16 ing Fund” and inserting in lieu thereof “the General
 17 Insurance Fund”; and

18 (2) striking out “(l), (m), (n), and (p)” in
 19 subsection (e) and inserting in lieu thereof “(l), and
 20 (n)”.

21 (h) Section 220 of such Act is amended by—

22 (1) striking out “the Section 220 Housing Insur-
 23 ance Fund”, each place it appears in subsections (d) (2)
 24 and (f), and inserting in lieu thereof “the General
 25 Insurance Fund”;

(2) inserting “and” immediately before clause (B) in the second full sentence of subsection (f) (3), and striking out the comma and the remainder of the sentence following such clause (B) and inserting in lieu thereof a period;

(3) striking out subsections (g) and (h) (4) ; and

(4) striking out “the Section 220 Home Improvement Account”, each place it appears in subsections (h) (5) and (h) (7), and inserting in lieu thereof “the General Insurance Fund”.

(i) Section 221 of such Act is amended by—

(1) striking out “the Section 221 Housing Insurance Fund”, each place it appears in subsections (d) (4), (f), (g) (1), and (g) (3), and inserting in lieu thereof “the General Insurance Fund”;

(2) striking out that part of subsection (g) (2) which follows “insured under this section” and precedes the semicolon;

(3) inserting “and” immediately before clause (B) in the first full sentence of subsection (g) (3), and striking out the comma and the remainder of the sentence following such clause (B) and inserting in lieu thereof a period; and

(4) striking out subsection (h).

1 (j) Section 222 of such Act is amended by—

2 (1) striking out in subsection (e) “Servicemen’s
3 Mortgage Insurance Fund” and inserting in lieu thereof
4 “General Insurance Fund”; and

5 (2) striking out subsection (f).

6 (k) Section 229 of such Act is amended by striking out
7 “and Accounts” in the first sentence.

8 (l) Section 231 of such Act is amended by—

9 (1) striking out in subsection (c) (4) “the Section
10 207 Housing Insurance Fund” and inserting in lieu
11 thereof “the General Insurance Fund”; and

12 (2) striking out “(f), (g), (h), (i), (j), (k),
13 (l), (m), (n), and (p)” in subsection (e) and insert-
14 ing in lieu thereof “(g), (h), (i), (j), (k), (l),
15 and (n)”.

16 (m) Section 232 of such Act is amended by—

17 (1) striking out in subsection (d) (1) “the Section
18 207 Housing Insurance Fund” and inserting in lieu
19 thereof “the General Insurance Fund”; and

20 (2) striking out “(f), (g), (h), (i), (j), (k),
21 (l), (m), (n), and (p)” in subsection (f) and insert-
22 ing in lieu thereof “(g), (h), (i), (j), (k), (l),
23 and (n)”.

24 (n) Section 233 of such Act is amended by—

25 (1) striking out “the Experimental Housing Insur-

1 "ance Fund" in clause (1) of the third sentence of
2 subsection (f) and inserting in lieu thereof "the General
3 Insurance Fund";

4 (2) inserting "and" immediately before clause (2)
5 in the third sentence of subsection (f), and striking out
6 the comma and the remainder of the sentence following
7 such clause (2) and inserting in lieu thereof a period;
8 and

9 (3) striking out subsection (g).

10 (o) Section 234 of such Act is amended by—

11 (1) striking out "the Apartment Unit Insurance
12 Fund", each place it appears in subsections (d) (2)
13 and (g), and inserting in lieu thereof "the General
14 Insurance Fund";

15 (2) striking out subsection (h) and inserting in
16 lieu thereof the following:

17 “(h) The provisions of subsections (d), (e), (g),
18 (h), (i), (j), (k), (l), and (n) of section 207 shall be
19 applicable to mortgages insured under subsection (d) of this
20 section.”; and

21 (3) striking out subsection (i) and redesignating
22 subsection (j) as subsection (i).

23 (p) Section 604 of such Act is amended by striking out
24 “the War Housing Insurance Fund, each place it appears in

1 subsections (c), (d), and (f) (1) (i), and inserting in lieu
2 thereof “the General Insurance Fund”.

3 (q) Section 608 of such Act is amended by—

4 (1) striking out “the War Housing Insurance
5 Fund”, each place it appears in subsections (b) (1) and
6 (d), and inserting in lieu thereof “the General Insur-
7 ance Fund”; and

8 (2) striking out subsection (f) and inserting in
9 lieu thereof the following:

10 “(f) The provisions of section 207 (k) of this Act shall
11 be applicable to mortgages insured under this section, except
12 that, as applied to such mortgages, the reference therein to
13 subsection (g) shall be construed to refer to subsection (c)
14 of this section.”.

15 (r) Section 609 (f) of such Act is amended by striking
16 out clause (1) and redesignating clauses (2), (3), and
17 (4) as clauses (1), (2), and (3), respectively.

18 (s) Section 707 of such Act is amended by striking
19 out “the Housing Investment Insurance Fund” and insert-
20 ing in lieu thereof “the General Insurance Fund”.

21 (t) Section 708 of such Act is amended by striking out
22 “the Housing Investment Insurance Fund”, each place it
23 appears in subsections (c), (e), (g), and (h), and inserting
24 in lieu thereof “the General Insurance Fund”.

25 (u) Section 803 of such Act is amended by—

(1) striking out “the Armed Services Housing Mortgage Insurance Fund”, each place it appears in subsections (b) (1), (b) (2), (e), (f), and (g), and inserting in lieu thereof “the General Insurance Fund”; and

(2) striking out subsection (h) and inserting in lieu thereof the following:

“(h) The provisions of section 207 (k) and section 207 (l) of this Act shall be applicable to mortgages insured under this title and to property acquired by the Commissioner hereunder, except that, as applied to such mortgages and property, the reference in section 207 (k) to subsection (g) shall be construed to refer to subsection (d) of this section.”

(v) Section 809 of such Act is amended by striking out “the Armed Services Housing Mortgage Insurance Fund”, each place it appears in subsections (b), (e), and (g), and inserting in lieu thereof “the General Insurance Fund”.

(w) Section 810 of such Act is amended by—

(1) striking out “the Armed Services Housing Mortgage Insurance Fund” in subsection (e) and inserting in lieu thereof “General Insurance Fund”;

(2) striking out “(l), (m), (n), and (p)” in subsection (j) and inserting in lieu thereof “(l), and (n)”; and

1 (3) striking out the proviso in subsection (j) and
2 inserting in lieu thereof the following: “: *Provided*, That
3 wherever the words ‘Fund’ or ‘Mutual Mortgage Insur-
4 ance Fund’ appear in section 204, such reference shall
5 refer to the General Insurance Fund with respect to
6 mortgages insured under this section”.

7 (x) Section 903 of such Act is amended by striking
8 out “the National Defense Housing Insurance Fund”, each
9 place it appears in subsection (a), and inserting in lieu
10 thereof “the General Insurance Fund”.

11 (y) Section 904 of such Act is amended by—

12 (1) striking out “the National Defense Housing
13 Insurance Fund”, each place it appears in subsections
14 (c) and (d), and inserting in lieu thereof “the General
15 Insurance Fund”; and

16 (2) striking out that part of subsection (e) which
17 follows “Act” and inserting in lieu thereof a period.

18 (z) Section 908 of such Act is amended by—

19 (1) striking out “the National Defense Housing
20 Insurance Fund” in subsection (b) (1) and inserting
21 in lieu thereof “the General Insurance Fund”;

22 (2) striking out that part of subsection (d) which
23 follows “Act” and inserting in lieu thereof a period; and

24 (3) striking out subsection (f) and inserting in lieu
25 thereof the following:

1 “(f) The provisions of section 207 (k) and section
2 207 (1) of this Act shall be applicable to mortgages insured
3 under this section and to property acquired by the Com-
4 missioner hereunder, except that as applied to such mortgages
5 and property, the reference therein to subsection (g) shall
6 be construed to refer to subsection (c) of this section.”

7 (aa) Sections 219, 602, 605, 710, 802, 804, 902, and
8 905 of such Act are repealed.

9 (bb) Section 1 of such Act is amended by striking out
10 “titles II, III, VI, VII, VIII, and IX”, each place it ap-
11 pears, and inserting in lieu thereof “titles II, III, V, VI,
12 VII, VIII, IX, and X”.

13 REPEAL OF SPECIAL PROVISION IN URBAN MASS

14 TRANSPORTATION ACT

15 SEC. 1010. Section 9 of the Urban Mass Transportation
16 Act of 1964 is amended by striking out subsection (c) and
17 redesignating subsections (d), (e), and (f) as subsections
18 (c), (d), and (e), respectively.

19 REDEVELOPMENT AREAS—TECHNICAL PROVISION

20 SEC. 1011. (a) Section 103 (a) (2) (B) of the Hous-
21 ing Act of 1949 is amended by inserting after “Area
22 Redevelopment Act” the following: “or under any Act
23 supplementary thereto”.

24 (b) Section 701 (b) of the Housing Act of 1954 is

1 amended by inserting after "Area Redevelopment Act" the
2 following: "(or under any Act supplementary thereto)".

3 **FEDERAL RESERVE ACT**

4 SEC. 1012. Section 24 of the Federal Reserve Act is
5 amended—

6 (1) by striking out in the second sentence "when
7 the entire amount of such obligation is sold to the asso-
8 ciation" and inserting in lieu thereof "in its entirety,
9 or it may purchase participations in any such obliga-
10 tion"; and

11 (2) by striking out "eighteen months", wherever
12 it appears in the third paragraph, and inserting in lieu
13 thereof "thirty months".

14 **SAVINGS AND LOAN ASSOCIATIONS**

15 SEC. 1013. (a) Section 5(c) of the Home Owners'
16 Loan Act of 1933 is amended by adding at the end of the
17 first paragraph a new sentence as follows: "Structures or
18 parts thereof designed or used as fraternity or sorority houses
19 which include sleeping accommodations for students of a
20 college or university, or designed or used principally for the
21 provision of living accommodations for persons who are stu-
22 dents, employees, or members of the staff of a college, uni-
23 versity, or hospital, shall be considered, subject to such

1 regulations as the Board may prescribe, 'other dwelling
2 units' for the purposes of this subsection."

3 (b) Section 404 of the National Housing Act is
4 amended by adding at the end thereof the following new
5 subsection:

6 " (h) (1) Each insured institution shall make such
7 deposits in the Corporation as may from time to time be
8 required by call of the Federal Home Loan Bank Board.
9 Any such call shall be calculated by applying a specified
10 percentage, which shall be the same for all insured institu-
11 tions, to the total amount of all withdrawable or repurchas-
12 able shares, investment certificates, and deposits in each
13 insured institution. No such call shall be made unless such
14 Board determines that the total amount of such call, plus
15 the outstanding deposits previously made pursuant to such
16 calls, does not exceed 1 per centum of the total amount of
17 all withdrawable or repurchasable shares, investment cer-
18 tificates, and deposits in all insured institutions. For the
19 purposes of this subsection, the total amounts hereinabove
20 referred to shall be determined or estimated by such Board
21 or in such manner as it may prescribe.

22 " (2) The Corporation, in accordance with such regula-
23 tions as it may prescribe, shall credit as of the close of each

1 calendar year, to each deposit outstanding at such close, a
2 return on the outstanding balance, as determined by the
3 Corporation, of such deposit during such calendar year, at
4 a rate equal to the average annual rate of return, as deter-
5 mined by the Corporation, to the Corporation during the
6 year ending at the close of November 30 of such calendar
7 year, on the investments held by the Corporation in obliga-
8 tions of, or guaranteed as to principal and interest by, the
9 United States.

10 “(3) The Corporation in its discretion may at any time
11 repay all such deposits, or repay pro rata a portion of each
12 of such deposits, in such manner and under such procedure
13 as the Corporation may prescribe by regulation or other-
14 wise. Any procedure for such pro rata repayment may pro-
15 vide for total repayment of any deposit, if total repayment
16 of any and all deposits of equal or smaller amount is like-
17 wise provided for.

18 “(4) The provisions of subsection (f) of this section
19 and of the last sentence of subsection (e) of this section
20 shall be applicable to deposits under this subsection, and
21 for the purposes of this subsection the references in such sub-
22 section (f) and such last sentence to the prepayments and
23 the pro rata shares therein mentioned shall be deemed instead
24 to be references respectively to the deposits under this sub-
25 section and the pro rata shares of the holders thereof, and

1 the references in such subsection (f) to that subsection (ex-
2 cept the last such reference) and to subsection (d) of this
3 section shall be deemed instead to be references to this sub-
4 section.”

89TH CONGRESS
1ST SESSION

S. 2213

[Report No. 378]

A BILL

To assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

By Mr. SPARKMAN

JUNE , 1965

Read twice and ordered to be placed on the calendar

JUNE 28 (legislative day, JUNE 25), 1965

Read twice and ordered to be placed on the calendar

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
TO BE QUOTED OR CITED)

Issued June 30, 1965
For actions of June 29, 1965
89th-1st; No. 117

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HIGHLIGHTS: House debated housing bill. House committee voted to report dairy bill.

HOUSE

1. HOUSING LOANS. Continued debate on H. R. 7984, the housing and urban development bill, which includes a title on rural-housing loans. Concluded general debate and began reading the bill for amendment. pp. 14588-622
2. DAIRY PROGRAM. The Agriculture Committee voted to report (but did not actually report) H. R. 8674, the dairy bill (amended). p. D591
3. WHEAT. Rep. Ashbrook criticized the President's proposals to increase what the Congressman called a "bread tax." pp. 14633-4
4. DISASTER RELIEF; TAXATION. The Ways and Means Committee reported with amendment H. R. 7502, relating to income-tax treatment of certain casualty losses attributable to major disasters (H. Rept. 556). p. 14663

5. PUERTO RICO. A subcommittee of the Interior and Insular Affairs Committee voted to report to the full committee H. R. 9137, to amend the act establishing the Commission on the Status of Puerto Rico. p. D592
6. PERSONNEL. A subcommittee of the Post Office and Civil Service Committee voted to report to the full committee H. R. 6165, to repeal 5 U. S. C. 33, which gives department heads discretion as to whether to appoint women. p. D592
7. LEGISLATIVE PROGRAM. Agreed to call the Consent Calendar and have suspensions on July 12 rather than July 5, and to call the Private Calendar July 13 rather than July 6. p. 14588

SENATE

8. TARIFF. Passed without amendment H. R. 4493, to continue through June 30, 1967, the existing suspension of duties for metal scrap (p. 14538). This bill was earlier reported by the Finance Committee without amendment (S. Rept. 379) (p. 14497). This bill will now be sent to the President.
9. TRADE FAIRS. The Commerce Committee reported without amendment H. R. 4525, to continue authority to develop American-flag carriers and promote the foreign commerce of the U. S. through the use of mobile trade fairs (S. Rept. 380). pp. 14497-8
10. APPROPRIATIONS. A subcommittee of the Appropriations Committee approved for full committee consideration with amendments H. R. 7997, the independent offices appropriations bill, 1966, and H. R. 8775, the legislative appropriation bill, 1966. p. D589
11. ELECTRIFICATION. The Commerce Committee voted to report (but did not actually report) S. 1459, to exempt certain cooperatives engaged in rural electrification from Federal Power Commission jurisdiction. p. D589
12. FARM PROGRAM. Sen. Symington commended and inserted the testimony of the President of the Missouri Farmers Assoc. in support of the farm bill. pp. 14512-14
13. NATURAL BEAUTY. Sen. Morton inserted a letter from a Kentucky judge urging that any highway beautification program be financed from general funds rather than from a diversion of highway funds. p. 14514
14. RECREATION. Sen. Yarborough spoke in support of his bill to establish a national recreational area in connection with the Amistad Dam, and inserted supporting articles. pp. 14526-8
15. COTTON. Sen. Tower inserted an AFL-CIO resolution urging Congress "to enact cotton legislation which will free the price of American cotton from governmental restrictions so that it can meet competition in the marketplaces of the world." p. 14530

BILLS INTRODUCED

16. FABRICS. S. 2227 by Sen. Mondale, to make bedding subject to the provisions of the Flammable Fabrics Act; to Commerce Committee. Remarks of author p. 14584-5

COMMITTEE ON WAYS AND MEANS

Mr. MILLS. Mr. Speaker, I ask unanimous consent that the Committee on Ways and Means may have until midnight Wednesday, July 7, 1965, to file a report on the bill H.R. 4750, to provide a 2-year extension of the interest equalization tax and for other purposes, as amended.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

PRESIDENTIAL INABILITY AND VACANCIES IN THE OFFICE OF THE VICE PRESIDENT

Mr. CELLER submitted the following conference report and statement on the joint resolution (S.J. Res. 1) proposing an amendment to the Constitution of the United States relating to succession to the Presidency and Vice-Presidency and to cases where the President is unable to discharge the powers and duties of his office:

CONFERENCE REPORT (H. REPT. NO. 584)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the joint resolution (S.J. Res. 1) proposing an amendment to the Constitution of the United States relating to succession to the Presidency and Vice Presidency and to cases where the President is unable to discharge the powers and duties of his office, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"ARTICLE —

"SECTION 1. In case of the removal of the President from office or of his death or resignation, the Vice President shall become President.

"SEC. 2. Whenever there is a vacancy in the office of the Vice President, the President shall nominate a Vice President who shall take office upon confirmation by a majority vote of both Houses of Congress.

"SEC. 3. Whenever the President transmits to the President pro tempore of the Senate and the Speaker of the House of Representatives his written declaration that he is unable to discharge the powers and duties of his office, and until he transmits to them a written declaration to the contrary, such powers and duties shall be discharged by the Vice President as Acting President.

"SEC. 4. Whenever the Vice President and a majority of either the principal officers of the executive departments or of such other body as Congress may by law provide, transmit to the President pro tempore of the Senate and the Speaker of the House of Representatives their written declaration that the President is unable to discharge the powers and duties of his office, the Vice President shall immediately assume the powers and duties of the office as Acting President.

"Thereafter, when the President transmits to the President pro tempore of the Senate and the Speaker of the House of Representatives his written declaration that no inability exists, he shall resume the powers and duties of his office unless the Vice President and a majority of either the principal officers of the executive department or of such other body as Congress may by law provide, trans-

mit within four days to the President pro tempore of the Senate and the Speaker of the House of Representatives their written declaration that the President is unable to discharge the powers and duties of his office. Thereupon Congress shall decide the issue, assembling within forty-eight hours for that purpose if not in session. If the Congress, within twenty-one days after receipt of the latter written declaration, or, if Congress is not in session, within twenty-one days after Congress is required to assemble, determines by two-thirds vote of both Houses that the President is unable to discharge the powers and duties of his office, the Vice President shall continue to discharge the same as acting President; otherwise, the President shall resume the powers and duties of his office."

And the House agree to the same.

EMANUEL CELLER,
BYRON G. ROGERS,
JAMES C. CORMAN,
WILLIAM M. McCULLOCH,
RICHARD H. POFF,

Managers on the Part of the House.

BIRCH E. BAYH, JR.,
JAMES O. EASTLAND,
SAM J. ERVIN, JR.,
EVERETT M. DIRKSEN,
ROMAN L. HRUSKA,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S.J. Res. 1) proposing an amendment to the Constitution of the United States relating to succession to the Presidency and Vice-Presidency and to cases where the President is unable to discharge the powers and duties of his office, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House passed House Joint Resolution 1 and then substituted the provisions it had adopted by striking out all after the enacting clause and inserting all of its provisions in Senate Joint Resolution 1. The Senate insisted upon its version and requested a conference; the House then agreed to the conference. The conference report recommends that the Senate recede from its disagreement to the House amendment and agree to the same with an amendment, the amendment being to insert in lieu of the matter inserted by the House amendment the matter agreed to by the conferees and that the House agree thereto.

In substance, the conference report contains substantially the language of the House amendment with a few exceptions.

Sections 1 and 2 of the proposed constitutional amendment were not in disagreement. However, in sections 3 and 4, the Senate provided that the transmittal of the notification of a President's inability be to the President of the Senate and the Speaker of the House of Representatives. The House version provided that the transmittal be to the President pro tempore of the Senate and the Speaker of the House of Representatives. The conference report provides that the transmittal be to the President pro tempore of the Senate and the Speaker of the House of Representatives.

In section 3, the Senate provided that after receipt of the President's written declaration of his inability that such powers and duties would then be discharged by the Vice President as Acting President. The House version provided the same provision except it added the clause "and until he transmits a written declaration to the contrary." The conference report adopts the House language with one minor change for purposes of clarification by adding the phrase "to them," meaning the President pro tempore of the Senate and the Speaker of the House.

The first paragraph of section 4, outside of adopting the language of the House designating the recipient of the letter of transmittal be the President pro tempore of the Senate and the Speaker of the House of Representatives, minor change in language was made for purposes of clarification.

In the Senate version there was a specific section—namely, section 5—dealing with the procedure that, when the President sent to the Congress his written declaration that he was no longer disabled, he could resume the powers and duties of his office unless the Vice President and a majority of the principal officers of the executive departments, or such other body as the Congress might by law provide, transmit within 7 days to the designated officers of the Congress their written declaration that the President is unable to discharge the powers and duties of his office. Thereupon, the Congress would immediately proceed to decide the issue. It further provided that, if the Congress determines by two-thirds vote of both Houses that the President is unable to discharge the powers and duties of his office, the Vice President would continue to discharge the same as Acting President; otherwise, the President would resume the powers and duties of his office.

The House version combined sections 4 and 5 into one section, now section 4. Under the House version, the Vice President had 2 days in which to decide whether or not to send a letter stating that he and a majority of the officers of the executive departments, or such other body as Congress may by law provide, that the President is unable to discharge the powers and duties of his office. The conference report provides that the period of time for the transmittal of the letter must be within 4 days.

The Senate provision did not provide for the convening of the Congress to decide this issue if it was not in session; the House provided that the Congress must convene for this specific purpose of deciding the issue within 48 hours after the receipt of the written declaration that the President is still disabled. The conference report adopts the language of the House.

The Senate provision placed no time limitation on the Congress for determining whether or not the President was still disabled. The House version provided that determination by the Congress must be made within 10 days after the receipt of the written declaration of the Vice President and a majority of the principal officers of the executive departments, or such other body as Congress may by law provide. The conference report adopts the principle of limiting the period of time within which the Congress must determine the issue, and while the House original version was 10 days and the Senate version an unlimited period of time, the report requires a final determination within 21 days. The 21-day period, if the Congress is in session, runs from the date of receipt of the letter. It further provides that if the Congress is not in session the 21-day period runs from the time that the Congress convenes.

A vote of less than two-thirds by either House would immediately authorize the President to assume the powers and duties of his office.

EMANUEL CELLER,
BYRON G. ROGERS,
JAMES C. CORMAN,
WILLIAM M. McCULLOCH,
RICHARD H. POFF,

Managers on the Part of the House.

SUBCOMMITTEE ON LABOR, COMMITTEE ON EDUCATION AND LABOR

Mr. ALBERT. Mr. Speaker, I have three unanimous-consent requests. First

I ask unanimous consent that the Subcommittee on Labor of the Committee on Education and Labor may sit while the House is in session today during general debate.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

Mr. GERALD R. FORD. Mr. Speaker, reserving the right to object, has this been cleared with the subcommittee ranking minority member?

Mr. ALBERT. I have been advised that it has been cleared with the gentleman from Ohio [Mr. AYRES] and the gentleman from California [Mr. LEGGETT].

Mr. GERALD R. FORD. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

SUBCOMMITTEE ON IMMIGRATION, COMMITTEE ON THE JUDICIARY

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the Subcommittee on Immigration of the Committee on the Judiciary may sit while the House is in session today during general debate. I have been advised it has been cleared with the gentleman from Ohio [Mr. McCULLOCH].

Mr. HALL. Mr. Speaker, I object.

SUBCOMMITTEE NO. 3 ON COPYRIGHTS, COMMITTEE ON THE JUDICIARY

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that Subcommittee No. 3 on Copyrights of the Committee on the Judiciary may sit while the House is in session during general debate on Wednesday, June 30, I understand this has been cleared.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

TRANSFERRING CALL OF CONSENT CALENDAR, MOTIONS TO SUSPEND RULES AND CALL OF PRIVATE CALENDAR

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the call of the Consent Calendar and the authority for the Speaker to recognize for motions to suspend the rules, in order on July 5, 1965, may be transferred to Monday, July 12, 1965; and that the call of the Private Calendar, in order on Tuesday, July 6, 1965, may be transferred to Tuesday, July 13, 1965.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

CALL OF THE HOUSE

Mr. CEDERBERG. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 159]

Ashley	Holland	Resnick
Baring	Keogh	Roosevelt
Bonner	King, Calif.	Scheuer
Bow	Lindsay	Springer
Brown, Ohio	Long, Md.	Teague, Tex.
Broyhill, Va.	Martin, Mass.	Thomas
Dent	Miller	Toll
Evins, Tenn.	Morse	Tupper
Green, Oreg.	Morton	Utt
Harvey, Ind.	Moss	Willis
Hays	Powell	
Holifield	Reinecke	

The SPEAKER. On this rollcall 399 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

GENERAL LEAVE TO EXTEND

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend or to revise their remarks on the housing bill and to include any germane extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

HOUSING AND URBAN DEVELOPMENT ACT OF 1965

Mr. PATMAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 7984) to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 7984, with Mr. FLOOD in the chair.

The CHAIRMAN. When the Committee rose on yesterday the gentleman from Texas [Mr. PATMAN] had 1 hour and 39 minutes remaining. The gentleman from New Jersey [Mr. WIDNALL] had 2 hours and 4 minutes remaining.

Mr. PATMAN. Mr. Chairman, I yield 15 minutes to the gentlewoman from Missouri [Mrs. SULLIVAN].

(Mrs. SULLIVAN asked and was given permission to revise and extend her remarks.)

MEETING NEW PROBLEMS IN AMERICAN HOUSING

Mrs. SULLIVAN. Mr. Chairman, as the ranking member of the Subcommittee on Housing of the Committee on Banking and Currency, I am proud of the hard work which has gone into this legislation, and I am going to support the bill. For many years, we had Repre-

sentative ALBERT RAINS, of Alabama, as the chairman of our subcommittee, painstakingly developing the concepts of our steadily widening and improving housing legislation, and when he decided last year not to run for reelection, we all felt keenly disappointed that we would no longer have his excellent leadership on housing legislation. But it is the strength of our system of Government that when the mantle of responsibility is passed, we characteristically build on what is already there, not tear down and try to start over. In that spirit, the gentleman from Pennsylvania, Mr. BARRETT, has succeeded to the chairmanship of the subcommittee and has done an outstanding job of building on the foundations of the accomplishments and achievements of this subcommittee during the years which went before. I salute him, Mr. Chairman, for his energy and devotion on this legislation.

Mr. Chairman, this is a good bill. It is a big bill, with many important provisions, but like most of our housing legislation of the past, it only succeeds in doing part of the job. For the job is a constantly expanding one. It is never finished. We do not have a static population and we do not have static communities. No housing bill, no matter how comprehensive, can possibly solve all of the problems involved in the housing of our people. We must meet new problems as they arise. This bill tackles some of those new problems, and also improves our handling of some of the older problems we've been trying to cope with in this field.

My great concern during the hearings on this bill, and a continuing interest of mine for years, has been the urgent necessity of assuring adequate housing for low- and medium-income families, and for the elderly. A major test of a good housing bill, to my mind, is how well it meets these problems.

CITIES HAVE LARGER PERCENTAGES OF LOW-INCOME FAMILIES

There are good reasons for this concern.

We have become acutely aware during the past few years that, in spite of a booming national economy, one out of every six families in our country still lives in substandard housing. Three-fourths of these families have incomes of less than \$4,000 a year. This is a national figure.

But in many of our large central cities the problem is even more acute. As higher income families move to the open spaces of the suburbs, an increasing number of the poor and the disadvantaged come from rural areas to the central city. The city of St. Louis has been particularly effected by this changing population pattern. Almost 40 percent of the households in my city—about 100,000 families out of 238,000—have a net income of less than \$4,000 annually and over 21 percent of the households have a net income of less than \$2,500 a year. That is one family out of five in St. Louis, with incomes of less than \$50 a week, and two out of five with incomes of less than \$80 a week. Too many of them live in very bad housing.

I am particularly concerned about decent housing for larger families. We have at present 6,776 units of public housing in St. Louis and that has helped considerably. There is a possibility that three more projects of 2,313 units will be constructed in the future. We have the authorization for them.

But I have always opposed high-rise public housing as a place to rear a family of children, yet, this is about the only kind of public housing we can build in a big city where land costs are so high. This bill would give local housing authorities the authority to buy or lease good but old existing housing and rehabilitate it, if necessary. I think this is a very good proposal. It would upgrade the existing inventory of housing and would be particularly advantageous for families with a large number of children. My interest in this is understandable. I grew up in a family of nine children. On a low income, housing for large families has always been difficult to find. These problems are particularly acute in the large cities. I know that from painful personal experience as a youngster.

AN OPPORTUNITY FOR PRIVATE ENTERPRISE

Another solution to help meet the need for housing for lower income families is included in the rent supplement program, the most-discussed new proposal in this bill. In the manner in which we amended the bill in committee to limit it to those needing help the most, I favor it because it would for the first time bring private resources into the lower income housing market on a mass scale. Private enterprise has been asking for such an opportunity for years. This bill provides this opportunity—and gives them a chance to make the plan work. I am pleased that this legislation can help families to be housed in rehabilitated existing housing as well as new housing.

You may notice that I place particular emphasis in my remarks on the importance of rehabilitation of existing housing. There has been a good deal of clearance through federally assisted urban renewal projects in St. Louis. The Land Clearance Authority has six projects in various stages of development, and has received \$53,673,000 in Federal funds for this purpose. Some very bad slums have been razed in St. Louis, and this is good. But I believe we should put more emphasis now on rehabilitating our basically sound older housing. For this reason, I strongly favor the provision in the bill that would authorize direct grants to low-income families in urban renewal areas for the purpose of rehabilitating the homes they now own and occupy.

I am certainly in favor of continuing the urban renewal program at the level proposed in this bill. This program has enabled our great cities to make a good start in attacking the massive problems of blight and decay. But we have only started. It is essential that we press onward with this attack. I would like to make the observation that this program is being used by more than the large cities. It has had a considerable impact in many smaller communities throughout the country. I am glad to

have had a role in helping smaller cities and towns to share in this program.

HOUSING NEEDS OF THE ELDERLY

I must make reference to a group which is of special concern to me—the elderly citizen. Figures given us in testimony indicate that income levels for this group are much lower than for other categories.

The public housing program has been particularly successful in meeting the needs of the elderly in my city, and has made a real contribution to the well-being and peace of mind of these deserving people. I believe that at least 27 percent of existing public housing in St. Louis is occupied by elderly, and there is a long waiting list. High-rise public housing seems to be most successful where it is used by the elderly. It was my amendment several years ago which made it possible for single or widowed persons to qualify for such housing. I shall always be proud of that.

The direct loan program for nonprofit groups providing housing for the elderly has not flourished as it might because of lack of participation by organizations which could qualify. However, during our hearings we were informed that churches, particularly, are moving into this program and it therefore shows signs of attaining considerably more momentum. The bill as reported should make this program more effective by lowering the interest rate a bit more.

I hope that we can continue to increase the units for the elderly because the demand is there, the need is there, and we must do all in our power to meet it. I am pleased also that the language of the rent supplement proposal pays particular attention to the elderly.

MOST BENEFICIARIES OF HOUSING PROGRAMS PAY THEIR OWN WAY

I would like to reiterate my long-standing support for the college housing loan program. It has resulted in good dormitory housing in colleges throughout the Nation, and Missouri colleges have made very good use of the program. I received a complaint from an investment banker on the low interest rate on this program, but when I discussed the scope of this program with him, he acknowledged its great need.

Primarily, in all of our housing legislation we have put great emphasis on highly successful programs which help those of our people who are able to pay for their own good housing on the private market. Of more than 16 million homes and apartments built or financed with Federal financial assistance, 95 percent have been bought or rented by families able to meet the full costs of housing on the private market. Without FHA and other Federal programs, this record could not have been achieved. Because of them, our people are the best housed in the world and I am proud of that fact.

But let us keep in perspective the fact that only 5 percent of federally assisted housing has been made available to meet the urgent needs of low- and medium-income families, who cannot afford the full cost of private housing.

Mr. Chairman, we have come a long way in our housing legislation since the

first housing bills of the New Deal—the Home Owners Loan Corporation Act and the Federal Housing Act. All of the housing laws since then have opened up new avenues of home ownership, or of housing opportunity, for our citizens.

REHABILITATION OF OLDER HOUSING

I believe more emphasis, in future years has to be in the direction of restoring, modernizing, and improving older housing on a vast scale. Georgetown has shown us what can be done with good basic housing in older neighborhoods. But we are not looking toward making every older area of our cities into a Georgetown—for those Georgetown houses, of course, are no longer for the moderate income family.

But I feel we can save our neighborhoods from blight, and rehabilitate our low income families more effectively, if church groups and other nonprofit groups can be encouraged—through low-interest loans—to help poorer families to help themselves, by turning over to them the reconstructed structure of an older house and then letting the low-income family finish the interior, the painting and so on. Some excellent results along this line have been achieved by some of the church groups already. But it is only a tiny fraction of the need.

Interest rates and the availability of credit are the main factors limiting the spread of this idea. All of our lending institutions should join in setting aside some of their resources for this form of upgrading of the existing housing market, and of the people who live in neighborhoods whose future is in the balance—which can go either down or up. The objective must be to help the neighborhoods which are good, stable communities to survive the march of urban progress and change. I intend to work toward that objective in future housing bills as I have in the past.

Mr. HARVEY of Michigan. Mr. Chairman, will the gentlewoman yield?

Mrs. SULLIVAN. I am happy to yield to the gentleman.

Mr. HARVEY of Michigan. I would like to tell my friend, the gentlewoman from Missouri, how much I have enjoyed serving with her on the Subcommittee on Housing and to say what a worthy member of the committee she is. I have asked the gentlewoman if she would yield to express my surprise at her support of this program in view of her questions on March 25, the first day of our hearings. I would remind the gentlewoman from Missouri, and I would like to read just this one question if I could and the answer she received, and I am reading from page 235 of the hearings, as follows:

Mrs. SULLIVAN. One other thing that bothers me, Dr. Weaver, about the new proposed rent supplement program is the emphasis upon Government controls and supervision. I can understand that you need to have some reliable check for purposes of initial eligibility, for example, to determine income or whether the family was an elderly family or whether it was a displaced family, or whether it was a family living in substandard housing. But I am worried about what will undoubtedly be called Federal policing, for example, the review at least every 2 years of the tenants' income. Since the sponsoring organization in this new program you propose would be bona fide nonprofit organi-

zations, do you not think you could change your regulations, and we could change the bill if necessary, to allow more discretion and more "self-policing" in these matters for the sponsoring nonprofit corporation?

That is the end of the question. Then Dr. Weaver's answer was as follows:

Mr. WEAVER. I think the degree of surveillance would be much less than would be assumed.

Then he goes on at quite some length and I will not read his answer further.

But I would point out that what bothers me, and I can just say it in one sentence here, is the fact that this requirement still requires for the first time the use of W-2 forms to determine a tenant's income, as I understand it. As Dr. Weaver testified, it requires then that the agency on public housing write to the employer to find out what the tenant's income would be; and if the bill provides this, this can be done by either a public or private agency. Still it has not been changed so far as I know, so I was astonished at what my good friend is endorsing so wholeheartedly on this rent support program, and these, it would seem to me, very harsh provisions providing for a means test and nothing less than a means test.

Mrs. SULLIVAN. In reply to the gentleman, may I say that perhaps I did not do my homework as thoroughly as one would like to do before coming to the first day of the hearings back in March, because I did not at that time know the way in which the nonprofit groups were to investigate and pass on the applicants. Of course, the purpose of hearings is to raise critical questions in order to get all of the facts. Since then it has been explained and I think adequately explained, that any nonprofit group that applies and is granted permission to build this housing will give the rental contract to the prospective tenant if they meet the eligibility requirements that have been set up under the bill and under the regulations that will have to be established by the agency. Of course, also, there has to be adequate information obtained before these apartments are rented. If the tenants do not give adequate information, they cannot have a lease for the housing unit that they want to occupy and they would not be able to get the rent supplement. After all, we are dealing with Federal funds, and, as in public housing, we have to be certain there is no fraud or cheating.

Mr. HARVEY of Michigan. Well, I concur in that, if the gentlewoman will yield further just for a comment, we do not mean to limit this to nonprofit corporations because, of course, limited dividend corporations are not too different from the nonprofit corporations, and I am sure they probably are provided for here as well. I understand that certainly. But they still require the use of a W-2 form and they still require the ascertaining of what a person's salary or income is.

Mrs. SULLIVAN. I ask the gentleman if it is wrong to require proof of income and proof that their assets are not excessive when these people make application?

Mr. HARVEY of Michigan. I would answer the gentlewoman by saying that I talked to a staff member of the Internal Revenue Service the other day and he said that to the best of his knowledge this was the first time W-2 forms had been required in a comparable situation to this.

The CHAIRMAN. The time of the gentlewoman from Missouri has again expired.

Mr. BARRETT. Mr. Chairman, I yield the gentlewoman 5 additional minutes.

Mrs. SULLIVAN. Such information is required when people go to the welfare office for welfare or for food stamps. If they have some sort of earnings form—and what is better than a W-2 form—they can be qualified and passed on much faster than if they have no proof at all.

Mr. HARVEY of Michigan. It seems to me that there is a vast difference between using such checks to ascertain the income or the wealth of any person on welfare and determining this, for example, for people who are going to get rent supplements, as Mrs. McGuire testified, in New York City receiving salaries up to \$8,100. We are talking about entirely different income categories. That is where we differ.

Mrs. SULLIVAN. I believe we differ, also, in our estimate of what the limit is going to be. We have been pretty well convinced that this limit not be up to \$8,000. The maximum income would be substantially below that figure, even for very large families.

Mr. BARRETT. Mr. Chairman, will the gentlewoman yield?

Mrs. SULLIVAN. I yield to the gentleman from Pennsylvania.

Mr. BARRETT. Is it not true that we now have the relocation service to check on families living in substandard housing or who are displaced? Is it not also true that in last year's housing bill we voted a rent supplement program for displaced families? And was not the final vote 308 to 68?

Mrs. SULLIVAN. Yes, that is true, and I thank the gentleman for bringing out that important fact.

Mr. FINO. Mr. Chairman, will the gentlewoman yield?

Mrs. SULLIVAN. I yield to the gentleman from New York.

Mr. FINO. First, I wish to compliment the gentlewoman from Missouri for supporting this bill. The only area as to which we disagree is section 101. I appreciate the gentlewoman's expression of great concern for families with incomes of \$4,000 or less in need of housing. That is fine.

Is the gentlewoman aware of the fact that under section 101 there will be no low-cost housing units built?

Mrs. SULLIVAN. No, I am not aware of that, because I do not believe that is true. The whole purpose of the program is to provide low-cost housing for low-income families.

Mr. FINO. The Administrator, Mr. Weaver, did say that those builders who would build low-income housing units would have to have hearts of gold and heads of lead.

Mrs. SULLIVAN. I ask the gentleman this question: I wonder if, over these

years, the gentleman has not had the same discussions I have had with builders, real estate groups, and others who have always opposed public housing. Their whole cry has been, "Help us to find some way we can provide housing for low-income families in private housing."

I believe this is their opportunity. I do not know if it is going to be the entire answer, or the best answer, but I am willing to give it a chance.

Mr. FINO. But, as I said, there will be no low-cost housing project built under section 101.

Mrs. SULLIVAN. Can the gentleman tell me what is the limit in building a public housing unit?

Mr. FINO. What is the limit? I understand there is no limit.

Mrs. SULLIVAN. There is a dwelling unit cost limitation, taking the land costs and other things into consideration. Otherwise we would not have these high-rise apartments in cities. I think the limit is \$20,000 per unit.

Mr. BARRETT. Mr. Chairman, will the gentlewoman yield?

Mrs. SULLIVAN. I yield to the gentleman from Pennsylvania.

Mr. BARRETT. The gentleman from New York knows that Mr. WIDNALL's amendment would give a rent certificate under section 103. Also under section 104 there would be built 240,000 low-rent housing units under the public housing program over the next 4 years. The gentleman knows that as well as I and everybody else on the committee.

Mr. FINO. Mr. Chairman, will the gentlewoman yield?

Mrs. SULLIVAN. I am happy to yield to the gentleman from New York.

Mr. FINO. Directing my remarks to the gentleman from Pennsylvania, the chairman of the subcommittee, I should like to apprise him of the fact that the Widnall amendment affects existing structures.

The Widnall amendment affects existing structures, not new buildings. It affects existing structures, whereas 101 confines itself to new buildings primarily.

Mr. BARRETT. Mr. Chairman, will the gentlewoman yield?

Mrs. SULLIVAN. I yield to the gentleman from Pennsylvania.

Mr. BARRETT. The gentleman from New York is putting his question to the gentlewoman on the basis of section 101. The gentleman from New York knows the low rent public housing program is in section 104.

Mr. FINO. I am just trying to make the point that under section 101 there will be no low-cost housing units built. This does not come from me but from the Administrator himself.

Mr. ASHLEY. Mr. Chairman, will the gentlewoman yield?

Mrs. SULLIVAN. I yield to the gentleman from Ohio.

Mr. ASHLEY. The Administrator did not so testify.

Mr. FINO. He did not testify, but 2 days after he did testify before the committee he appeared before a Pittsburgh civic audience and told them that there would be no low-cost housing built under section 101.

Mr. ASHLEY. And it was subsequent to his trip to Pittsburgh, at which time he made that statement, that we amended the bill. I would like to point that out.

Mr. FINO. In what respect, may I ask the gentleman, was the bill amended?

Mr. ASHLEY. If the gentlewoman will yield further, the gentleman from New York states that there will be no low-cost housing under section 101. I would like to point out that under essentially the same vehicle, the 221(d)(3) program, there have been constructed some 109 projects by nonprofit corporations, 174 projects by limited-dividend corporations, and 142 by cooperatives.

The CHAIRMAN. The time of the gentlewoman has again expired.

Mr. BARRETT. I yield to the gentleman 1 additional minute.

Mr. ASHLEY. If the gentlewoman will yield further, for these 3 categories the total units involved are 18,531 for the 109 projects supported by nonprofit organizations, 26,000 units in the 174 projects by the limited-dividend groups, and 14,681 units in the 142 cooperative ventures. If the gentleman from New York wants to say that these types of sponsors, the church groups and the union groups and others, will cease their interest that they have in this, I say the experience has been exactly contrary to that.

Mr. FINO. I say to the gentleman from Ohio that they have not built low-cost housing units under section 221 (d) (3).

Mr. ASHLEY. What do those units rent for?

Mr. FINO. A little higher, much higher, than public housing projects.

Mr. ASHLEY. Ninety-seven dollars a month. That is why we need this new program.

Mrs. SULLIVAN. Mr. Chairman, before my time again expires, I want to make a final comment. We have been arguing back and forth here in the House for 2 days over the rent supplement idea; before that, we argued over it in the subcommittee and in the full committee. It has been thoroughly and comprehensively examined, debated, analyzed, dissected, and evaluated. It is a different approach from that we have followed generally for low-income families up to now, although, as the subcommittee chairman, Mr. BARRETT, pointed out a moment ago, we voted for something of this nature last year for displaced families and the House approved it then 308 to 68. But it is new; it is another type of approach from that we have followed before. That does not automatically make it either good or bad. We will watch this program carefully as it progresses. That is what our subcommittee traditionally has done on ever new type of program. I think our record of surveillance is a good one. And, I might add, we have more often than not had bipartisan harmony in our investigations into the various programs.

The rent supplement is not by any means the only important provision of this bill and I stress the fact that this House, through the Housing Subcommittee, has a conscientious group, armed

with a very competent staff, devoting endless hours of effort and study year round to the housing problems of our country and to the operation of the many complex housing laws. I think our work speaks for itself. I am proud of my membership on the Housing Subcommittee, proud of the caliber of leadership we have enjoyed in the subcommittee, proud of the staff, and proud of the results of our labors since the subcommittee was formed in 1955. We can argue endlessly over what might or could happen under this new type of program. But, believe me, the Housing Subcommittee will be first to recognize any shortcomings which might develop, and any provisions which would require changes. I am willing to see the idea put to the test, just as we had to test urban renewal, college housing loans, and all other new ideas which turned out to be successful housing programs.

Mr. WIDNALL. Mr. Chairman, I yield 20 minutes to the gentleman from Michigan [Mr. HARVEY].

(Mr. HARVEY of Michigan asked and was given permission to revise and extend his remarks.)

Mr. HARVEY of Michigan. Mr. Chairman, I want to use the time I have today to talk about some of the things that I think are in disagreement on both sides of the aisle and both sides of the committee as I have heard the statements yesterday and today as well.

I want to say something first of all about the ceilings on rent supplements. I served as a member of the Housing Subcommittee along with my good friends on the other side of the aisle, and I can remember sitting in executive session on this particular bill. I remember a member of our committee in executive session asking the question, and I will quote, "What is the maximum income limit for eligibility of the rent supplement program?" I can recall the answer provided by the majority staff member who was there that day. After reference to a memorandum or a table which he held in his hand, his answer was very simple, and I will quote again, "\$8,900 for a seven-or-more-person family in New York City."

This was the answer. After the subcommittee completed its deliberations that afternoon a press conference was held by the majority staff. I recall that press conference because I was there. I went outside the door for a little while but then came back and I heard the statements that were made. From the aforementioned memorandum or table referred to, you can refer to press stories that appeared in the papers on the following day, in several papers, and you can find the same figures that appeared on that memorandum a copy of which I hold in my hand at the present time and which I shall put in the RECORD when I obtain permission after we go back into the House, so that it will be available to everybody. But it is the same memorandum from which these figures on maximum income limits for a large family were taken, that were used as shown on page 179 of our minority views.

The matter alluded to as memorandum or table is as follows:

The following table shows the present income ceiling under the section 221(d)(3) below-market interest rate program and the ceiling under the proposed rent supplement program if an amendment is adopted to base it on 25 percent of income for housing:

City	1 person	3 and 4 persons	7 or more persons
Philadelphia:			
Below market.....	\$4, 600	\$6, 600	\$8, 600
Rent supplement.....	3, 700	5, 300	6, 900
Toledo:			
Below market.....	5, 540	7, 750	10, 100
Rent supplement.....	4, 350	6, 200	8, 050
Pittsburgh:			
Below market.....	4, 850	6, 900	8, 950
Rent supplement.....	3, 900	6, 500	7, 150
Macon, Ga.:			
Below market.....	4, 450	6, 350	8, 250
Rent supplement.....	3, 550	5, 050	6, 600
Providence:			
Below market.....	5, 000	7, 150	8, 300
Rent supplement.....	4, 000	5, 700	6, 650
San Antonio:			
Below market.....	4, 350	6, 200	8, 050
Rent supplement.....	3, 500	4, 950	6, 450
Milwaukee:			
Below market.....	5, 600	8, 000	10, 400
Rent supplement.....	4, 500	6, 400	8, 300
Paterson, N.J.:			
Below market.....	5, 450	7, 800	10, 150
Rent supplement.....	4, 350	6, 250	8, 100
New York City:			
Below market.....	6, 000	8, 550	11, 100
Rent supplement.....	4, 800	6, 850	8, 900
Newark:			
Below market.....	5, 900	8, 400	10, 900
Rent supplement.....	4, 700	6, 700	8, 750
Saginaw:			
Below market.....	5, 300	7, 550	9, 800
Rent supplement.....	4, 250	6, 050	7, 850
Hearne, Tex.:			
Below market.....	3, 150	4, 500	5, 800
Rent supplement.....	2, 500	3, 600	4, 700

¹ Lowest ceiling established under (d)(3).

NOTE.—There are no 221(d)(3) projects in the districts of Mr. STEPHENS, Mr. WIDNALL, or Mrs. DWYER.

Mr. Chairman, let me call your attention first of all to what this memorandum says. Just look at the top of it. What does it say? It purports to show—and it is dated April 21, 1965—"the income ceiling under section 221(d)(3) below market interest rate programs and the ceiling under the proposed rent supplement program if an amendment is adopted to base it on 25 percent of income for housing."

Obviously the Housing Administrator is the only one who has this sort of information, who could put out the memorandum and a table such as this, so it had to come from the agency. Either that or a member of the majority staff misled the members of the subcommittee when he gave that answer, and mislead the members of the press as well.

The table, or the memorandum, whichever you want to call it, also shows income limits for the 221(d)(3) below market interest program. Who sets these limits? The Housing Administrator and the housing agency set these limits. This information could come from no other source. It goes on, for example, to point out that the town of Hearne, Tex.—I never heard of Hearne, Tex.—has the lowest ceilings established under the 221(d)(3) program. Who but the housing agency has the information about the lowest ceiling under the housing program?

I might point out that in the memorandum there is a footnote and I would like to read the footnote:

There are no 221(d)(3) projects in the districts of Mr. STEPHENS, Mr. WIDNALL, or Mrs. DWYER.

Who other than the Housing Agency would have this particular information so peculiarly relevant to the members of our special subcommittee on which I serve? Who but the Housing Agency would have that?

Mr. Chairman, I submit on the record that the memorandum itself leaves no question but that the Housing Agency provided this information. Reference to this memorandum will show the figures used in the minority report are identical on page 179.

I would like to make one other observation on this subject. On June 21, 1965, the distinguished gentleman from Pennsylvania, who is the chairman of our subcommittee, put in the RECORD—put in the CONGRESSIONAL RECORD, that is—a table of income limits for the rent supplement program, showing a top of \$6,500 that could be paid out under the rent supplement program, supposedly for a seven- or eight-person family, and a top of \$5,000 for a four-person family. That is according to the table put in by the gentleman from Pennsylvania [Mr. BARRETT]. We do not have anything comparable in our hearings, of course, because we had a dickens of a time getting this information out of Dr. Weaver. But I would point out one very relevant question, on page 237, which was asked of Mrs. McGuire, our Housing Administrator.

I quote here from page 237 of the hearings when the question was put by the gentleman from New Jersey [Mrs. DWYER], as follows:

What is the present highest income that is being serviced in the public housing program today?

Mrs. MCGUIRE. The possible top for admittance of a four-person family with many exemptions is \$8,100.

Mr. Chairman, I believe you have here a ridiculous impression that is being created by the Housing Administrator, that \$5,000 is the upper limit for the rent supplement program for a four-person family and that this limit is somehow \$3,100 less than would be possible under the public housing program.

Mr. Chairman, this does not make the least bit of sense to me whatsoever.

What are the true figures? I would suggest again that you might look at page—I would say by the way that just recently, in the last week, we have all received a letter from the representative of the AFL-CIO in support of this rent supplement program—I would suggest for that reason you might want to look at page 503 where Mr. Shishkin testified for the AFL-CIO as to what he thought the limit should realistically be.

I asked this question of Mr. Shishkin:

If I understand you correctly, your statement is, citing two areas, either San Francisco or New York City, that it is entirely realistic for a person earning between \$10,000 or \$11,000 a year to still be receiving rent supplements under this program?

Mr. SHISHKIN. I would say so; yes.

That is his view as to what he thinks it realistically should be.

Now, Mr. Chairman, I heard the distinguished chairman of our committee, the gentleman from Texas [Mr. PATMAN] speak yesterday in his opening state-

ment of how much less this particular program was going to cost, this rent supplement program about which I am speaking now, as compared to a comparable public housing program. This had a peculiar ring to me because it just did not sound right at all. Further, I can remember serving on this subcommittee on March 4, 1965, when the distinguished gentleman from Texas, our chairman, introduced his bill. The peculiar thing about the cost—the peculiar thing about his bill when he introduced it originally on March 4, is that it had in it a limitation on the amount of rent supplements. It had a limitation so that we could not pay any more under rent supplements than we pay under public housing.

Now, Mr. Chairman, I refer the members of the Committee to that particular bill, H.R. 5840, introduced on March 4, 1965, page 4, section 101(d) (2):

Amount of payment: The amount of annual payment with respect to any dwelling unit shall not exceed (2) the estimated amount of subsidy contracted for under the U.S. Housing Act of 1937 with respect to a dwelling unit of a comparable size and type, in the same or comparable locality.

Mr. Chairman, if this program is going to be so much less than public housing, then why did we take this limitation out? Why is it not found in the present bill?

I suggest to the members of the Committee that they look at section 101(d), and you will not find it in the present bill, because it has been taken out. And yet the gentleman from Texas would have you believe that this program is going to cost less. I just cannot believe that, Mr. Chairman.

I want to say something, also, about a subject that came up yesterday involving the cost of these particular units when I had a colloquy with my good friend and distinguished chairman of the subcommittee, the gentleman from Pennsylvania [Mr. BARRETT]. Then we were talking about how much these individual units under the rent supplement program were going to cost.

The figure that stood out in my mind was that the maximum they could cost was the sum of \$32,900. I brought up this matter yesterday afternoon. I would refer you to pages 30 and 31 of the bill where we are talking about the costs of section 221(d) (3) either at the interest rate or below the interest rate, and where we are requested to increase the cost to families of four so they are permitted to go to \$22,750 for a four-person family or more. I suggest that you look at page 90 of the report where it speaks of existing law. Existing law permits the Administrator to increase this limit of \$22,750 by 45 percent. If we are going to believe the Housing Administrator, who says he only wants to build 12,500 apartments, why in the world is he trying to increase these up to possibly \$32,900? When you multiply \$22,750 by 45 percent, the figure you get is \$10,237.50, and when you add that to the \$22,750 which they are allowed to cost, your maximum is \$32,987.50, which is the maximum cost of one of these rent supplemental units.

You might consider this to be a modest construction unit. I do not think so. I

do not think when we are paying out a rent supplemental this qualifies as a modest unit. Up in Michigan where I come from it would not.

Why are they increasing the limits of the bill? I want to refer to my good friend, the distinguished chairman of the subcommittee. I say sincerely that he has been a good chairman, though we might have had our differences. He has been a fine chairman. At that time when he spoke of the bill, and the gentleman from Texas as well, they spoke in glowing terms about free enterprise and what this bill was going to do for free enterprise in America. They tell you they are privately built, privately owned, privately financed apartments. Even our beloved Speaker himself made some comment in this regard.

I would like to make a few comments on this because, as was pointed out in the hearings, this program does differ from public housing. At the end of 40 years these apartments are not owned by the United States; they are owned by private owners, so the money we spend is not reflected as an asset on the books of the U.S. Government. It has been paid out in the form of rent. These 5,000 apartment units that we are talking about are going to be built by big contractors, they are going to be operated by big landlords as well. You talk about private enterprise. These landlords never had it so good. For 40 years they can carry on without any risk whatsoever. They have no chance of default. They do not have to worry because their apartment rentals are guaranteed. They have no chance of decreased rentals because these apartments are guaranteed by a 40-year contract. Show me any other landlord in this country who has it so good.

The closest thing in this to free enterprise, or as close as this bill comes to free enterprise, is about as close as our farm subsidy program comes to free enterprise. You may take your choice.

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. HARVEY of Michigan. I yield to the gentleman from Pennsylvania.

Mr. BARRETT. I think the gentleman deserves a commendation from the gentleman from Pennsylvania. He is really respected as a member of our committee, and certainly he is very highly respected by me. I think we ought to look at the thing sensibly. The structure of incomes is going to be comparable to the public housing structure. I think the gentleman knows that in this the individual units will cost an average of \$12,500. The gentleman knows you cannot get a \$30,000 apartment in a structure of this type with that kind of expenditure for construction.

Mr. HARVEY of Michigan. Well, just a minute now, on that point, would the gentleman point out to me anywhere in the bill that this is limited? Because the way I have read this bill, and my interpretation is that you can build up to \$32,900 apartments—and that is not a modest apartment by any means.

Mr. BARRETT. I am glad the gentleman has brought up that point. I say to you very honestly, if the gentleman can show anybody where they can get a

\$30,000 or a \$38,000 or a \$39,000 apartment in a structure that is limited to \$12,500—

Mr. HARVEY of Michigan. Where is the limit of \$12,500?

Mr. BARRETT. I will indicate to you where we have answered your criticism and misunderstanding in our report. If the gentleman will get the report that we used; namely, the committee print, we show the facts there where they were distorted, as we claim they were.

Mr. HARVEY of Michigan. Now, now, I refuse to yield further. The gentleman is referring here to an unauthorized committee print. The gentleman stated himself before the Rules Committee that this report was prepared by the Housing and Home Finance Agency and that he brushed it up a little bit. I will quote to the gentleman here and read—and this is covered by the newspapers, about his appearance before the Rules Committee. I will quote from the Newark Evening News of Wednesday, June 16, 1965. I will quote here and this is from their Washington Bureau:

Under questioning by Representative HOWARD W. SMITH, Democrat of Virginia, Rules Committee Chairman BARRETT said the information for the document had been prepared by the Housing and Home Finance Agency, which would administer the rent subsidy, and that he "brushed it up." Then he went on to take full responsibility for it.

You point out to me where any committee met and considered that document. Point out to me where any committee member signed it. I cannot believe my good friend from Pennsylvania—let alone my other good friends on that committee would accuse me as a member of the committee of making false or misleading or intentionally calculated statements to deceive. I cannot believe my friend from Pennsylvania would make those statements and I am sure other Members of this House or Committee would not. Only somebody in the Housing and Home Finance Agency would make statements such as that and that is precisely what the gentleman from Pennsylvania told the Rules Committee as it was reported in the Newark Evening News.

Mr. BARRETT. Now will the gentleman yield to me again.

Mr. HARVEY of Michigan. Yes, I am delighted to yield to the gentleman again.

Mr. BARRETT. I just want to tell the gentleman I have taken the responsibility for the report. I told the House, as I have told the Committee on Rules, and the gentleman knows that, he sat there when I said this and I was speaking to the chairman of the Committee on Rules, it is true that I asked for the staff to help me on this and it is true that when I felt I needed some assistance, I went to the Agency and I said, "What would be your answer to this?" And the only reason the gentleman from Michigan is in the well today making these remarks apparently is because they failed to come and ask the committee, "What about this section—and if there is anything wrong, will you put us straight?"

This is the only thing we asked them to do or asked anybody else to do.

Mr. HARVEY of Michigan. Right there I would say to the gentleman this, that I asked the Housing Administrator before our committee what were the limits on this program and the gentleman from New Jersey [Mrs. DWYER] asked what the limits on this program were. I tried to get information, but I am not going to stand here and let the gentleman quote from a report that is now submitted by the Housing and Home Finance Agency, handed to him, and which he has given some form of authenticity, when the committee never issued that in a committee print. No, sir, I refuse to acknowledge that. I submit that it is possible to build \$32,900 housing units which he is asking authority for. Look at page 30 and page 31 of the bill.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WIDNALL. Mr. Chairman, I yield myself 5 additional minutes.

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. HARVEY of Michigan. I yield to my chairman.

Mr. BARRETT. Now the gentleman knows, as I pointed out before, you cannot get luxurious apartments in this type of program. It is just utterly impossible.

Mr. HARVEY of Michigan. Where does it say that in the bill? Where does it say that in the bill? I ask my chairman to show me where it says that in the bill?

Mr. BARRETT. This is modest construction comparable to the public housing construction.

Mr. HARVEY of Michigan. No, no, I refuse to yield until my chairman points out in the bill to me where it says that they cannot get a \$32,900 apartment because I am telling my chairman that on page 31 of the bill it says that you can construct apartments which will be used in the rent supplement program that will cost \$32,900. The bill says differently—than the committee print—which Dr. Weaver said a little bit later on in reflection.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. HARVEY of Michigan. I yield to the gentleman from Ohio.

Mr. ASHLEY. The gentleman is correct: there is nothing in the law that puts on a ceiling.

Mr. HARVEY of Michigan. The gentleman would agree that pages 30 and 31 of the bill before us would permit construction of apartments costing \$32,000, as this would be used in the program; is that correct?

Mr. ASHLEY. What I am saying is different.

Mr. HARVEY of Michigan. If I am wrong I hope my good friend will tell me where I am wrong.

Mr. ASHLEY. I beg the gentleman's pardon.

Mr. HARVEY of Michigan. If I am wrong, I hope my good friend will tell me where I am wrong.

Mr. ASHLEY. That is what I am trying to suggest. Under the 221(d)(3) program, the average cost per unit has been \$12,500.

Mr. HARVEY of Michigan. Now we

are talking about average cost. I am talking about what apartments can be built for. I do not know where the average costs came into this, other than Dr. Weaver's reflections, again.

Mr. ASHLEY. I should like to say to the gentleman that no evidence has been adduced in the hearings or otherwise to indicate that under the 221(d)(3) program units costing \$32,000 have been constructed.

Mr. HARVEY of Michigan. Let me ask my friend a question. Why are you asking for that authority on pages 30 and 31? You are asking for authority to build apartments costing \$32,900. You are asking for authority to use these in that rent-supplement program.

Mr. ASHLEY. No. What the gentleman is doing—

Mr. HARVEY of Michigan. Wait a minute. Is my friend saying that it is not requested on page 31? I ask the gentleman to pick up a copy of the bill and look at it.

Mr. ASHLEY. I say to the gentleman the authority is there because of the limit the Congress set with respect to the 221 program generally, which up to now have caused no argument, even from the gentleman from Michigan. I might add that nothing could be more clear than the fact that the program in question is intended to produce modest priced housing.

Mr. HARVEY of Michigan. I am glad to hear someone on that side of the aisle finally admit the authority is there to build \$32,900 apartments under this program, because I have had a difficult time getting that out.

Mr. ASHLEY. I would say to the gentleman—and he knows this, because he is a very able legislator—that we do not write into each and every bill each and every detail. One might say, "but this is no detail when we are talking about the possibility of a unit costing \$32,000." Is it not true that in the report we make it abundantly clear that what is intended is moderate cost or modest-cost housing and not the \$32,000 unit which theoretically somehow is possible under the authority that does exist?

Mr. HARVEY of Michigan. I would say to my friend, I am not nearly so concerned with what is put in the report as with what is put in the bill. All I know is that on page 31 you ask for authority to build that sort of apartment. It seems to me we can only place that interpretation upon it.

Mr. ASHLEY. The gentleman is very perceptive and he is also aggressive. I believe this is a very interesting combination.

But let me ask the gentleman: Is there any evidence that he has come upon which would indicate, under the 221(d)(3) program, which is credited with being a very successful program, that this type of construction has taken place?

Mr. HARVEY of Michigan. I should like to answer the gentleman by repeating what I said in my remarks yesterday. I believe we could summarize all of section 101 with the one statement found on page 4, line 3, where they talk about the definition of the amount of the annual payment and so forth, and they conclude

with these words: "as determined by the Administrator pursuant to procedures and regulations established by him."

This is the story of this whole rent-supplement program. It is the story of section 101, for that matter, because we would turn over our entire authority to the Housing Administrator. I do not like to draft legislation in that way. If you want \$12,500 units, then I should like to write the \$12,500 units into the bill.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

Mr. WIDNALL. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. FINO. Mr. Chairman, will the gentleman yield?

Mr. HARVEY of Michigan. I yield to the gentleman from New York [Mr. FINO].

Mr. FINO. I thank the gentleman from Michigan for yielding to me.

I should like to clarify the picture a little in regard to the \$12,500 per unit. I should like to bring this up to date. I do not know when the figures were promulgated, or what figures we are talking about, concerning the \$12,500.

In the April 26 edition of the Evening Star, an article was written by Robert J. Lewis.

Speaking of public housing projects, he said:

But before some new projects can go ahead, a \$20,000 limitation on the cost of public housing per unit will have to be scrapped, officials indicated.

Then he goes on to say:

Recent low bids pushed total estimates on one project, for which contracts have not yet been let, to more than \$21,000 per dwelling unit.

Mr. HARVEY of Michigan. I do not yield any further. I want to say to my good friend from New York [Mr. FINO], in response to his statement that he does not know where this \$12,500 figure come from. As far as I know, the only reference to that came long after the hearings were held and just before we were to go into the Committee on Rules when a very scurrilous document was issued accusing minority members of false and misleading statements where there is discussion that housing must be of modest standards and the intent of the Housing Administrator is mentioned, and that is where he speaks of \$12,500. That is where that is used. But as I heard the gentleman from Pennsylvania [Mr. BARRETT] say before the Committee on Rules and I quoted before, he told the Committee on Rules that this document was apparently prepared, as we suspect, by the Housing and Home Finance Agency.

Mr. BARRETT. The gentleman has used my name. Will he yield to me?

Mr. HARVEY of Michigan. Yes. I will yield to my good friend and our chairman because I did use his name.

Mr. BARRETT. I am sure the gentleman does not want to give any implication of doubting my honesty?

Mr. HARVEY of Michigan. My good friend knows I would never doubt his honesty and veracity.

Mr. BARRETT. Will you take the article published in the paper in place of my statement?

Mr. HARVEY of Michigan. No, no. I sat there and heard the gentleman make the statement himself.

Mr. BARRETT. I said to the gentlemen on the Rules Committee and I said to you that I was responsible for this because I needed a fact sheet, because the minority report you people put out distorted the facts.

Mr. HARVEY of Michigan. I refuse to yield further. I will say to my good friend, whose friendship I value highly and who has been a good chairman, that I sat in the same Committee on Rules and we apparently had a disagreement because I drew evidently the same conclusion from what my friend from Pennsylvania told the members of the Committee on Rules, and specifically the chairman, Judge SMITH, as the reporter from the Newark Evening News that I quoted did. I understood him to say exactly the same thing, that this document had been prepared in this way.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. PATMAN. Mr. Chairman, I would like to yield to the gentleman from New York [Mr. MULTER] for 5 minutes.

Mr. MULTER. Mr. Chairman, I will give the opponents of section 101 credit for not having deliberately misled anybody. I will give them credit for not having intentionally distorted anything. But I want to assure you, Mr. Chairman, that they certainly succeeded in confusing the entire issue. We have talked about the evidence adduced before the subcommittee and the facts submitted to us by the agency which is responsible for giving us the true facts. Nobody has controverted those facts. Nobody controverted what was adduced as evidence before the subcommittee. But you have heard a lot of reading from newspapers. Most of the items against section 101 were inspired by opponents of the section. Instead of sticking to the facts, we get all of this confusion. We have very patiently listened to the gentleman from Michigan [Mr. HARVEY] attacking section 101. I will yield to him now to tell us and to tell this committee, Mr. Chairman, how he would improve section 101, or is it not a fact that no matter how we improve it he will still vote to strike it out and vote against the bill if it is in the bill? I yield to the gentleman for an answer.

Mr. HARVEY of Michigan. I thank the gentleman for yielding.

I thought I had made clear yesterday my own position on this exactly, or at least I tried to make it clear exactly, but I will state now, first, I support the concept of urban renewal; and, second, I support the concept of urban housing and point out that I served as a mayor of a substantial community.

Mr. MULTER. I will not yield further unless you answer that one question. I refuse to yield to you unless you tell this committee whether or not you will support section 101 if we put in the limitations that you say are missing. Will

you or will you not support section 101 if we put in the limitations you say are not in the bill? Yes or no. I yield only for that. Yes or no, please.

Mr. HARVEY of Michigan. What are the limitations?

Mr. MULTER. Your limitations. Yes or no.

Mr. HARVEY of Michigan. What limitations is my friend talking about?

Mr. MULTER. The limitations you were talking about. If we put the limitations in that you say are missing from section 101—if we put them in, will you or will you not support 101? Yes or no, please.

Mr. HARVEY of Michigan. I do not know what limitations my friend is talking about.

Mr. MULTER. That is enough.

Mr. HARVEY of Michigan. Wait a minute.

Mr. MULTER. I refuse to yield further, Mr. Chairman.

Mr. FINO. Mr. Chairman, will the gentleman from New York yield?

Mr. MULTER. I will yield in a moment; not just now.

Mr. HARVEY of Michigan. Mr. Chairman, the gentleman does not want an answer.

Mr. MULTER. Mr. Chairman, I want an answer, but I do not want the gentleman to confuse the answer instead of meeting the issue. I am willing to yield to him again, if he will give this Committee an answer to this question: Will you or will you not support section 101 if we write into section 101 the limitations that you say are missing?

Mr. HARVEY of Michigan. The gentleman asked me that before, and he asked me if I would support the bill.

Mr. MULTER. Mr. Chairman, I decline to yield further; I yield only for a "yes" or "no" answer.

Mr. HARVEY of Michigan. Now the gentleman is changing the question. The gentleman asked me if I would support the bill—

Mr. MULTER. Mr. Chairman, I decline to yield further. Obviously the gentleman does not intend to answer the question.

Mr. HARVEY of Michigan. Mr. Chairman, will the gentleman let me answer the question?

Mr. MULTER. Mr. Chairman, I will yield for a "yes" or "no" answer.

The CHAIRMAN. The gentleman will suspend. Does the gentleman yield, and if so, to whom?

Mr. MULTER. Mr. Chairman, I yield to the gentleman for only one purpose, and that is for him to answer "yes" or "no," whether he will support section 101 if we write into section 101 the limitations which he says are missing from section 101.

Mr. HARVEY of Michigan. The question cannot be answered "yes" or "no."

Mr. MULTER. Mr. Chairman, I refuse to yield further.

Mr. HARVEY of Michigan. Mr. Chairman, I shall make my statement in my own time.

Mr. FINO. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I shall yield in a moment. I think it is perfectly evident that the talk about missing limitations in this bill is given to this committee merely to confuse the issue. Those who are supporting section 101 say that the bill has the limitations. We have explained them in the report. We have explained them in the debate. I think it should be perfectly clear that those who do not want section 101 will raise a lot of fog and spread a lot of camouflage to hide the real issue. The fact still remains that section 101 is a good provision. If you can improve it, we are willing to improve it.

Now, Mr. Chairman, I yield to the gentleman from New York [Mr. FINO].

Mr. FINO. Mr. Chairman, I thank the gentleman for yielding to me. I am sorry that he has picked on the press for confusing the issue. I do not think the press has confused the issue.

Mr. MULTER. I have gone beyond the press. I said that the gentlemen who are opposing section 101 have confused the issue.

Mr. FINO. If I recall correctly—and we can go back and check the record—the gentleman mentioned that the press had confused the issue.

Mr. MULTER. No; I did not. I said that the gentlemen who oppose section 101 had confused the issue.

Mr. FINO. The gentleman who is a very respected member of the Committee on Banking and Currency tried to create that impression.

Mr. MULTER. The RECORD will disclose what I did say. But let no one think that all of the press is opposed to section 101. Much of the responsible press have supported it. Your attention has been called to it. Another item is the editorial from today's New York Times as follows:

RENT SUBSIDY

The rent subsidy, a key provision of the administration's housing bill, is expected to come under sharp attack in a House vote today. If it is rejected, the action will be a triumph for semantics and a defeat for logic.

Almost every kind of housing now receives a Federal subsidy, direct or indirect. Housing for veterans, for old people and for farmers is subsidized.

There are public housing programs for the very poor; the Federal Housing Administration provides mortgage insurance for one-family dwellings for the middle class; even luxury apartments for upper-income citizens often get an indirect subsidy under the urban renewal program.

Under these circumstances, the opposition that has flared up against the rent subsidy idea seems almost bizarre. The administration's proposal would simply enable the Government to pay the difference in rent between one-quarter of an impoverished family's income and the fair rental value of its apartment. This subsidy would be paid on housing constructed or rehabilitated by limited-dividend corporations. Since there are 500,000 families already on the waiting list for admission to public housing, a supplementary approach is badly needed. The rent subsidy provides that approach.

The plan has the great advantage that it would enable low-income families to continue living in buildings that have been made fit for living. Up to now, the renovation of a slum has usually meant that a sizable number of tenants who could not pay the new rents had to move elsewhere, often to even worse quarters.

The rent subsidy can become a critical component in the war against poverty. According to the 1960 census, three-fourths of families with an income of less than \$2,000 paid 35 percent or more of their incomes for rent. Among families earning \$2,000 to \$3,000 a year, one-third paid 35 percent or more for rent.

The old guard administrators of public housing who oppose this rent subsidy program because it intrudes upon their long-standing monopoly have scarcely displayed the compassion and disinterestedness appropriate to those dedicated to aiding low-income families. The Republicans in the House have likewise proved more partisan than constructive in making an issue out of this program. They have gone counter to the leadership of Representative WILLIAM B. WIDNALL, of New Jersey, the ranking minority member on the Housing Subcommittee and the GOP's foremost housing expert.

A vote against the rent subsidy program would be a vote against some of the most defenseless members of society. The House ought not place this black mark against the good record of the 89th Congress.

Let us not overlook the following from the Washington Post June 28, 1965:

PUBLIC HOUSING STAND

The June 23 "Inside Report," by Rowland Evans and Robert Novak, contains the statement that the public housing lobby is opposing the rent supplement proposal in President Johnson's housing and urban development program and has made an "alliance with old enemies on the right" to fight this proposal.

While the column did not identify the public housing lobby by name, this statement has evidently caused some confusion as to the position of the National Housing Conference on this issue, since the conference is the only overall lobbying organization which over the years has supported the liberal position on housing, urban renewal and community development legislation.

The President's proposal for rent supplements was carefully considered by the National Housing Conference at its annual convention in Washington in mid-March this year. The recommendation of our resolutions committee, which was ratified by our membership, was to support the rent supplement proposal as an experimental program, in no sense as a substitute for the public housing program, but as a promising additional tool for meeting the housing needs of families and individuals of low and moderate income.

In testifying before the Housing Subcommittee of the House and Senate Banking and Currency Committee in general support of the proposed Housing and Urban Development Act of 1965, I presented the position of the National Housing Conference on the rent supplement proposal. I can also state from personal knowledge that the conference's support for rent supplements is shared by a broad consensus of the other public interest organizations which cooperate with us.

Admittedly the rent supplement proposal is opposed by some persons active in public housing at the local level. However, I know of no "public housing lobby" other than the National Housing Conference and I believe the record should show that the conference is strongly supporting this and other provisions of the pending housing and urban development legislation.

NATHANIEL S. KEITH,

President, National Housing Conference.
WASHINGTON.

Section 101 is a good program. We should try it. The sooner, the better.

The CHAIRMAN. The time of the gentleman from New York [Mr. MULTER] has expired.

Mr. PATMAN. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, a number of comments and accusations have been made concerning the publication of a document which sets the record straight on the rent supplements section 101 of the Housing and Urban Development Act of 1965. Due to the severity of the comments made about this document and their overall caustic, if not disrespectful tone, I feel obligated to make these remarks.

Your Banking and Currency Committee filed its report, No. 365, on the Housing and Urban Development Act of May 21. This report included the report of the majority, minority views signed by eight members of the minority party, and additional individual views filed by a total of five other members of the minority party.

The main thrust of the minority views was to attempt to condemn that portion of the Housing and Urban Development Act of 1965 which establishes the rent supplements program. The attack upon the rent supplements program can only be characterized as disrespectful to the Members of this body and vitriolic. As has been true so many times in the past, some members of the minority party desire to oppose every social program that ever comes before this body. The opposition to such proposals, and namely the rent supplements program under consideration in this bill, would deserve consideration if couched in unemotional terms and if based upon valid assumptions and facts. However, as has been the case in the past, and as is true in their criticism of the rent supplement proposal, the entire approach of the minority is one which attempts to appeal only to emotional fear and not to fact and logic.

It has been charged that the rebuttal to these emotional charges was strong. This is a correct statement. Why, Mr. Chairman, was it necessary for the rebuttal to be couched in strong terms? I believe a reading of the minority views on this matter will make the answer to this question unavoidably obvious and plain. Let me just read some excerpts from the minority views and some of the chosen emotional phrases which they insisted upon using.

In the introduction to their minority views they state that the rent supplement proposal is "foreign to American concepts." The minority states that the proposal "kills the incentive of American families," that it "makes renters wards of the Government."

These emotional scare words are bad enough, Mr. Chairman, but they do not begin to approach the scare words used in subsequent parts of the report.

Let me further quote from the verbiage used by those signing the minority report.

The minority state that the rent supplements proposal "is the way of the socialist state." The minority further say that the proposal is a "threat to homeownership." The minority charge those approving the majority report, which includes members of the minority party, that we have proposed an "absurd formula." The minority state in their

report that the results of the formula are "fantastic." That they are ridiculous" and they repeat that the formula proposed by the majority of the members of the committee is a "wide open, socialistic subsidy formula."

Let no one believe, Mr. Chairman, that this is the end of the emotion-laden vitriolic language used by the signers of the minority in their report. Those signing the minority report, Mr. Chairman, are saying to those of us who support this proposal that we, the majority members, are absurd, that we are ridiculous, and that we support and foster socialism.

The minority report states, and I quote:

Under date of April 21, 1965, the Housing Agency submitted to the subcommittee a table showing income ceilings which would be set for individual cities in administering the rent supplements program.

The minority report then goes on to list the income limits for various cities in the United States. In my opinion, if there is any attempt at unemotional, logical presentation in the minority report it is contained in this section. The case for the charges made that this is an "absurd and ridiculous formula" rests or falls on the accuracy of these figures used.

But what are the facts in the case, Mr. Chairman? The simple fact is this. The Housing Agency categorically denies that it prepared the data contained in the statement of the minority views on page 179 of the housing report. To my knowledge there is no document in existence written on the letterhead of any housing agency or signed by any responsible official of any housing agency which contains any such figures as those presented in the minority report. This, Mr. Chairman, is a fact.

This is not the end of the emotion-laden verbiage which the minority hurls at the majority in their report. Let me just quote a few more of their phrases. One reads as follows: "Who is hoodwinking whom?" as if we of the majority are trying to deceive everyone. And perhaps the most indefensible of all is contained in the following quote from the minority report:

In our opinion the President has been sold a bill of goods. We cannot believe that he would "buy" such an incredibly wide-open subsidy proposal had he been fully advised as to the potential evils of the program. We are certain the American people will not "buy" such nonsense as is contained in this proposal.

Mr. Chairman, those who agreed with the majority report, to sum it all up, have been accused of being absurd, have been accused of being ridiculous, have been accused of proposing nonsense formulas and attempting to hoodwink the American public. We have been accused of trying to take the American public down the path of socialism, that we are making a proposal that is a threat to home ownership. And finally those who agree with the majority position are condemned for proposing all of this based on a letter concocted out of the whole cloth.

Mr. Chairman, the language contained in the rebuttal report to the minority

views is accurate and unemotional. The language is factual and correct. The words chosen in the rebuttal report are clear and unequivocal.

It has been stated that the integrity and veracity of the members of the minority signing the minority report has been questioned in the rebuttal report. There is no truth to this statement. No one questions the honesty and integrity of any Member of this body.

The rebuttal report attempts and succeeds in this attempt to do nothing more than point out statements which cannot be supported by concrete facts or reasonable observable assumptions.

The rent supplements program is a good one. One which I am convinced will work. It is one which every Member who desires to assist in providing every American with a decent home must support.

Mr. WIDNALL. Mr. Chairman, at this time I yield 10 minutes to the gentleman from Tennessee [Mr. Brock].

(Mr. Brock asked and was given permission to revise and extend his remarks.)

Mr. HARVEY of Michigan. Mr. Chairman, will the gentleman yield?

Mr. BROCK. I yield to the gentleman from Michigan.

Mr. HARVEY of Michigan. I would like to address my comment to the gentleman from Texas so far as concerns his remarks about the committee print that was issued.

I would point out in my judgment there are a couple of items which distinguish this document from any other document. First of all, even though we on the minority side may be accused of being ridiculous, which he would like to have anyone conclude, nevertheless we had the courage of our convictions to sign our minority report. Each one of us has put our name below the statement. We read that over before we signed it. We did not put out on the floor a scurrilous document unsigned by anyone. That is what appears in the committee print. Certainly this is something that should be fair on the face of it to every lawyer in this body and all of those in the Home Finance Agency who wrote this document. There is a tremendous difference between accusing someone of ridiculous acts or absurd acts, yet putting in a document that the minority members are guilty of false statements. That is a connotation so far as the lawyers are concerned. I have never been accused of putting out a false statement, and I have never been accused of putting out a misleading statement as a minority member.

Aside from accusing people of false statements and misleading statements and those who are in the Housing and Home Finance Agency, you accuse them of making a complete and possibly calculated misunderstanding of the provision. I have never been accused before of attempting to create a calculated misunderstanding. All of you who are lawyers know that there is a big difference. Besides that, we are willing to sign our names to the report.

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. BROCK. I yield to the gentleman from Pennsylvania.

Mr. BARRETT. I want to say to the gentleman I have never been used to being accused of using anything falsely.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. BROCK. I yield to the gentleman from New York.

Mr. MULTER. This may not be in order to comment on the document and talk about misunderstandings, and the like. I do hope somebody will tell us if they want to improve section 101 and how we can improve it.

Let us go to work on the bill instead of talking about documents, and whether they are good, bad, or indifferent.

Mr. BROCK. I thank the gentleman.

I would like to state that the way I would improve section 101 is to take it out of the Housing Act altogether.

Mr. MULTER. I would like to compliment the gentleman for his frankness.

Mr. BROCK. I thank the gentleman. I want to make it clear I am opposed to section 101, and everything it stands for. It is a new concept in legislation. Let us be honest about it. In the past we have in Federal programs endeavored to help those people who cannot help themselves, the handicapped, the unemployed, the widows.

What are we doing in this bill? We are coming out with a program which is specifically for the benefit of the middle-income citizens of this country. The thing that disturbs me is we are going to subsidize the middle-income taxpayers with a Federal program without talking about who is going to pay the bill.

A cursory examination of our tax structure will show you that of all the income tax taken in by the United States in any given year over 75 percent of that money is paid by people whose income fell in the less-than-\$10,000-per-year category.

These are the very people that this bill purports to help with a direct Federal subsidy. In other words, the middle income citizen pays the taxes so we can subsidize him with his own dollars.

In the area of need, you can go into statistics which show that with families of all types in urbanized areas, over 97.6 percent of the owners and 91.5 percent of the renters occupy standard housing or better.

I do not want to take up much time on the need. I think it is fairly obvious that the middle-income citizen of this country does not need a Federal hand-out.

I think the thing that disturbs me more than any other single feature about this bill is the fact that invariably and without any question, it must of its own weight kill the basic incentive of the average American citizen to own his own home and to exert his greatest effort to improve his standard of living. The average median family income in the United States today is \$6,249 per family. Could they, if they are in this average family category receive a Federal subsidy? Absolutely. Let us take a family with five children earning a \$6,250

income in San Antonio, Tex. If they are in an apartment that costs \$200 per month they would receive \$70 a month or \$840 a year on a Federal subsidy. Of course, if the income goes up \$200 a year, they are thrown out unless the administration allows some exemptions from income such as union dues and so forth. What is the incentive to improve their income?

We have also heard a great deal of debate about the strict regulations in this law such as the supposed limit of \$12,500 on construction. There is no such limit. It is not in the bill.

What is the limit on family income? There is not any limit that we can find in specific terms. It is up to the administrator to determine the income. In the bill the only words are "tenant's income as determined by the administrator pursuant to procedures and regulations established by him. It is also up to the administrator to determine those items which would be deductible from income. If we apply the same standards that are applied by the public housing officials in New York City, maximum exemptions from gross income figures could be as much as \$2,400. That is the maximum amount of exemptions you can get in New York City. These standards are left up to the administrator. This House is evading its responsibilities when it leaves this latitude up to the administrator—to set any standards that he wishes within these broad ranges.

We are not meeting our legislative responsibility when we do not apply detailed standards in a program of this type.

This bill concerns me because in essence, it is a one-lobby bill. It is a big-builders bill. There is not any question about that. I am getting a little bit tired of these people who hypocritically come in and say, "I am for free enterprise but I want to get a piece of the pie."

Finally, I was delighted that the chairman read our minority views. I will make no apologies for them. This bill is foreign to American concepts. It does kill the incentive of the American family to improve its living accommodations by their own efforts. It does kill the incentive for homeownership. It does make renters the wards of the Government. It is a system of economic integration of housing through Government subsidy. It is the way of the socialistic state. In sum I am flatly opposed to section 101 and everything it stands for.

Mr. WIDNALL. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. TALCOTT].

Mr. TALCOTT. Mr. Chairman, I will take just a few minutes to discuss a very limited part of the Housing Act, namely section 101, the rent-supplement program.

My views are based on two beliefs. The United States, through the free enterprise system, and individual pride and self-respect also, has produced the best housing of any nation on earth, developing from primitive to very superior in 200 years. Nevertheless, there are some families who live in substandard homes, and I do favor Federal assistance for housing for families with low incomes.

Having said that, I believe that governmental housing should not be a vehicle for irrelevant purposes—to force integration, whether it is racial or economic; to depress private home values; to promote a new Cabinet position; to buy votes; or to provide a temporary "shot in the arm" for the big builders.

Mr. Chairman, I rise to bring out only a few of several dozen objections to the ill-considered and ill-advised rent supplement proposal.

Firstly, a number of us oppose the rent supplement proposal because there is absolutely no provision in the bill for including family assets in the formula for determining eligibility. According to the bill, annual income is the sole determining factor.

During the hearings, in response to questions, the administrator suggested that family assets would be a factor limiting eligibility to be spelled out in regulation. Administrators and regulations can and do change. This question is too important to be left to regulation. We should know and set out in the bill the policy in regard to assets and eligibility.

Secondly, the language in section 101(e) is very clear that the administrator may delegate his authority to certify persons eligible for the benefits of the rent supplement program to private agencies. The private agency could be any type of agency, including debt collection agencies. This is an unprecedented and unwarranted delegation of governmental function to private agencies and is an infringement of an individual's right to keep personal income information between himself and his Government.

Another major defect of the rent supplement proposal is the request that only new projects may participate. The majority claims that some existing housing may qualify if it is rehabilitated, but the possibility is quite remote.

With a housing vacancy rate of over 7 percent, private housing available within the rent limits which will be subsidized under section 101, should be eligible for rent supplements. If the purpose of the new program is to provide adequate housing for lower and middle income families, it should be done as economically as possible. Use of existing housing is more economical than subsidizing new. The Federal Government should not encourage the construction of new housing if adequate, vacant, private, taxpaying housing is available. The discrimination against existing vacant housing does not square with the avowed purpose of the rent supplement program.

My colleagues are detailing other reasons for defeating this section; therefore, I am restricting my comments to three objections to the rent supplement program, any one of which would be sufficient for striking this proposal from the bill.

Mr. Chairman, in my individual minority views on this bill, beginning on page 188 of the House report, I listed 20 reasons why I believed the rent supplement program should be rejected by the Congress. I will not reiterate all now. Reason No. 20 states that this rent sup-

plement program "provides the mechanism for extending rent doles to more than half of the families of America.

On page 8 of the document, erroneously labeled as a "committee print," the author—whoever he or they may be—said that the minority contention that the rent supplement program payments could be made for more than 50 percent of the Nation's families represents a false allegation. This was not the minority view, but my view. I want to explain.

I would like to remind the author or authors of this so-called committee print that my individual views expressed the belief that the program provided a mechanism for extending these rent doles to more than half of the families of America.

The committee print in reply states that the rent supplement program would benefit only 10 percent of the Nation's families. Nevertheless, I contend that it provides the mechanism for extending these rent doles to more than half of the Nation's families. Let me explain. The national median family income, according to the 1960 census, is \$6,249.

On April 21, 1965, the Housing Agency submitted to the Subcommittee on Housing a table showing income ceilings for the rent supplement program in 11 large cities as ranging from \$6,450 to \$8,900, clearly above the national median income.

The supporters of this fantastic scheme will reply that nevertheless the program will be limited to the elderly, handicapped, displaced families, and those who live in substandard housing, and that this would prevent extension of the program to families whose incomes are above the national median.

However, I suggest that, once the United States pays a rent dole to a family earning \$6,600 or \$8,000 who happens to be living in substandard housing, then surely as night follows day the Congress will be called upon to do something for the families earning \$6,000 to \$8,000 who through personal sacrifice are occupying standard housing. That is why I contend that this program provides a mechanism—a politically impressive mechanism—which will manifest itself in a few years in pressures to take care of the presently ineligible family—with the same income—who, according to the Housing and Home Finance Agency, may be paying too much for his shelter.

The committee print states that my prediction is exaggerated and inaccurate. On the contrary, it is an inevitable result which will flow from this program.

Also, there is ample basis for the opinion of the opponents of this rent subsidy program that the incomes of those eligible may very likely be higher than those mentioned by both the majority and the minority.

Section 101 does not define "income." Neither does the basic public housing statute. Here is what the Public Housing Agency did by regulation to tailor "family income" to the "income eligibility" requirements. There are seven deductions for determining eligibility for admission, and four additional deductions from net income in determining eligibility for continued occupancy. These deductions are:

First, expenses for special tools, uniforms, and transportation in excess of that normal to employment in the locality; second, deductions for social security, pensions, retirement, occupational taxes, and union dues; third, amounts payable for the support of dependents residing elsewhere where there is a legal or moral responsibility for such payments; fourth, amounts payable for care of children or aged or incapacitated family members; fifth, amounts payable for medical care of family members with continuing illnesses; sixth, personal expenses of heads of families who are in the armed services and stationed away from home; seventh, personal expenses of heads of families who are veterans attending school away from home and are receiving Government allowances for education and training.

Some of these deductions are limited, others are completely without limit.

In addition, there are deductions of \$100 for each minor child or adult member having no income, and from \$600 to \$1,000 deductions from the incomes of adult members who are not principal income recipients.

I am quoting from a GAO report dated April 1963. The report concluded that these deductions were permitting families to live in public housing who earned in excess of the national median income.

Page 23 of the report gives an example of a family consisting of two employed adults with combined income of \$8,841, yet the computed income for continued occupancy in public housing, after deductions was \$3,893—less than one-half.

On the same page the GAO cites tenant families with incomes in excess of \$12,000 who were occupying public housing because of these deductions and exemptions.

Just think what a monstrosity we have here in section 101 if the Administrator, who acquiesces in these deductions and exemptions for public housing tenants, extends the same principle to "rent supplement" families. No small wonder that the bill contains no limit on the annual subsidy per unit under the rent supplement program.

I take the time of the House to underscore the absence in this section 101 of any restriction on the Administrator in determining what is family income.

If these deductions are valid for public housing, then they are valid for rent supplements. These are expenses which are the life of all families of low and moderate income.

The point I want to make is that the Administrator under this bill would have the authority to extend these same deductions in determining the size of the rent subsidy. Indeed it would be highly unusual, if not discriminatory, to apply these deductions to a public housing family whose gross income is \$5,000 and not to the family of the same income applying for a rent supplement.

This is why I contend that it would be naive in the extreme to accept the majority position that we are talking about rent supplements for 10 percent of the Nation's families.

The most modest acceptance of political reality leads inescapably to the con-

clusion that we are soon to make a decision on a program of rent subsidies which provides a mechanism for subsidizing the rents of more than half of the Nation's families.

(Mr. TALCOTT asked and was given permission to revise and extend his remarks.)

Mr. TALCOTT. Mr. Chairman, if I may, I would like to ask the chairman of the subcommittee [Mr. BARRETT] if he can explain to me what the word "handicapped" in section 101 means.

Mr. BARRETT. Yes. I am glad that the gentleman asked that question, because it is a very good question.

Mr. TALCOTT. May I interrupt for just a moment?

I am certain the definition would include people with no arms, for instance. That would be considered a handicapped person, would it not?

Mr. BARRETT. Well, we considered "handicapped" in the language of the bill to mean that person who is unable to obtain decent, safe, and sanitary housing at up to one-fourth of his monthly income. It does not make any difference how he is handicapped.

Mr. TALCOTT. Then, that would include everyone without reference to any handicap.

Mr. BARRETT. Only those who are not able to obtain standard housing with one-fourth of their income and are handicapped.

Mr. TALCOTT. But what is the purpose of having four definitions: those who are elderly, handicapped, displaced, and those in substandard housing?

Mr. BARRETT. For this reason, not everyone who is elderly is eligible.

Mr. TALCOTT. I am not talking about elderly. I am talking about handicapped. I am seeking a definition of handicapped.

Mr. BARRETT. Everyone who is handicapped is not eligible. It is only that person who is handicapped in that category.

Mr. TALCOTT. Who are the handicapped persons who are eligible?

Mr. BARRETT. Well, of course "handicapped" means just that—unfortunate people whose physical disability reduces their earning power.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. WIDNALL. Mr. Chairman, I yield 15 minutes to the gentleman from California [Mr. DEL CLAWSON].

(Mr. DEL CLAWSON asked and was given permission to revise and extend his remarks.)

Mr. DEL CLAWSON. Mr. Chairman, some weeks ago, together with the majority of the minority members of the Banking and Currency Committee, I signed a report containing the view we held with respect to section 101 of H.R. 7984, the measure now before us.

Subsequently, in my absence from the city on official business, a committee print, unsigned and without notice to the members of the minority, was issued in an attempt to discredit those views. The language of this committee print was, to say the least, intemperate. The views of the minority were said to be misleading and false.

In the short time that I have, I want to speak to that very point. Very simply, rather than the minority views being misleading and false, the committee print is misleading and false and is proved so by its very language.

The committee print was issued by the chairman of the Banking and Currency Committee together with a press release that was placed in the House press gallery the Friday before the Monday when it was sent to members of the minority. I know the honorable gentleman from Texas takes a great interest in housing matters, almost as much interest as he does in banking matters. I also know that the housing subcommittee chairman, the honorable gentleman from Pennsylvania, has taken complete responsibility for the contents of the committee print. But it comes to me as a complete surprise that either of the honorable gentlemen could be so misled after their long service in this honorable body to rely on the misleading statements contained in the committee print.

On page 2, the committee print refers to the 70,000 families who are displaced annually by federally assisted public improvement programs. On page 9, the same "document," if the House will excuse the term, refers to the 80,000 families displaced by governmental action. This is a discrepancy of 10,000 families. The information conveyed by the committee print is misleading, if not false.

On page 15 of this thin document, it says that the housing programs have been able to provide less than 30,000 units designed for the elderly. Now this supposed fact counts none of the elderly living in normal FHA insured dwellings. It deals only with those units especially designed for the elderly. But even so, the arithmetic is faulty. There are 55,405 units available for the elderly that are especially designed for that purpose. There are 109,000 more especially designed and programmed units for the elderly. And by conservative estimates there are more than 270,000 elderly persons living in public housing, and the FHA and CFA housing programs for the elderly. These figures differ considerably from the impression conveyed by the committee print. They are factual.

Once again, the information conveyed by the committee print is misleading, if not false.

On page 6 of this thin document, it says, "The argument that Federal subsidies under the rent supplement program would be greater than those under public housing is completely unfounded." On page 10, it emphasizes this statement, saying:

The maximum subsidy needed for a particular family would never be greater in the rent supplement program than under the public housing program.

When the honorable chairman of the committee and the honorable chairman of the subcommittee introduced their original bills, H.R. 5840 and H.R. 5841, it was specifically stated:

The amount of the annual payment with respect to a dwelling unit shall not exceed the estimated amount of subsidy contracted for under the U.S. Housing Act of 1937 with respect to a dwelling unit of comparable

size and type in the same or a comparable community.

This language, which can be found on page 4, lines 5 through 16, of the bills mentioned was not retained when H.R. 7984 was introduced. On pages 3 and 4 of H.R. 7984, it says as to the payment to be made:

(d) The amount of the annual payment with respect to any dwelling unit shall not exceed the amount by which the fair market rental for such unit exceeds one-fourth of the tenant's income as determined by the Administrator pursuant to procedures and regulations established by him.

Note carefully the last words "as determined by the Administrator pursuant to procedures and regulations established by him." This means that the Administrator is free to pay in any manner and in any amounts he sees fit. If there was not an intent to enable the Administrator to pay above the public housing subsidy, then why was the language of the original bills changed?

I have checked with the honorable gentleman from New Jersey, the ranking minority member of the Banking and Currency Committee. He tells me he did not propose this change, although it was included in the companion bill that he introduced. The honorable chairman of the committee, and the honorable chairman of the subcommittee must, therefore, have proposed it, unless we are going to fall back on the fact that this was an agency proposal which they were persuaded to adopt as their own.

There is only one unmistakable conclusion—there is intent to be free from any tie to the amount of subsidy paid under the public housing program. There is intent to leave the Administrator free to pay more than the public housing subsidy. At what cost to the Government may we ask?

For the third time, the information conveyed by the "committee print," this "thin document," is misleading, if not false.

The "committee print" also quarrels with the minority as to the range of incomes that would be subsidized. Information has been made available as to the agency's intentions. They indicate, as does the "committee print," that payments would not be made to families earning much in excess of \$6,000. The committee print labels as false a statement they attribute to the minority that "the Administrator can decide, for example, that a family with four children making \$8,000 ought to be eligible."

Mr. Chairman, the Administrator originally proposed rent supplement program for families above the public housing level. He excluded all those in the communities eligible for public housing. The committee, led by the honorable gentleman from New Jersey, moved the eligibility floor for the program down to include those eligible for public housing. Testifying for the revised bill, the Administrator said it would still include families above the public housing level.

What is the top range of public housing eligibility? Mrs. McGuire, the Public Housing Commissioner, answered—and you will find her statement on page 237 of part 1 of the published hearings of

the Subcommittee on Housing for March 25, 1965.

Mr. CABELL. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and two Members are present, a quorum.

Mr. DEL CLAWSON. Mr. Chairman, to resume the quotation to which I referred, I read as follows:

The possible top for admittance of a four-person family with many exemptions is \$8,100.

So if the Administrator is going to pay above the public housing level, he is going to be able to pay above \$8,100. Further, in the locality where this income limit applies, the \$8,100 is complemented by permission granted by the local housing authority for deductions up to \$2,400 to be allowed before income is counted. There is also an extra \$700 that the family may add to its income before it loses its eligibility. It is conceivable, therefore, that a family could be living in public housing and earning \$11,200.

Consequently, it follows that the minority erred, but on the side of understatement when it placed rent supplement payments as possible to families earning as much as \$8,000. As a matter of fact, its original estimates were based on figures released to the press by the subcommittee staff of the majority. These figures have appeared in print. The administration may wish to revise its calculations. They have been generally faulty in concept and execution. The statements of the HHFA Administrator and the PHA Commissioner stand in the record. So do the income limits of public housing of which documentary proof is available.

For the fourth time, therefore, the information conveyed in the "committee print," this thin document, is misleading, if not false.

During the hearings on the housing bill, the administration witnesses very carefully shied away from putting an estimate on the total costs of the rent supplement program. Nowhere in the hearings was any mention made of the total dollars that would be required during the 40 years that the Government would be obligated to pay rent supplements under the plan. The fact that within 4 years, the agency would be able to pay out \$200 million annually was carefully concealed. The language of the bill on page 2, however, authorizes that amount beginning July 1, 1968.

The minority views in which I participated applied simple arithmetic to the \$200 million and multiplied that amount by 40, the number of years that the program was to run. That gave us a simple figure of \$8 billion. Not million—billion.

The Housing Administrator is said by the "committee print" to now admit to a cost of \$4.7 billion. The "committee print" claims this is realistic, that the average annual cost of the program will be only \$117 million. It has used an adjective, not facts. If the program will average only \$117 million in subsidy rent payments annually, why is the admin-

istration seeking an authorization after only 4 years of \$200 million annually.

There can be only one reason. The administration knows it is going to cost at least that much if it accomplishes its program.

How does it know? It knows because it has the experience of the public housing program at hand. In 1949, when both the honorable chairman of the Banking and Currency Committee and the chairman of the Housing Subcommittee were in this House, the Housing Act of 1949 was enacted. They were told then that \$308 million in subsidy payments would be sufficient to support 810,000 public housing units. They were told we would have the units in 6 years.

We do not have half of those 810,000 public housing units completed for use. We have perhaps 170,000 awaiting action—action that has been a long time in coming. We are authorizing another 240,000 in this bill under section 104. When we get those built we will be paying not the \$308 million that the Housing Act of 1949 contemplated, but \$526 million, a 70-percent increase. Inflation, rising construction costs, and dilatory action have produced this increase in costs. And there is nothing in the record to indicate that inflation, rising construction costs, and dilatory action in this field will not also be the portion of the rent supplement program if it is enacted.

So the \$117 million average annual cost mentioned on page 12 of the committee print is misleading, if not false, which is what we have, for the fifth time, come to expect of this "thin document."

The committee print also rails at the minority for revealing the fact that construction costs would be possible up to a level of \$29,000 for a three-bedroom unit under present law and up to \$32,987.50 under raises which this bill contemplates. It says the average cost will only be \$12,500.

The construction costs given by the minority are perfectly possible. On page 31 of H.R. 7984, construction costs for the 221(d)(3) program which will be used in the rent supplement program are allowed to rise to a high of \$22,750. Added to this can be another 45 percent in costs allowed by the FHA Commissioner or the HHFA Administrator, if the urban affairs bill becomes law. This is possible under legislation enacted in the Housing Act of 1964 where it was enacted "that the FHA Commissioner may, by regulation, increase any of the foregoing total amount limitations contained in this paragraph but not to exceed 45 per centum in any geographical area where he find that cost levels so require."

But let us, for the moment, take the majority at its word that the average costs of these units will be \$12,500. I think I have proved to the honorable Members that the 40-year cost of this program under the policy of inflation and delay will be \$8 billion. I would suggest at this point a simple arithmetic problem. Divide the alleged \$12,500 cost into the \$8 billion. That will give you 660,000 homes which can be given away free and clear to those needing them. That is 160,000 more units of housing

than will result from the majority's proposal.

Mr. PATMAN. Mr. Chairman, I yield 15 minutes to the gentleman from Wisconsin [Mr. REUSS].

(Mr. REUSS asked and was given permission to revise and extend his remarks.)

Mr. REUSS. Mr. Chairman, this is an excellent housing bill and I have great praise for the constructive labors of the subcommittee and particularly for its great chairman, the gentleman from Pennsylvania [Mr. BARRETT] and the equally outstanding minority Member, the gentleman from New Jersey [Mr. WIDNALL].

Mr. Chairman, I wish I had the time to discuss the many forward-looking features of this bill, the lowered interest rate on college housing and cooperative housing, the fine additions to the open-space program, but since most of the heat this afternoon seems to have been generated in connection with the rent supplement program that is what I will address myself to.

What is this rent supplement program all about? Well, very simply it is designed to meet the needs of the people who can now afford to live only in substandard or slum housing and to give them a decent but modest place in which to live using private enterprise to the maximum possible extent.

Public housing alone cannot begin to do the job of taking care of the millions and millions of Americans who are now condemned to live in substandard slums, crummy, rundown, dilapidated housing.

In 1964 only 24,000 public housing units were constructed in the entire country and in 21 of 25 of our largest cities, none at all were constructed. The reason is very largely because it is no longer possible to find good sites for public housing projects and because of local opposition in many communities.

Here is how the rent supplement program would work. The supplements would be payable only to cooperatives and nonprofit organizations. To be eligible, a family would have to be a low-income family—a family which, under its income, could not find housing that was not a slum house. In addition to that, they would have to be elderly, handicapped, displaced, or now living in slum housing.

The supplement would be the difference between one-quarter of their income and the rent of the new cooperative unit.

Let us take a look at some of the figures, to see how this would work.

Mr. WAGGONER. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Fifty-one Members are present, not a quorum. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 160]

Baring	Gibbons	Jacobs
Bonner	Greigg	Keogh
Bow	Harvey, Ind.	Lindsay
Brown, Ohio	Hays	Mackay
Dent	Hollifield	Martin, Mass.
Evins, Tenn.	Holland	Morse

Morton
Passman
Powell
Reid, N.Y.

Rivers, Alaska
Roosevelt
Springer
Steed

Thomas
Toll
Tupper

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. Flood, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 7984, and finding itself without a quorum, he had directed the roll to be called, when 404 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The gentleman from Wisconsin has 12½ minutes remaining.

Mr. REUSS. Mr. Chairman, I was proceeding, in a low pressure and uncontroversial manner, to explain the rent-supplement program when the quorum was called, not by me, but I am very grateful for the attendance and the attention both, because this is an important matter.

This is a comprehensive bill. It contains three features which particularly strengthen it.

By insuring an interest rate of 3 percent on cooperative, college, and elderly housing, it will give a much-needed boost to the middle-income housing market.

It greatly improves our existing open space law, by permitting open space grants for areas that contain buildings which need to be torn down for parks or plazas, and by grants for beautification of open areas, as by providing garden plots for senior citizens.

Thirdly, there is the rent supplement program of section 101—what President Johnson has called the most crucial new instrument in our effort to improve the American city. It was approved by the Housing Subcommittee by a bipartisan 10-to-1 vote. The rent supplement program is designed to provide a program, additional to public housing, for meeting the needs of those who now live in slums.

Public housing cannot do the job alone. In 1964, only 24,000 public housing units were constructed—which is the average for the last 5 years—and 15,000 of these were for the elderly. In 21 of the 25 largest northern cities, no public housing units were constructed in 1964. In Baltimore, Cleveland, Detroit, and Boston no public housing projects for families at all have been constructed in the last 3 years.

Public housing can do only a limited part of the job of meeting the needs of the 500,000 families now on its waiting lists. This is because sites are difficult to find, and because of opposition in many areas to public housing.

Likewise, the subsidized cooperative housing program last year produced only 14,000 new units. And even these were for moderate, rather than low-income families. A typical rent under this program for a two-bedroom unit is \$100 a month. For a regular FHA unit, it is close to \$200.

Here is how rent supplements would work. They can be payable only to privately sponsored, financed, and built cooperatives, limited dividend and non-

profit corporations. To be eligible, a family must be in the low-income public housing range—four times the minimum rent in the community for a nonslum unit; in addition, they must be elderly, handicapped, displaced, or now living in slum housing. The supplement will be the difference between one-fourth of the family's income and the fair market rental of the cooperative unit. These units must be modest in design.

Suppose the minimum rent in the community for a nonslum two-bedroom unit is \$110 a month. A family making \$400 a month, or \$4,800 a year, would be eligible for a rent supplement in a 221 (b) (3) project renting for \$120 a month. The rent supplement would be \$20 monthly—the difference between one-fourth of the family's income and the market rental.

There are today more than 5 million families with incomes too low to afford decent housing, and are elderly, handicapped, displaced, or living in slums. We hope to take care of 500,000 of these over the next 4 years. They would not be built without the rental supplement program. When built, they will provide good housing for many times the number of rent supplement recipients.

SUPPORT FOR THE RENT SUPPLEMENT PROGRAM

Mr. Chairman, the rent supplement program has been the most widely discussed and seriously considered of all the proposals in this bill.

The rent supplement program was endorsed by housing spokesmen for the AFL-CIO. It was endorsed by the spokesmen for America's homebuilders, the National Association of Home Builders. It was endorsed by the spokesmen for those largely responsible for investing private capital in the homebuilding industry, the Mortgage Bankers Association of America, the American Bankers Association, and the National Association of Mutual Savings Banks.

The rent supplement program was favored by a number of groups representing the elderly, including the American Association of Homes for the Aging, the National Council on the Aging, and the National Council of Senior Citizens.

The cooperative movement supported the program with the strong endorsement by the Cooperative League of the U.S.A.

Social service people who know the problems of the poor supported the program through the favorable testimony of the National Federation of Settlements, the National Conference of Catholic Charities, the Community Service Society, and others.

Many of the mayors of our cities who know at first hand the need for additional housing for low-income people endorsed the rent supplement program. It was recommended to the Committee by housing experts of the National Housing Conference and the Joint Center for Urban Studies of MIT and Harvard University.

These groups support the rent supplement program because they recognize the need for new and additional tools to stimulate the construction of decent housing for people who now live in slums.

OPPOSITION TO RENT SUPPLEMENT PROGRAM

Of course, there is opposition to the rent supplement program. Most of it comes from those who have, over the years, fought every program to provide additional decent housing—from the creation of the FHA, through public housing, and the 221(d)(3) program.

Many of the arguments used against the rent supplement program have an old familiar ring. We have heard them every time Congress has voted on enactment of a new program to help the poor.

Let me quote to you, Mr. Chairman, from the statement of minority views in the Report of the Committee on Banking and Currency, the words we have heard so often and have come to know so well.

The rent supplement program they say is, and I quote, "Foreign to American concepts." They say it is, and again I quote, "The way of the socialistic state."

These are the same words—"un-American" and "socialistic"—that the Republican Party has applied to the social security program, minimum wage legislation, the Agricultural Adjustment Act, the Wagner Act, the unemployment insurance program, and just about every other piece of legislation designed to benefit the American people enacted by this House in the last 32 years.

The American Bankers Association is for rent supplements. Bankers are Socialists?

The Catholic Charities support rent supplements. Catholics are un-American?

Let me say to my friends who have seen the wonderful things that public housing has done and can do that the public housing program has nothing to fear from the rent supplement program. There is no shortage of poor families who need standard housing. This bill has more in it for public housing than any bill enacted by this Congress in the last 16 years. And it is needed. And the rent supplement program is needed. Both are needed to provide decent housing at rentals that poor people can afford.

Mr. Chairman, I say to my friends that those poor families who now live in slum housing, and cannot afford decent housing, are not concerned with the name we give to the program which can provide decent housing for them. They do not care whether the decent housing they need will be constructed under the public housing program or the rent supplement program.

The poor cannot afford to be doctrinaire. They are not interested in jurisdictional disputes among bureaucrats.

The slum housing they now occupy does not cease to grind and oppress them because their names are on a waiting list for a public housing unit. They are no longer patient with the very real problems of selecting a site for a public housing unit.

To provide decent housing for the poor, we need both the expanded and improved public housing program this bill would provide and the rent supplemental program.

DISTORTIONS AND ERRONEOUS STATEMENTS OF FACT

Erroneous data and distortions are being used to confuse the Congress and the American people on the facts of the rent supplement program.

With a straight face, the opponents of the rent supplement program have alleged that under this program there will be built three-bedroom units that cost \$29,000; four-bedroom units that will cost \$32,987; and penthouses that will cost \$100,000.

They have drawn for us the specter of the Federal Government paying subsidies of \$252 a month for families living in four-bedroom units which rent for \$315 a month. They have painted a picture of a family with no income, which is on relief, living in a \$100,000 penthouse for which the Government will pay \$800 a month in rent.

Such wild distortions may amuse those who dream them up. But they are not true.

The rent supplement payments authorized by the bill could be made only with respect to housing of modest design. Under the bill, rent supplement payments can be made only with respect to housing constructed in accordance with the standards that have been set for the existing 221(d)(3) moderate-income housing program. Under that program, the Federal Housing Administration cannot insure a mortgage if the rentals required to amortize the mortgage are greater than the rent that can be paid by a family whose income is less than the median income in the area.

In the 4 years that the 221(d)(3) program has been in operation, the average amount of a mortgage per unit under that program has been approximately \$12,500. If the rent supplement program had been in operation during this 4-year period, the average amount of a mortgage per unit under the program would have been just about the same amount.

These are the facts the opponents of the rent supplement program want to avoid. No hundred-thousand-dollar penthouses—no four-bedroom units renting for \$315 a month—just modestly designed, decent housing that families in the community who make less than the median income in the community can afford to rent.

Mr. Chairman, the facts are not as amusing as the tale told by the opponents of the program—they do not make for catchy headlines—but they have the virtue of truth.

The opponents of the rent supplement program have alleged that this program will serve upper middle income families. They have alleged that the setting of income ceilings for families for whom rent supplement payments may be made will be purely discretionary with the housing administrator—and, at the same time, they have published a table—which, Mr. Chairman, you will find in the statement of minority views, on page 179 of the committee report—that purports to show the income ceilings to be set for families in a number of cities. To lend credence to this table, the opponents of

the rent supplement program allege it was submitted by the Housing and Home Finance Agency.

Here is the truth of the matter. The Housing Agency submitted no such table. Further, data in the table are completely inaccurate.

Let us examine the facts as they actually are with respect to several of the cities covered by this phony table.

In Milwaukee, the table indicates a large family with an income of \$8,300 may have a rent supplement payment made on its behalf.

Mr. Chairman, the Housing Agency has informed me that at present no family in Milwaukee—no matter how large—could have a rent supplement payment made on its behalf if its income exceeded \$6,000. And, Mr. Chairman, the Housing Agency has informed me, that in Milwaukee, at present:

No family requiring a three-bedroom unit could have a rent supplement payment made on its behalf if its income exceeded \$4,560 a year.

No family which required a two-bedroom unit could have a rent supplement payment made on its behalf if its income exceeded \$4,080 a year.

And no family which required only a one-bedroom unit could have a rent supplement payment made on its behalf if its income exceeded \$3,600 a year.

The same phony table indicates that in Newark, N.J., a large family with an income of \$8,750 may have a rent supplement payment made on its behalf.

The Housing Agency has informed me that at present no family in Newark could have a rent supplement payment made on its behalf if its income exceeded \$6,000. And, Mr. Chairman, the Housing Agency has informed me, that in Newark, today:

No family requiring a three-bedroom unit could have a rent supplement payment made on its behalf if its income exceeded \$5,520 a year;

No family which required a two-bedroom unit could have a rent supplement payment made on its behalf if its income exceeded \$5,040 a year; and

No family which required only a one-bedroom unit could have a rent supplement payment made on its behalf if its income exceeded \$4,560 a year.

I could go on through each of these cities listed in the table and show how the data set forth in the table overstates by very substantial amounts the maximum income a family may have and still have a rent supplement payment made on its behalf.

Mr. Chairman, the opponents of the rent supplement program have also completely misstated the manner in which income ceilings in the various communities will be established. They have alleged that the setting of such ceilings is purely discretionary with the Housing Administrator.

This is not true. The bill is very precise as to the amount of income a family may have and still be eligible to have a rent supplement payment made on its behalf.

Under the bill, the Administrator, as we have seen, would be required to de-

termine the lowest rent required, in different areas of the country, to obtain a standard one-bedroom, two-bedroom, three-bedroom, or four-bedroom unit. This type of finding is not new. It is a purely factual finding which must be made administratively and cannot be prescribed in the statute, simply because the facts vary from time to time and from place to place. Similar findings now have to be made in other Federal housing programs.

If in a community a standard one-bedroom unit can be rented for, say \$75 a month, a family which needs a one-bedroom unit can have a rent supplement payment made on its behalf only if its income is less than \$3,600. In other words, any family which, in its own community, can with 25 percent of its monthly income obtain standard housing is not eligible to participate in the rent supplement program.

The Housing Administrator has no authority to make any rent supplement payment on behalf of a family which, with one-fourth of its monthly income, can pay the monthly rental required for standard housing in the area.

As I said a moment ago, there simply is no document issued by the Housing Agency, as set forth on page 179 of the minority report, which in any way gives higher figures. These are the proper figures. These are the figures issued by the Housing Agency. But because there has been mention of such a document, I would like to call on anyone here right now and particularly some of the members of the minority to produce this Housing Agency document so I can see what it says, because I have never been privileged to see that document.

Mr. HARVEY of Michigan. Mr. Chairman, will the gentleman yield?

Mr. REUSS. I will be glad to yield to the gentleman from Michigan.

Mr. HARVEY of Michigan. I hand the gentleman the document I described on the floor and which I intend to get permission from the Speaker to introduce and put in the RECORD.

Mr. REUSS. I now look at the document which I see for the first time and I note that it is a carbon copy of a type-written document with the date April 21, 1965, at the top and no indication whatever of who prepared this document; no indication whatever that it was prepared by the Housing Agency. Indeed, I have the assurance of the Housing Agency that they had nothing to do with this document and have never seen it.

I ask the gentleman from Michigan where he gets this information that the Housing Agency prepared this document.

Mr. HARVEY of Michigan. Mr. Chairman, will the gentleman yield?

Mr. REUSS. I yield to the gentleman.

Mr. HARVEY of Michigan. I thank the gentleman for yielding. I would point out to the gentleman, as I pointed out in my original remarks describing this document, that it was first used by a majority staff member. I think the gentleman would agree that we on the minority cannot be expected to have the original of a document. After all, we are the minority. We do well to get copies.

I would point out to the gentleman further that I pointed out the peculiar information contained in this document, the peculiar information relative only to members of the Subcommittee on Housing itself. Then I pointed out the peculiar comparison of figures contained in this particular memorandum. I would cite to the gentleman, showing the authenticity of this and showing that it was used at the press conference held by the majority on the day that this housing bill was reported out of our subcommittee, the article which appeared in the Wall Street Journal of Friday, May 7, 1965, wherein appeared the identical figures for rent supplement areas in Philadelphia, Toledo, Pittsburgh, Macon, Providence, San Antonio, Milwaukee, Paterson, New York, Newark, and even Saginaw, Mich., where I come from—it so happens the Housing Director knows that I come from Saginaw, Mich., and I thank him for that.

Mr. REUSS. I thank the gentleman, but I defy the gentleman to point out any word or designation on the piece of paper which he has just shown me—and this is the first time I have seen it—which indicates that the Housing Agency had anything to do with it.

Let me say to the gentleman that I have been reading in the press recently about various activities carried on in the home office of the Republican National Committee, consisting largely of the pilfering and filching of documents and papers from various desks in that establishment. I would like some assurance, if anyone can give it, that this paper was not among those that were carted away from that place.

Mr. HARVEY of Michigan. I can assure the gentleman that this was not pilfered or filched from any place.

Mr. REUSS. I am glad to have that assurance. That makes the document, so far as I am concerned, worth about 1 plug nickel, because it was not issued by the Housing Agency as alleged. I am glad to have the assurance that it was not taken from the Republican National Committee headquarters.

Mr. HARVEY of Michigan. Mr. Chairman, if the gentleman will yield further, as long as the term "filching" has been brought into this, it seems to me that it makes no difference whether this document was prepared by the Housing and Home Finance Agency itself, as another scurrilous document was, which was admitted, or whether it was prepared by the majority staff; regardless of that fact, I sat at the press conference when this document and these figures were used, and these figures appeared in the Wall Street Journal of the next day.

Mr. REUSS. Mr. Chairman, the Members of this House will shortly have an opportunity to be recorded for or against the rent supplement program. The issues are very clear. The Members will be indicating whether they are for or against more decent housing for low-income people; for or against harnessing the energies and abilities of private enterprise to provide this housing; for or against the poor.

I urge Members to heed the call of

their minds and their hearts and their conscience and support the rent supplement program.

Mr. FEIGHAN. Mr. Chairman, will the gentleman yield?

Mr. REUSS. I yield to the gentleman.

Mr. FEIGHAN. In estimating the family income will the income of all adult members of the family be included?

Mr. REUSS. Yes, the income of all adult members of the family will be included.

And, there also will be included in that any public payments, relief, or social security which they receive, the purpose of the law and regulations being to see that only genuinely low-income people can benefit from this program, because that is exactly what it is for.

Mr. FINO. Mr. Chairman, will the gentleman yield?

Mr. REUSS. I yield to the gentleman from New York.

Mr. FINO. The gentleman has made reference to section 101 and has devoted a great deal of time to that section.

Would the gentleman show me where in that section there is any reference to low-income families?

Mr. REUSS. Yes; the gentleman from Wisconsin will be delighted to do that. There are references to this throughout the bill and, specifically, on page 5 of the report.

Mr. FINO. Not the report.

Mr. REUSS. This is the legislative intent and it is just as binding as if it were written in the bill. If the gentleman will move to put these words in the report which I am about to read into the RECORD and put them in the bill, I shall be the first to vote for them. These words are—

Mr. FINO. Mr. Chairman, will the gentleman yield further?

Mr. REUSS. The gentleman from New York will have to listen to me, and I read as follows:

In order to help achieve low rents, projects containing units for which rent supplement payments could be made would be of modest design, constructed to the standards prescribed for the FHA section 221(d) (3) below-market interest rate insured loan program.

These words specify that this is not luxury housing, but spare, austere housing designed to help the low-income people of this country.

Mr. WIDNALL. Mr. Chairman, I yield 5 minutes to the gentlewoman from Ohio [Mrs. BOLTON].

(Mrs. BOLTON asked and was given permission to revise and extend her remarks.)

Mrs. BOLTON. Mr. Chairman, I do not very often trouble the Members of this House with my words but today I am impelled to do so.

Mr. Chairman, I feel that this bill instead of just dealing with superficial things, serious as they may be—the housing of our people—deals with something infinitely deeper and more serious.

Mr. Chairman, during the war there were paragraphs or phrases and sentences in some of the high school books, particularly those that went to our soldiers that said in effect:

Don't be troubled about your homes. It is no longer necessary for you to save money to buy your own home, because if you don't have a home the Government will give it to you.

Mr. Chairman, at that time feeling ran high about the Government doing everything for everybody. However, a group of men and women were able to have that expunged. Now here it is again in full force.

What does it do? Well, I have watched the march from the limbo into which we hoped we had thrown it, coming up bit by bit closer to achievement. Has the American man become so spineless that he can no longer provide a home for his family?

Mr. Chairman, I am not ignorant of poverty. I know what it is. I have worked in the thick of it. It is not a matter of which I am ignorant.

Mr. Chairman, I am not speaking against the people who have been unable to have a happy, carefree life. I work constantly to build their weaknesses into strength. But I am speaking of those who are in danger of losing the morale that means life to the country and to themselves as well.

Mr. Chairman, if a man is not interested in building his own home how can we expect to have him interested in building his country? What is he willing to do for his country?

Mr. Chairman, the home is the center of life in our country. It has been and I certainly hope it will be again. It really is now.

It is very difficult for me to believe, even with the 2-to-1 majority, that you Members across the aisle have—that you are so deeply absorbed in this doctrine, this new doctrine, of “let George do it, and do not bother,” that you are ready to take from free men the very basic fundamental desire to be responsible for their homes.

Away back when we came over from the Old Country, if a man had an ax to put in his belt he could start out. He would build a home. Out in Cleveland our men built cabins of three sides with the fire on the fourth side. We did not have any schools, we did not have things like that. My great-grandmother took her two children, one in front and one behind her on a horse over the Indian trails back to New Haven where there were schools. I do not know whether we could do that today even if there were Indian trails available. But those were the times when men respected each other and themselves, and they knew something about what real life was all about.

I am wondering if you are at all aware of the dangers of this new doctrine. Are you quite certain that when you make it possible for a man to feel little if any responsibility for his home, you are not endangering the very foundation stones of our free land?

I am wondering also whether such an attitude can hold a real woman's love and earn the respect of children.

I urge you to think well before you vote.

Mr. BARRETT. Mr. Chairman, I yield 8 minutes to the gentleman from Pennsylvania [Mr. MOORHEAD].

(Mr. MOORHEAD asked and was given permission to revise and extend his remarks.)

Mr. MOORHEAD. Mr. Chairman, I rise not only to support this housing legislation but also to pay tribute to your Housing Subcommittee, especially to the chairman and ranking minority member of the Housing Subcommittee. All of the members of the subcommittee, but especially these two gentlemen, worked manfully to bring out a bill that could be supported on a bipartisan basis.

In view of the heated debate today, this proposition may be hard to believe but, Mr. Chairman, I submit I can prove it to you. A measure of the success of these two gentlemen was the fact that the members of your Housing Subcommittee, the members who heard the witnesses, and the members who marked up the bill, voted for the bill by a vote of 10 to 1.

Another measure of the success of this bipartisan approach is that there are some 70 sections in this 107-page bill and there is serious controversy over only one section of the bill.

Now this success was accomplished by combining portions of the administration bill, as it was amended, with portions of H.R. 6501. Sometimes similar programs from each bill were adopted even though they differed more in name than in basic philosophy.

Mr. Chairman, more than 300 years ago William Shakespeare said:

What's in a name? That which we call a rose by any other name would smell as sweet.

If Mr. William Shakespeare could attend our debate here today, he would doubt his prowess as a prophet.

Today we are told that the administration's section 101, rent subsidy program, does not smell as sweet as the Republican section 103, the rent subsidy program. On page 185 of the committee report the gentlewoman from New Jersey [Mrs. DWYER] points with justifiable Republican pride to the rent certificate program saying:

We incorporated our own rent certificate plan as a less expensive substitute for a portion of the conventional public housing program.

In another minority report, not signed, I might add, by the gentlewoman from New Jersey, there is an attack on the philosophy of that very same rent certificate program.

Now if someone would propose to amend section 101 by substituting the word “supplement” with the word “certificate” I would urge our chairman to accept it because, Mr. Chairman, I believe that Gertrude Stein echoed William Shakespeare's sentiments when she said, “A rose is a rose is a rose.”

Mr. Chairman, your Subcommittee on Housing unanimously agreed that there was a need for something—some program in addition to the public housing program to meet the needs of low-income families. To meet these needs the Republicans on the housing subcommittee proposed a “rose” which they call rent certificates. To meet these same needs, the Democratic members proposed

a “rose” which they call rent supplements.

Both of these programs are new programs. None of us, Mr. Chairman, on your Subcommittee on Housing can guarantee that either the rent certificate or the rent supplement program will work, but, Mr. Chairman, the members of your Subcommittee on Housing decided that the housing needs in America should be met in a bipartisan way.

Mr. Chairman, what your Subcommittee on Housing by a nearly unanimous vote decided was to try both the rent supplement and the rent certificate program.

After a few years the Congress can review the administration of both these programs, and then in the light of actual experience, determine whether one or the other or both of these programs should be continued or discontinued or modified.

I stand here in the well of this House in support of the bipartisan accord that was reached in the Subcommittee on Housing. I must confess, however, Mr. Chairman, that when this legislation reached your full Committee on Banking and Currency, the bipartisan accord began to come apart at the seams. Some of the Republican members mounted an attack on the rose named “rent supplement” although they maintained a discreet silence insofar as its twin brother called rent certificate was concerned.

Mr. Chairman, there are some 70 sections in this bill and on all of these sections except for section 101 there is almost unanimous bipartisan support.

I recognize the partisan political problems of the minority party here today. They feel the necessity of finding something that they can oppose.

But I say to my friends on this side of the aisle, let us recognize that this is the attack that we are facing—it is a partisan, political attack.

And I say to my friends on the other side of the aisle, reconsider your opposition. I think that the American people are firmly committed to the bipartisan principle of the Taft-Ellender-Wagner Housing Act of 1949 of a “decent home and suitable living environment for every American family.”

Both section 101, rent supplements, and section 103, the rent certificate programs, are designed to accomplish this objective.

As the New York Times said in its editorial published today:

The rent subsidy, a key provision of the administration's housing bill, is expected to come under sharp attack in a House vote today.

The Times continued:

If it is rejected, the action will be a triumph for semantics and a defeat for logic.

The New York Times continued:

The Republicans in the House have likewise proved more partisan than constructive in making an issue out of this program. They have gone counter to the leadership of Representative WILLIAM B. WIDNALL, of New Jersey, the ranking minority member on the Housing Subcommittee and the GOP's foremost housing expert.

The New York Times continued:

A vote against the rent subsidy program would be a vote against some of the most defenseless members of society. The House ought not to place this black mark against the good record of the 89th Congress.

Mr. Chairman, we on the Democratic side are willing to give bipartisan support to the Republican rent certificate program. I ask you to consider whether you are making a political mistake by refusing to give bipartisan support to the section 101 rent-supplement program.

Mr. Chairman, under previous consent obtained in the House, I will extend the full New York Times editorial in the RECORD following my remarks.

RENT SUBSIDY

The rent subsidy, a key provision of the administration's housing bill, is expected to come under sharp attack in a House vote today. If it is rejected, the action will be a triumph for semantics and a defeat for logic.

Almost every kind of housing now receives a Federal subsidy, direct or indirect. Housing for veterans, for old people, and for farmers is subsidized. There are public housing programs for the very poor; the Federal Housing Administration provides mortgage insurance for one-family dwellings for the middle class; even luxury apartments for upper-income citizens often get an indirect subsidy under the urban renewal program.

Under these circumstances, the opposition that has flared up against the rent subsidy idea seems almost bizarre. The administration's proposal would simply enable the Government to pay the difference in rent between one-quarter of an impoverished family's income and the fair rental value of its apartment. This subsidy would be paid on housing constructed or rehabilitated by limited-dividend corporations. Since there are 500,000 families already on the waiting list for admission to public housing, a supplementary approach is badly needed. The rent subsidy provides that approach.

The plan has the great advantage that it would enable low-income families to continue living in buildings that have been made fit for living. Up to now, the renovation of a slum has usually meant that a sizable number of tenants who could not pay the new rents had to move elsewhere, often to even worse quarters.

The rent subsidy can become a critical component in the war against poverty. According to the 1960 census, three-fourths of families with an income of less than \$2,000 paid 35 percent or more of their incomes for rent. Of families earning \$2,000 to \$3,000 a year, one-third paid 35 percent or more for rent.

The old guard administrators of public housing who oppose this rent subsidy program because it intrudes upon their long-standing monopoly have scarcely displayed the compassion and disinterestedness appropriate to those dedicated to aiding low-income families. The Republicans in the House have likewise proved more partisan than constructive in making an issue out of this program. They have gone counter to the leadership of Representative WILLIAM B. WIDNALL, of New Jersey, the ranking minority member on the Housing Subcommittee and the GOP's foremost housing expert.

A vote against the rent subsidy program would be a vote against some of the most defenseless members of society. The House ought not place this black mark against the good record of the 89th Congress.

Mr. HARVEY of Michigan. Mr. Chairman, will the gentleman yield?

Mr. MOORHEAD. I yield to the gentleman from Michigan.

Mr. HARVEY of Michigan. The gentleman created two impressions which I believe are erroneous.

I served with the distinguished gentleman from Pennsylvania, whom I regard very highly, on the subcommittee.

Mr. MOORHEAD. I thank my friend from Michigan, and I wish to say that I have a very high regard for him, too.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. BARRETT. Mr. Chairman, I wonder if the gentleman from New Jersey would be willing to allocate some time to the gentleman in the well?

Mr. WIDNALL. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania.

Mr. HARVEY of Michigan. Mr. Chairman, will the gentleman yield?

Mr. MOORHEAD. I am glad to yield to the gentleman from Michigan.

Mr. HARVEY of Michigan. The impression created was that we are opposed to all this housing bill.

Mr. MOORHEAD. I did not mean to leave that impression.

Mr. HARVEY of Michigan. Let me say, about that, I stood up yesterday and I thought I made clear that we were very grateful for the more than 20 minority proposals in this bill.

Mr. MOORHEAD. I said there was bipartisan support for all of the bill except the one section.

Mr. HARVEY of Michigan. As the gentleman knows, I support all of the bill except one section.

Mr. MOORHEAD. If I left the impression, I certainly retract it. There is bipartisan support, except for one section.

Mr. HARVEY of Michigan. The other erroneous impression was that the rent-supplement program in section 101 and the rent certificate program in section 103 are the same. I would point out to the gentleman that as he was talking I started looking over section 103 again, and I noted at least eight places where the words "low income" and "low rent" appear. They do not appear anywhere in section 101, because that is a program not designed for low-income people, as Dr. Weaver said.

Mr. MOORHEAD. I decline to yield further, until I have an opportunity to answer the contention about low income.

The words "low income" appear first in the title of the bill. Then they appear in the title of title I. Then there is a computation on page 3, lines 12 through 15. This computation on page 3, lines 12 through 15, says that rent supplements shall go only to people who have to live in slums unless they pay more than one-quarter of their income for rent. That to me is a computation of lower income, and follows the title of the section.

Mr. HARVEY of Michigan. The gentleman has not pointed out one place where the words "low income" appear in the bill.

Mr. MOORHEAD. Page 2, line 4.

Mr. HARVEY of Michigan. The gentleman is talking about "lower" income. Lower than what?

The gentleman from Wisconsin referred to families on Park Avenue, which I wanted to discuss with him. In the hearings he said that everybody even living on Park Avenue would be getting a supplement.

I should like to point out one other big difference between section 101 and section 103; that is, the contracts under section 103 would run only 12 to 36 months.

The CHAIRMAN. The time of the gentleman from Pennsylvania has again expired.

Mr. WIDNALL. Mr. Chairman, I yield 1 minute to the gentleman from Michigan [Mr. HARVEY].

Mr. HARVEY of Michigan. Mr. Chairman, continuing my colloquy with the gentleman from Pennsylvania, who had the floor, the length of the contract is a very significant difference indeed. The rent certificates under the proposal of the gentleman from New Jersey [Mr. WIDNALL] are to be used for existing dwellings, of which we have a surplus in this country—a tremendous surplus—and the contracts will run for 12 to 36 months.

Now, one of our basic objections to your rent supplement program in section 101 is that you have contracts running for 40 years; \$200 million for 40 years. You are talking about expenditures of \$8 billion. That is one of the differences we object to right there.

Mr. MOORHEAD. Does the gentleman yield?

Mr. HARVEY of Michigan. No, I do not yield. You refused to yield to me.

Mr. MOORHEAD. I did not refuse to yield to you.

Mr. HARVEY of Michigan. I decline to yield.

I refer you to another difference found on page 11, if you have it, where the duties of the landlord are spelled out. I suggest you contrast those duties of the landlord as he is permitted to select his own tenants to those of the housing administrator as we know it today. You will find there is a tremendous difference indeed between the rent certificates under section 103 and the rent supplements under section 101.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. BARRETT. Mr. Chairman, I yield the gentleman from Pennsylvania [Mr. MOORHEAD], 1 additional minute.

Mr. MOORHEAD. Mr. Chairman, I thank the chairman of the subcommittee for yielding me this additional time.

I would like to explain to the gentleman that what I said was this: both sides of the aisle in the Housing Subcommittee recognized there was a need and the two programs were both designed to meet this identical need. Naturally there is a difference in detail. The section 103 program is not a free enterprise program but run by the public housing authorities across the country.

Mr. HARVEY of Michigan. But it usually—

Mr. MOORHEAD. I decline to yield to the gentleman.

There have been claims made about the leeway in the income limitation

under the two programs. Under the 103 program the public housing administrators can have these exemptions from income and additional expenses, because nothing is said in the report about that under section 103. But under 101, it is said that we must consider all of the income of all adult members of the family. The section 103 program—and I think it is a good program—has some difficulties. It is centralizing control in the local public housing authorities.

Mr. HARVEY of Michigan. Mr. Chairman, will the gentleman yield?

Mr. MOORHEAD. I decline to yield.

The section 101 program is the decentralizing of control in private agencies and private charities and nonprofit and private limited dividend groups.

(Mr. ST GERMAIN asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. ST GERMAIN. Mr. Chairman, I rise in support of H.R. 7984—the Housing and Urban Development Act of 1965—a bill which merits the support of all concerned with the future of our communities.

We are growing at an unprecedented rate. Five years ago, some 125 million people were living in our urban areas. Five years from now the total will reach 150 million. By the year 2000, our urban population will near the 300 million mark.

All of us who, like myself, represent rapidly growing urban areas and communities are acutely aware of the pressures for housing, public works, schools, business and industrial facilities, transportation, and recreational needs that confront the local and State governments—and we know that without national support and resources this national growth cannot be effectively met or efficiently served.

We cannot afford to ignore these basic needs—we must plan ahead. And this is precisely what H.R. 7984 will do. Its primary objective is to keep up with the housing needs and the growth of cities and communities of all sizes. It also recognizes that Federal assistance is essential to reaching effective solutions to the problems of urban blight, and the improvement of the Nation's housing supply.

The bill launches a major assault on the problems faced by low-income families unable to afford anything but substandard housing. It establishes a new program of rent supplements for low-income families who are elderly or handicapped, who are displaced from their homes by public action, or who live in substandard housing. With such rent supplements some half million such families will be able to live in decent, safe, and sanitary privately built housing.

The housing needs of low- and moderate-income families would be further met by an extension of the Federal Housing Administration's mortgage insurance programs covering low-downpayment sales housing, and the below market and market interest rate programs for rental and cooperative housing.

The long-established low-rent public housing program, created by the Housing Act of 1937 would be extended and strengthened by permitting local hous-

ing authorities to lease existing privately owned structures—an authorization that would enable them to absorb vacant housing into their existing programs. This would also permit them to serve large low-income families who cannot pay the economic rents charged for larger accommodations on the private market. Think of the sociological impact here—I look upon this as having the potential of uplifting way of these people.

The existing urban renewal program, which over the past 16 years has been an effective deterrent to the spread of slums and blight in hundreds of American communities throughout the Nation, has been extended for 4 years at an increased rate of Federal aid. This bill authorizes more effective help for businesses and people displaced by redevelopment. The record of the federally aided urban renewal program over the years is a bright one—and it shows promise of continuing so.

The bill also includes various Federal aids to help communities meet the needs of a growing America, and provides special help for those faced with economic and unemployment problems. It calls for Federal grants to communities to provide adequate basic sewer and water facilities, as well as health, recreation, or similar community services.

The proposed legislation continues the open space land program of Federal grants under which urban communities are acquiring and developing land for parks and recreation facilities, while a related program would provide partial Federal grants to assist in carrying out local programs of beautification and improvement of open space and other public land in urban areas.

Finally, the problems faced by urban communities in planning for future growth and development are also recognized by the continuation of the existing programs of urban planning assistance grants, and by providing new aids to develop land for housing under FHA and to provide help to urban areas in meeting the need for expanded sewer, water, and other public facilities.

Mr. Chairman, in this brief sketch, I have tried to indicate the bill's importance to a rapidly growing America. These measures represent what this Congress must do now to serve that growth.

Mr. WIDNALL. Mr. Chairman, at this time I yield 5 minutes to the gentleman from Ohio [Mr. STANTON].

Mr. STANTON. Mr. Chairman, I rise in the well of this House to speak to my colleagues about an aspect of the 1965 housing bill which they might not have had time to study or to have brought to their attention before. I think it is my duty as a member of the Committee on Banking and Currency to do this.

I simply rise to point out to them a dangerous facet of this particular bill. I was always brought up to believe that the Constitution of the United States clearly left to the authority of Congress the purpose of legislating and the purpose of providing the money and the appropriation of money. My first doubts about this particular bill came when the administrator appeared before our committee and seemed to have very little backup material suggesting how this bill

would be carried out in its provisions and how it would be administered. His often-used remark was, "That will have to be determined." My colleagues, this statement from our administrator led me to take a very close look at this bill. I have read it over a dozen times. It is 107 pages in length. In these 107 pages you will find over 50 times in which this House delegates to the administrative branch of the Government an authority that I believe belongs in this room. To be very specific, there are 58 times in these 107 pages in which we find such remarks as the following: "pursuant to criteria or procedures established by the Administrator" or "where the Administrator may deem it desirable" or "as the Administrator considers appropriate."

Mr. Chairman, I think we have to realize in many types of legislation, especially in housing legislation and in urban renewal, in many sections of this bill we do have to delegate our authority, and to this I do not see much objection.

But I do object to the new section 101, a section which in reality consists of 5½ pages. In these 5½ pages we find eight times the following language persisting. First of all, we have heard considerable debate on the subject of what is called a qualified tenant. The great distinguished Member from the State of Ohio, the ranking majority member of the Subcommittee on Immigration asked the question, and the only place that I could find the answer in the bill, concerning a qualified tenant, is where it says it might mean any individual or tenant who qualifies "pursuant to criteria and procedures established by the Administrator."

On page 4 you find such statements in section 101—"as determined by the Administrator pursuant to procedures and regulations established by him."

Further on you see the statement:

The Administrator shall establish criteria and procedures for determining the eligibility of occupants and rental charges, including criteria and procedures with respect to periodic review of tenant incomes and periodic adjustment of rental charges.

I believe in the 4 hours that have been consumed in this debate thus far, 3½ hours have been spent on the one subject of section 101. We heard testimony which I was quite surprised to hear, that the committee report is in many ways equal to the bill itself. The debate I think could be very definitely limited if we considered one further statement. I believe it would be very clear to whom we were delegating authority.

On page 6, in section 101, we find the following:

The Administrator is authorized to make such rules and regulations, to enter into such agreements, and to adopt such procedures as he may deem necessary or desirable to carry out the provisions of this section.

Mr. Chairman, I think what we have in section 101 is an idea. Forgetting about the principle, which I am against, let us accept the premise for a minute and assume that it is a great idea. All we have is an idea and we are asked to delegate the authority of the Congress of the United States to the Administrator of a Federal branch of the Government, and

I ask the gentlemen on both sides of the aisle, whether or not they are for or against rent supplements, what they think of that. I point this out as a great principle.

I say to you at this time that we ought to stop and think for just a minute before we delegate our authority away in a bill that contains 107 pages, and in that bill 58 times we give our authority away.

Mr. WIDNALL. Mr. Chairman, I yield 10 minutes to the gentleman from Kansas [Mr. MIZE].

(Mr. MIZE asked and was given permission to revise and extend his remarks.)

Mr. PIRNIE. Mr. Chairman, will the gentleman yield?

Mr. MIZE. I would be happy to yield to the gentleman from New York.

Mr. PIRNIE. I thank the gentleman for yielding.

Mr. Chairman, I rise in opposition to H.R. 7984.

(Mr. PIRNIE asked and was given permission to revise and extend his remarks.)

Mr. PIRNIE. Mr. Chairman, today I find myself in opposition to a measure that in name and objective I would gladly support. I speak, of course, of the housing bill that is now before us.

Shortly after coming to Congress, I was among those who helped to pass the Housing Act of 1959 and, on last August 13, I again voted for a major housing measure that was passed in this Chamber.

Throughout my years in Congress, I have been an advocate of limited Federal housing programs because of my sincere belief that one of our main tasks is to develop sensible and realistic programs to aid those who cannot help themselves and to give assistance and encouragement to those who need a helping hand, not a handout, as they attempt to improve their living conditions.

The bill before us represents a startling departure from the theory of the housing measures which have preceded it. The area of the measure that has been the subject of the widest criticism—criticism that, in my opinion, is justified—is that section dealing with the proposed program of rent subsidies for middle income housing.

Personal conviction about the role of the Federal Government, combined with a deep sense of responsibility to those I have been elected to represent, prompts me to vigorously oppose this rent supplement proposal.

I would like my colleagues to know that the people of New York State have already spoken on this issue. In 1962, a proposal to provide rent subsidies for middle-income housing was passed by the State legislature and placed on the ballot, for voter decision, in the November election. That proposal was defeated by the voters of New York State in every county outside of New York City and in four of the five counties that comprise New York City.

Closer to home, for me, the voters in my 32d Congressional District, comprised of Herkimer, Madison, and Oneida Counties, were overwhelming in their opposition to the proposal. In Herkimer County, the vote was 8,371 to 2,180, in

Madison County, 9,075 to 1,488 and in Oneida County 33,762 to 10,105—all against. The people of my district and my State have spoken and I believe their decision to be soundly based.

To me, we have come to a crossroad. Shall we continue in the same direction that has served us so well in the past, or shall we turn sharply to the left and proceed down an avenue that most likely will lead to a program of direct Federal control over all housing programs. I see this latter choice as a dangerous one indeed.

Mr. Chairman, the idea of Federal subsidization of rents is not new, but up until the present, it has been limited to the low income families residing in public housing. I have supported such a program as a means of preventing slums and as a way to promote healthier community life. This approach has proven effective and should be continued. There is no valid reason to do otherwise.

Mr. MIZE. Mr. Chairman, in this bill there is a great deal to support. For example, the whole of title IX dealing with farm and rural housing. Howard Bertsch, Administrator of the Farmer's Home Administration, U.S. Department of Agriculture, pointed out in his testimony before the subcommittee that rural housing has been and still is inferior to city housing. Nearly half of the families who live in substandard housing are on farms, in the open country, or in small towns and villages although only one third of our population is there. Thus, the percentage of rural families living in substandard housing is twice as great as city families. He pointed out that in 1960, there were close to 15 million families living on farms, in the open country and in small towns and villages. Almost 3 million of them lived in deteriorating homes that needed more repairs than could be provided in the course of regular maintenance. One of three homes in rural area did not have bath facilities. One out of five did not have water piped into the house. Three out of five did not have central heat. About a third of the Nation's elderly men and women live on farms and in small towns and villages. Yet—this deplorable housing in which millions of rural people live has received considerably less attention than the slums in cities. Less has been done to give rural families an opportunity to live in a decent home. Since 1949, when the rural housing program started, only about 90,000 loans have been made to repair or build homes. During the same period, more than 3 million homes have been financed with FHA insured loans. Another major handicap rural families face is the adequacy of housing credit to rural area and the terms of such credit when it is available. Here equality of opportunity does not exist and this bill will help bridge the housing credit gap. I feel the role of the Farmers Home Administration should be expanded in this area—because while we are completely sympathetic with housing problems in urban areas if more attention was paid to the rural areas and smaller communities, more people would stay there and not

flock to the cities and compound the already serious problem in many cities.

Title V, dealing with college housing which will be largely concerned with providing dormitories is worthy of full support.

Title IV, which will considerably ease the problems inherent in condemnation proceedings in connection with land acquisition—for federally assisted development programs under the act.

Title III, dealing with urban renewal and many other sections dealing with programs of the Federal Housing Administration are desirable proposals and extensions of programs which can be supported by this Congress.

Unfortunately, all that I have listed and more besides is dwarfed by the expenditures and philosophy of section 101—the rent supplement concept. In my individual views to the committee report I pointed out—and I quote:

The costs of section 101 alone, however, which commits the Federal taxpayer to payments of \$200 million annually for 40 years, if the plans expressed in the bill are enacted into law and carried out will amount \$8 billion.

Further I said in my individual views, and I quote:

Another factor not considered in our deliberations, is the rising cost of construction—we are no longer committed to units for low income and disabled—we are committed to dollars.

In answer to these contentions—in paragraph 13 of the so-called committee print, dated June 11, 1965, titled "Correction of Misleading and False Statements Concerning Rent Supplement Program," the administration admits, and I quote:

The bill provides a definite dollar limit to which the Federal Government can be committed—that is, \$50 million annually during the first year and an additional \$50 million authorized for each of the next 3 years—a total of \$200 million annually. The cost of this program over the 40 years could hardly be \$8 billion suggested by some, unless of course, we accept their total lack of confidence in the potential of the American economy to increase incomes and reduce the need for rent supplements.

Please note that even their response to my contention that the cost of the program can be \$8 billion—does not deny that contention—and does not refute the simple arithmetic problem that 40 years time \$200 million per years adds up to \$8 billion. And Mr. Chairman, may I ask if they do not intend to use \$200 million annually—why do they ask for it?

Now as to their implication that I lack confidence that the need will be reduced in time—I have only the obvious comment that the entire Federal housing program has grown in size and cost ever since it was started in 1937. Why anyone has any illusions it will reduce in size is whistling in the dark in my modest opinion. In this bill alone there are increases in the entire program included in 34 of the some 70 sections. Costs of construction are bound to increase as years go by, as they have in the past. Thus the money being stated as needed presently—\$200 million annually—simply will not accomplish what the administration says they want accom-

plished. The recognition of increased building costs is evidenced in this bill in the following sections.

Section 203: FHA's multifamily housing mortgage limits have been increased.

Section 206: Increase in maximum of mortgage limit for GI's \$20,000 to \$30,000.

Section 212: Mortgage limit for homes in outlying areas increase \$11,000 to \$12,500.

Section 702: Increases limitation on mortgages for dwelling units having four or more bedrooms from \$17,500 to \$20,000.

Yes, Mr. Chairman, the experience of the public housing program indicates that rising costs alone might very easily render the estimates of 1965 wrong within a matter of a decade. Also—if we now accept this new concept of rent supplements for those which the administrator determines are living in substandard housing—we must be prepared to eventually extend rent supplements to treat equitably all families whose housing costs exceed 25 percent of their income. Wow. What an exciting and costly prospect.

I would like to ask the distinguished chairman of the Subcommittee on Housing a couple of questions merely to clarify some things in my own mind.

To qualify for rent supplement in a community, do the communities—the towns and the cities—have to have an urban renewal program underway, or a public housing authority?

Mr. BARRETT. No. He qualifies on the basis of his being able to pay more than one-fourth of his income. He does not have to be in an urban renewal area.

Mr. MIZE. And people in communities, regardless of size, all over the country, when they read in the newspapers tomorrow of the passage of this bill, can start looking for a place to apply for rent supplement, whether it is Podunk, Okla., Oklahoma City, Chicago, or wherever it is.

Mr. BARRETT. They must meet all the requirements provided in the bill in order to qualify.

Mr. MIZE. Assuming they meet all of the requirements—I am talking about location—whether they live in Sharon Springs, Kans., Podunk, Okla., or Chicago, Ill.

Mr. BARRETT. This will be a choice made by the agency on the basis of the greater need of the area.

Mr. MIZE. I thank the gentleman.

Under section 106, which is a section that has not been alluded to in the debate thus far, the HHFA may make outright grants of \$1,500 to people whose incomes are less than \$2,000 to fix up their home. They can put a new toilet in, they can put on a new roof, and so forth. That is basically what is involved in section 106?

Mr. BARRETT. Yes.

Mr. MIZE. It says:

The Administrator may authorize a local public agency to make grants. Any such grant may be made only to an individual or family who owns and occupies a structure in an urban renewal area.

Will the gentleman tell me that to be eligible for one of these grants must he live in a community where they have an urban renewal project?

Mr. BARRETT. That is correct.

Mr. MIZE. I live in a town called Atchison, Kans. We have an urban renewal project, one of only four in the entire State of Kansas. Some person can come to our local urban renewal agency and make application for this loan. Can he get it if he qualifies?

Mr. BARRETT. If he lives in the urban renewal area.

Mr. MIZE. Down the river is Leavenworth, Kans. They do not have urban renewal projects and they do not have a public housing authority either. Some of the friends of the individual who are going to make an application and get a grant up in Atchison come from Leavenworth and ask his Atchison friend "Where do I have to go to get my grant to fix up my home?" He lives in equally unpleasant surroundings.

Mr. BARRETT. We would have to say, if he lives in an urban renewal area and the income does not exceed \$2,000 he is entitled to a grant up to a maximum of \$1,500.

Mr. MIZE. But a person living in Leavenworth would not be eligible for these grants because he does not live within a community having an urban renewal agency. Is that correct? I just want to be able to answer my constituents when they ask these kinds of questions.

The CHAIRMAN. The time of the gentleman has expired.

Mr. PATMAN. Mr. Chairman, I yield 10 minutes to the gentleman from Georgia [Mr. STEPHENS].

(Mr. STEPHENS asked and was given permission to revise and extend his remarks.)

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. STEPHENS. I yield to the gentleman.

Mr. MULTER. I have asked the gentleman to yield so that I may comment on one point not mentioned by the last speaker. The gentleman did not mention that in order to get these grants, one person must meet all of the requirements—not some of them—but all of the requirements set forth in this bill, one of which is that he must have an income which would not permit to bring up the home to the standards of a decent house.

Mr. STEPHENS. Mr. Chairman, as a member of the Housing Subcommittee, I have enjoyed very much the opportunity to go into the details of the bill. I feel I have learned a great deal.

The housing bill for 1965, as now proposed, is comprised of a great number of compromises between the Democratic leadership on the committee and the Republican leadership on that committee. There are not portions of the bill which constitute great departures from the housing programs that we have developed in the past.

In only four particulars out of the many sections are there any really new ideas. The ideas themselves are not necessarily new but there is an expansion or an extension of ideas already in the housing bill. The first of the more or less "new" ideas is to provide machinery for a rent supplement to other than displaced persons who have been in urban

renewal projects. In other words, the idea of a rent supplement was in the 1964 housing bill.

The second departure, is not a new procedure for the Government to employ. It is to allow Federal participation in rehabilitating existing housing whereas heretofore it was limited to new construction except for the elderly. We had that in the 1964 bill too.

The third program is the farm program. The need for assistance in our farm areas has been ably described by my colleague from Kansas who just preceded me. That has been the program that will move the farm loan program, under the Farmers' Home Administration, into a lending program that will be backed up by the same type of insurance that has been utilized in the Federal housing program all along.

There is \$300 million authorized in the bill for the purpose of financing, on an insurance basis, farm loans. As Members realize, these are vitally and badly needed in the sections of the country I represent, in my district and in my State.

I might mention a few things with respect to title IX, which deals with the farm program, because Members will find that on the housing subcommittee I am the only Member who has a blade of grass in his district. The other Members are primarily from urban districts.

I am addressing myself to this because so much has been said about the rent subsidy. I intend to get around to my ideas on that, also, but I feel a little more should be told about the farm program than has been told.

One of my children at one time was being bragged about by me, and I heard my other little child say, "Daddy, tell them about me." I believe the other parts of this bill are persuasive. They are good parts. If we must take some not so good with the great parts of this bill, then I say to take some of the things we might not be able to like as much as we like the other things.

The fourth point of difference is that this bill will provide direct loans for water and sewer grants in other than depressed areas on a basis we have had only under the accelerated public works program.

As has been pointed out, about two-thirds of the Nation's people live in urban areas, but about 50 percent of the substandard housing is in the country. The money expended in housing, as shown from the hearings, by insurance investors only is almost \$58 million. Of that, only 12 percent of the total has been put in rural housing.

We have here a bill that will only help to break down what has happened in our rural communities. There has been only 1 rural loan for every 34 in the urban communities.

I want the people in the urban communities to help me on this, and I want to help them on what they need in the cities. If you help to make the farm a fine place to live, the city problems will not be as great, because people will not come to the city to crowd you and make further demands for housing.

But there is another thing I must be candid in admitting. As a Representative from a district which has only one county in it of over 100,000 and no town in it of over 75,000 people I am called upon to support farm programs, and I am happy and glad and willing to vote for cotton subsidies and for peanut and tobacco subsidies. But, how can I ask my friends from the city to help me with my subsidies unless I help on a subsidy that is needed, and badly needed, in the urban communities?

It is estimated by the U.S. Census Bureau that at least 1 million homes in rural areas, now occupied, are unfit to live in and should be condemned as hazards to the health and safety of the people living in them and to the communities where these houses stand.

Another 3 million rural homes are in need of major repairs and have no water or sewage facilities.

While it is true that there has been a rural housing program in existence since 1949, the original program was limited solely to farm families. During the first 4 years of that program, it made modest but encouraging progress—more than 16,000 homes were financed for farm families.

Then, in 1955, during the previous administration, the program was completely abandoned for 1 year and thereafter until 1961 it amounted to very little.

Upon administration recommendation in 1961 and by subsequent congressional action, the rural housing program was greatly expanded to include financing of homes for rural nonfarm people as well as farm families. It also included provisions for rural senior citizens, low-rent housing units for elderly people, and loans for construction of housing for domestic farm labor.

Since fiscal 1962 to the present time, Farmers Home Administration has made nearly 57,000 loans to rural people—or more than double the number of loans made between 1949 and 1961.

While this must be considered as encouraging progress in improving rural housing as compared to previous years, this progress as compared to the magnitude of the existing problem is distressingly slow. At the present rate of rural home building under this program, it will take more than 60 years just to replace the 1 million rural slum homes now in existence and now being occupied. And what about the 3 million rural homes that are now in need of major repairs, many of which rapidly deteriorate into the condemned condition each year?

I would also like to point out again that during the 16 years we have had a rural housing program, for every rural home built by Farmers Home Administration financing, some 34 urban homes have been built by Federal Housing Administration loans. At this point, I would again remind you that rural America has almost as many substandard homes as urban America—yet the ratio of progress is 1 to 34. This is not to say that I object to the progress being made in raising the standard of housing in our cities and suburbs—it should be greatly accelerated and it will be under this new

housing program. The point I am making is that similar progress should be made in our rural areas.

The President recognized this disparity of housing opportunity in rural areas, and now, so has our committee. On February 4, of this year, the President recommended in his farm message that Congress:

Enact legislation to equalize the availability of home mortgage credit in rural areas. This can be done by supplementing the mortgage insurance progress of the Federal Housing Administration with a rural mortgage insurance program to be administered by the Department of Agriculture. The Department has administered a direct housing loan program since 1949. But an insurance program will enable the Government to assist effectively a far greater volume of home building with a minimum of budget costs.

We have the opportunity now to provide the means by which people in rural towns and on inadequate farms can join the march toward a better life. We must seize this opportunity.

Title IX of this new housing program was drafted to try to carry out the President's recommendation and the majority of our committee believes it will. The principal objection to title IX voiced during the hearings was that the \$300 million authorization for low- and moderate-income rural people was too modest—that it was not adequate to meet the needs and demands of rural people. They pointed out repeatedly that Farmers Home Administration has been ending up in recent years with a backlog of more than 10,000 loan applications which they could not handle because of lack of funds. With new emphasis by the President for the revitalization of rural America, this backlog will grow even larger.

There was overwhelming consensus among the committee members and those that testified that the Farmers Home Administration was admirably qualified to handle this expanded rural housing program. It has had years of experience handling insured loans and its record has been little short of phenomenal.

That improvements in title IX of this bill can and should be made, I have no doubt. But this program is a great step forward and after a year or two of experience we shall be in a sound position to enact necessary improvements to meet the great housing gap which plagues rural America.

Except for title I, which deals with the rent-supplement features, there is no real opposition to the bill. As Members have seen from the debate, there has been a great deal of misunderstanding about the rent-supplement proposal.

The purpose of the legislation should be remembered. The entire purpose of the subsidy legislation is to provide better housing for a class of citizens who have been in a gap between public housing and private low-rent housing. That is the purpose of the rent subsidy. Do not forget the purpose.

It has been said that the legislation would pay a rent subsidy to people in this general class and would be a windfall to landlords of various types and classes of housing, including the so-

called luxury housing. This is not true. There are detailed restrictions which must be understood.

First, as to who may be a beneficiary of rent supplements; second, restrictions on income of beneficiaries; third, restrictions on who may be the landlord of the housing unit.

The first of these restrictions limits beneficiaries of the rent supplement further by saying only four categories may be involved—the elderly, the handicapped, and those displaced by governmental action. The intent of the committee, I am sure, when they said displaced by governmental action was those displaced under urban renewal programs and under the Federal highway program. That is the intent when you use that terminology. The fourth category, which is the category, of course, that creates the most controversy, is the fact that it applies to people who are currently living in substandard housing.

There is in the philosophy of housing a justification for the Federal Government assisting all of these categories of persons. The general justification is the ambition of all of us to assist by providing Americans with a good place in which to live and to rear their children. As far as aiding people displaced in urban renewal projects is concerned, the Housing Act of 1964 recognizes the justice of giving a rent supplement because these people were dislocated by action of the Federal Government. Our humanitarian interests impel us to recognize the elderly and disabled persons and it justifies assistance here. The next justification is in the rent supplement section with the income limitation. Before any persons in the category of eligibility can participate they must be making less annually than would enable them to live in standard housing in a local community.

Mr. BROCK. Mr. Chairman, will the gentleman yield?

Mr. STEPHENS. I will yield for a question.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. PATMAN. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. BROCK. If the gentleman will yield, I appreciate this opportunity of asking him this question.

Did I understand the statement of the gentleman correctly when he said that a person would receive a supplement if they were unable to live in standard housing?

Mr. STEPHENS. That is exactly my understanding.

Mr. BROCK. I would like to see one section in this bill that relates to that subject. Anywhere in the bill.

Mr. STEPHENS. It says a person cannot be eligible unless he is living in substandard housing.

Mr. BROCK. That is an entirely different thing. There is nothing in this bill that says whether he is able to live in standard housing or not, but the only criterion in the bill is if he is in substandard housing and if better housing is available in excess of 25 percent.

Mr. STEPHENS. I think the answer to your question is the person who would move into substandard housing should be made subject to penalties under regulation just as they do in the social security system where, when they tell you a lie, they lose their social security.

Mr. BROCK. Mr. Chairman, will the gentleman yield further?

Mr. STEPHENS. Let me finish my statement. I have a little more time, and I do not want to get left here without finishing what I have to say.

The cost of living may vary from place to place in America in respect to the formula that is used. The cost of rentals may vary, also. A percentage formula is the only feasible way to make a rent supplement plan function. The formula is a simple one. You know, you have heard economists, domestic advisers, and people in family relations squabbles tell people, "You live beyond your means." They have always said that you should never spend more than 20 to 25 percent of your income for living purposes. If you go beyond that, you may be in difficulty. I say that there are sufficient information collection agencies of the local, State, and Federal Government where exact cost of living and rent standards in a housing situation can be specifically ascertained. There are also present methods in the public housing authorities and welfare departments for ascertaining the true income of applicants for assistance. So the ascertainment by a formula is not uncertain and indefinite.

The final restriction is one that should appeal to all of us, because the method for financing the housing that would be eligible for the rent supplement assistance is by private enterprise. There is a requirement, however, that the legal entity constructing the housing for rent supplement benefits or acquiring such housing shall be a nonprofit corporation, a cooperative association, or a limited dividend corporation.

All of the legal entities and their objectives shall be approved by the Administrator of Housing and Home Finance to assure conformity with these requirements. The proposal will not only be constructed with private capital, but it will remain on the tax digest to be subject to local government ad valorem taxes just as any other private enterprise. The construction will be privately owned, privately run, privately built, and privately financed.

The assistance to people who fell largely in this gap between public housing and standard low-rent private housing could be done by an expansion of public housing. This, of course, would be at public expense and with no possibility of local ad valorem tax revenue.

The other alternative is chosen. The choice of private enterprise. Providing this assistance in this way to the people in need of standard housing is a step away from public housing and should be acceptable and hailed by people who would like to see no further expansion at public expense.

There is one other thing I would like to mention at this time. There will be offered by my colleague, the gentleman

from Georgia [Mr. FLYNT], a perfecting amendment. It will deal with the city of Macon, Ga. It is the same thing that we had in Philadelphia last year. It will provide authority for Urban Renewal and the Housing Authority together to swap lands that they could not do unless we gave them that authority. No money is involved.

Mr. TALCOTT. Mr. Chairman, will the gentleman yield?

Mr. STEPHENS. I yield to the gentleman.

Mr. TALCOTT. I thank the gentleman for yielding. I commend the gentleman for his interest in rural and farm people. I have heard and I believe that the migrant farmworker probably enjoys the worst housing in America. I am wondering if there is anything in this bill that would help the migrant farmworker.

Mr. STEPHENS. There is. There is a provision in this bill that does that, that takes care of that type of housing.

Mr. TALCOTT. Where is it in the bill?

Mr. STEPHENS. It is in title IX; I do not know the exact section offhand.

Mr. TALCOTT. I thank the gentleman. I am anxious to see what provision is made for the migrant farmworker who needs assistance badly.

Mr. WIDNALL. Mr. Chairman, I yield 1 minute to the gentleman from Missouri [Mr. HALL].

(Mr. HALL asked and was given permission to revise and extend his remarks.)

Mr. HALL. Mr. Chairman, as written I oppose H.R. 7984 due primarily to section 101, the so-called middle income rental subsidy; or "supplement" to landowner of taxpayers' expense for families earning up to nearly \$10,000 per year. This is in my opinion nonprudent use of such moneys; it will deter homeownership in the United States and I feel it will destroy incentive and moral fiber while emulating experiments in social concepts which have failed elsewhere. I do not believe in one-man control of formulas or centralized government. I believe it is our duty to legislate such detailed uses of the taxpayers' moneys, or leave it to the various States or communities.

Second, I oppose the bill because it was my privilege to spend a summer late in the last decade in a northern European nation where they underwent a national housing scandal and indeed floated debentures yielding income greater than legally allowed incomes from stocks and bonds—resulting in a closure of the Bourse for a time. Such housing was predicated in turn on required certificates for housing, premarital requirements, abortion notes and illegitimacy. When one, such as collectivized and centralized government, assumes all prerogatives of the individual, the personal and national character perishes. The nation I visited solved its problem. Why should we invite it?

I believe H.R. 7984 to be the most "extreme" proposal to come before the 89th Congress. The bill would authorize a new housing subsidy, which has a future annual cost potential greater than the

current cost of all existing Federal housing programs. But even far more serious than the cost, is the new philosophy—socialized housing. The bill—sponsored by the administration—would extend Federal rent subsidies to private housing for middle, not low but middle, income families.

While Federal subsidization of rents is not new, it has heretofore been limited to aid for those without adequate income to secure even low-rent housing for themselves, or for special circumstances, such as military.

But the proposal now advanced to the Congress, for the first time would establish the principles of direct rent subsidies to families with middle incomes ranging as high as \$10,000 a year.

The authorization proposed for this fiscal year is \$200 million. But the subsidy measure would authorize expenditure commitments of up to \$8 billion over the next 40 years for this new "experiment in socializing rents."

The last Federal census revealed that a large majority of families in our Seventh Congressional District own the homes in which they live. Most citizens agree that homeownership is a desirable family goal. But this proposal would tend to discourage homeownership; and, instead, encourage families to seek rented living accommodations, subsidized by the general public as in most European countries, including those who are attempting to buy their homes.

According to the plan, if you earn too much to qualify for the low-rent public housing, the Nation's taxpayers will pay part of your rent bill; provided you can convince the Government that you do not earn enough to afford what the Government determines is "decent private" housing. The bureaucrats figure about 4 million families fall into this category, and they have asked for \$500 million for cash payments to landlords for the first 4 years of the 40-year program.

Federal Housing Administrator Robert Weaver has said that, although there would be a ceiling on the income of families to be eligible, the ceiling could exceed \$8,000 a year, and in some cases this could go as high as \$10,000 a year. He has sole authority, in the bill, to establish the "formulas."

I cannot believe that our citizens go along with the idea that citizens who are making an effort to buy their own homes should—under Government compulsion—help finance the personal housing of other middle-income citizens. In simple terms, this proposal in the housing bill is a way of "keeping up with the Joneses" via Federal subsidies, and would lead to discrimination against citizens who are trying to make their own way. It even discriminates against sections. Ozark taxpayers would be subsidizing New York and Detroit.

With present housing and urban renewal costs already headed for \$1.5 billion annual rate, it is time to ask: Where does the Federal housing responsibility end? Should it include subsidizing rents of middle-income families? And, if rents of those of moderate income are to be subsidized, how could Congress justify

not subsidizing the rents of 9 million families with less than \$3,000 per year incomes? In this sense it is a crash "squeeze" play. If, we should also place them under subsidy, the cost would go up to \$5 billion a year. That is where Congress will be headed, if it once opens the door with enactment of the "rent supplement plan."

Whether the administration can muster the votes necessary to get the proposal through Congress is the \$8 billion question. The issue is still in doubt, but depends on the middle-income supplemental rental section removal by amendment. I strongly advocate its removal.

Mr. WIDNALL. Mr. Chairman, I yield 10 minutes to the gentleman from North Carolina [Mr. JONAS].

Mr. JONAS. Mr. Chairman, I regret that the distinguished author of the bill, the chairman of the great Committee on Banking and Currency, is not in his seat. I had intended to ask him some questions about a section in this bill which, although I have listened to the debate as carefully as I could consistent with my responsibilities on certain committees which are holding conferences today with the Senate, I have not heard even referred to during the debate, and it strikes me that it needs some consideration.

Mr. Chairman, I have elected to ask for this time in order to raise these questions while we are in general debate so as not to take anyone by surprise when the bill is being read under the 5-minute rule. The Clerk has a habit occasionally of reading these sections rather fast and I would suspect that if my interpretation of this section is correct the author of the bill will want to offer an amendment to either strike it or modify it substantially. Of course I could be wrong in my interpretation. I do not have the privilege of serving on this important and distinguished committee. However, I can read the English language and I hope I can interpret it. If I am misinterpreting this particular section, I hope a member of the committee will correct me. I feel that the record should be clear and we should know whether there is a sleeper in this bill which should be eliminated.

Mr. Chairman, I refer to section 102 which deals with FNMA. This section purports to authorize appropriations to FNMA, the Federal National Mortgage Association, to reimburse that agency for the difference between what FNMA receives in the way of interest on submarket-interest-rate mortgages pledged for participating certificates sold to the public and the interest rate that has to be paid on those participating certificates.

So far, so good, Mr. Chairman. I do not have any objection to investment bankers making a reasonable profit or receiving a fair return on their money. But it just so happens that the last issue of participating certificates issued by FNMA a few weeks ago were sold at discounts amounting to \$1.5 million.

Mr. Chairman, as I interpret this section it would not apply to that transaction because the section is prospective in effect. However, it would provide in the future that Congress would be author-

ized to appropriate the taxpayers' money in order to make up these subsidies or discounts which are allowed by FNMA in selling participating certificates secured by mortgages placed in the trust.

Mr. Chairman, I have a clipping in my hand which came from the Wall Street Journal on the day after this \$525 million issue of participating certificates were marketed. I would like to read what this article says:

Sales of \$525 million in mortgage certificates—transactions which will have a favorable impact on the Federal budget—

And the "favorable impact" will be to reduce the deficit next year by \$525 million—

were announced today by the Federal National Mortgage Association.

The certificates were sold in New York at discounts which will make the yields range from 4.35 percent on 1-year securities to 4.5 percent on those running 15 years.

This was a substantial increase in interest return on this series of certificates over those that were sold last fall, the \$300 million issue of certificates.

Last fall FNMA sold \$300 million of similar securities at yields of only 4.10 to 4.375 percent.

Now, Mr. Chairman, the thing that worries me about the language contained in this section, if the Chairman will bear with me, is this. The language in the section authorizes appropriations to make this differential between what FNMA receives in the way of interest on mortgages held by it and placed in the trust and the interest it will have to pay on the participating certificates, but the language goes far beyond that and covers any differential in principal.

I will explain why that is important. These participating certificates run for only 15 years, but the security pledged for them are 40-year mortgages. Obviously Fanny May will not receive in principal and interest payments on mortgages that run for 40 years a sufficient amount to pay off these certificates in 15 years unless Fanny May does one of two things: Puts into the trust a very substantially larger number or amount of face value mortgages than the certificates amount to, or comes back to us and asks the Congress, under the authority of this section, to appropriate money to make up the differentials in both interest and principal.

Do I properly interpret this section?

Mr. PATMAN. Yes. The money will have to be appropriated to make up that fund. I would like to state to the gentleman that of course we are accepting the financing as we have it now. I do not think any of us are too pleased with this method of financing at all.

Mr. JONAS. I would be surprised if the distinguished chairman of this committee is pleased with it, because of the speeches I have heard him make on this floor in which he has opposed this sort of financing.

Mr. PATMAN. We have the question of these home mortgages not being permitted to sell at below par. The homeowners have lost billions of dollars in the practice that has grown up of selling below par.

Mr. JONAS. The homeowners are not going to lose any money here because the mortgages are in the hands of Fanny May. Fanny May is going to lose the money in the discount, and the taxpayers are going to have to make it up.

Mr. PATMAN. We are going to take a new look at Fanny May.

Mr. JONAS. Is there any reason under the sun why Fanny May could not absorb this itself?

Mr. PATMAN. I cannot say that.

Mr. JONAS. The gentleman knows that Fanny May operates at a big profit.

Mr. PATMAN. That is my understanding.

Mr. JONAS. Here is a million and a half dollars of discount. There will be other discounts in the future if Fanny May continues this practice. I think they have sufficient earnings to absorb these discounts without asking us to appropriate taxpayers' money to reimburse Fanny May for these discounts. The objection I have to this section is that it not only covers any interest differential but it actually goes so far as to cover differentials in principal.

Mr. PATMAN. They do not make money on this. They make money on the secondary market if Fanny May is able to stand this cost. We could do it according to present contracts and conditions.

Mr. JONAS. I am surprised there has been no discussion of this section, because this is a very important provision. There is no way for anyone to tell how much this section may cost the taxpayers but the potential cost is substantial. This is an additional guarantee, superimposed on the guarantee that already exists by virtue of FHA insurance of these mortgages, and VA guarantees.

And this one will come out of the taxpayer's pockets to make up any discounts allowed by Fanny May in its sales of participating certificates and any differences between flow of funds from the mortgages on account of principal and the funds required to discharge the certificates when they come due.

I urge the committee to give the language in this section very close consideration because there is a potential heavy liability on the taxpayers.

Mr. PATMAN. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. HANNA].

(Mr. HANNA asked and was given permission to revise and extend his remarks.)

Mr. HANNA. Mr. Chairman, I should like to emphasize in the short time allotted to me that I think it was implicit in the statements of the gentleman from Georgia, and which I think have been entirely missed in this House up to this point, that this legislation, as is true in all legislation passed by this body, does not happen in a vacuum. It did not arise out of a vacuum. It arose out of the experiences with previous legislation passed by this House and the experiences of the people who live under this Government.

We have been talking about section 101. I do not want to bring into my discussion the talk about semantics be-

cause I am somewhat limited in linguistics. I do not want to talk about the battle of the documents as I am a poor scrivener. But I do know the common-sense facts of life, and that we have had experiences in exactly this kind of program for a long period of time. We have been trying to respond to a great need in our society in our times. There are hundreds of thousands of persons who are being denied decent housing in America today. Those people expect us to do something about it.

The programs that we have had have not developed to the point where they meet their needs. This bill carries in section 101 the only innovation in the total housing picture. Each of the sections is an extension of or an amendment to an existing program. Section 101 brings us what amounts to the only innovation. Yet it is not a complete innovation for, as has been pointed out by the gentleman from Georgia, in 1964 we placed ourselves into a rent supplement program. As was pointed out by the gentleman from Pennsylvania, we have previously seen that step advocated in the Republican rent certificate program. So this is nothing that is absolutely new. It is simply an innovation in a program that has already shown some promise.

Now where do we stand today? Today the people to whom we are addressing ourselves have only been barely reached by the program under section 221(d) 3. Right?

There are right now private enterprise people who are trying to help us with this need for housing of the people of America. Is this new? Is this new, I ask the gentlemen on the other side of the aisle? Think for a moment what we have done in the field of public utilities. Have we had any advantage by having a public arm in public utilities along with the private arm in public utilities? We have. I have defended in the State Legislature of California, and I will here in the Congress of the United States, the great partnership of public and private enterprise in trying to meet the needs of the people for public utilities. How has this dual system worked? Have we helped the people in the private enterprise section in the electrical field of utilities, for instance? Certainly, we have. We have asked our people to build great dams and to attach public utilities to those great dams to deliver electricity through public agencies and private companies because we felt there was a great need to put up public money to get that job done which the private profit-seeking business could not do without this help. Furthermore, we have supported with our taxes the building of facilities and we have assured the private people in the utility business that we will protect their investment by an assured profit set by public utilities commissions.

I ask you, what is the difference to the citizens whether they are supporting the one out of their taxes or the other out of the rate system? It is all based upon the law. The money comes out of the same pocket.

We have been for years laboriously attempting to work out a program which will allow private interests of a selective

nature to assist our national effort to provide decent housing for low-and moderate-income families. Originally these efforts were financed solely by charitable foundations and organizations such as churches and unions which used their own funds to subsidize their projects. Gradually government assistance has been given to encourage the expansion of their abilities—first through tax benefits then through low-interest loans under section 221(d) (3) of the Housing Act.

Now those experienced in the program in both the private and public sectors of our society have convinced our Housing Subcommittee that the rent supplement approach is really the vital, meaningful tool that will allow them to do the job and make the contribution we expect of them. The program is not the creature of a group of socialistic kooks. The committee report shows it has the backing of the National Home Builders Association; the American Bankers Association; the National Association of Housing and Renewal Agencies; the HHFA; countless mayors and Governor's, including my own Governor from California, and agencies and organizations within churches, foundations, and unions long experienced in housing.

May I say to the gentlemen who fear the language of the bill that the terms used have long been defined and understood by the people who will be guided by them. May I suggest that we have supported the endeavors of these private citizens and private organizations precisely for the same reason we have supported private operators of public utilities. They provide a source of innovation, and a constant challenge to the quality and the cost of services and products being created and operated by a purely public agency.

The proponents of this measure base their case on the proposition that given the cover of the rent supplement program they can do better and cheaper under private building, private ownership and private management the job all of us agree America in the 1960's should be doing in creating a decent environment, i.e., a decent home for every American.

The other point I would like to make here is that we have a great need for housing in the United States for a group of people who are stuck between what we have provided in public housing and what is now available in private housing and who cannot really qualify for either. They are thus consigned to the slums. Estimates are that some 600,000 to 750,000 families are involved in this group across this great land.

I suggest to you that we have built into public housing that thing which always happens where you have only public agencies in the field. It becomes too stereotyped. It becomes too strict. It causes burdens that cannot be overcome because innovation will not come when there is not some one challenging the establishment.

In public housing what do we have? Look at Los Angeles. In public housing they can get a public unit for \$30 less

than the average price for the same quality private housing. What happens to the fellow who is working with an income that will permit him to be in public housing? If he gets a \$10 raise, can he afford to take it? The \$10 raise would put him out of public housing. Then he would have to pay \$20 extra for private housing. He will say, "do not give me a \$10 raise. That will cost me \$20, and I can only pay that by taking food from the mouths of my children."

Section 101 is a flexible program. It allows people to take economic advances a step at a time. A man is not evicted from the project because he has improved himself.

We talk about building a better environment for the people of the United States. We have here a great tool we can use to do this.

Poverty is a state of mind; an attitude created by environment. Public housing has not provided the proper ladder for social advancement because it is predicated on a limited income. This means that the very factors you are trying to correct tend to dominate the environment. This bill before us offers an opportunity to mix persons of varying income and at the same time it removes the lid on economic advancement. I do not agree, Mr. Chairman, that all the poor and lower income Americans are alike. They have the same percentage of thinkers, drinkers, and stinkers as any other segment of society and after the passage of this or any other bill seeking to assist them, the thinkers will continue to think, the drinkers to drink, and the stinkers to stink.

I do not agree, Mr. Chairman, that life is getting any easier for the poor of our land. On the contrary, it is getting tougher; tougher in a mean hard way. But there are strivers and there are deadbeats. After the passage of this bill the strivers will have new hope and that is a gain. The deadbeats will still be on their collective duffs and that is no loss.

We do not have much support from certain gentlemen over on the other side of the House. The people who are going to operate, the people who are going to build, the people who are going to control this particular program from private enterprise assure us the program will work. The FHA, who have been in business some 30-odd years, have given us the assurances that this is the program which will take their agency from where they are to where they want to be in carrying out our great policies for housing in America.

I do not believe we need stand here and raise "bugaboos." We need to use commonsense. This is not happening in a vacuum.

We have confidence in the FHA. We have confidence in the builders. We have confidence in the bankers. We have confidence in the people who are going to own and operate these projects. And we have confidence in ourselves. We can change this program if it does not work out right.

Gentleman, we here are in the position of the young lad whose grandfather took him out to the back lot in the days of

wood-burning stoves. There they faced a formidable pile of logs in need of splitting. The grandfather said, "Son, that pile is high and the day is short. I do not expect you to get the job done on the first day, but neither will I expect you to stop hacking away at it."

Mr. WIDNALL. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. MICHEL].

(Mr. MICHEL asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. MICHEL. I gladly yield to the gentleman from Iowa.

Mr. GROSS. I wonder when it is proposed to quit tonight. I have noticed some very strenuous White House lobbying activity outside the Chamber this afternoon, apparently in an effort to pressure this bill through. If this goes on much longer there may be too many Members with too many strained armpits and twisted arms to do business tomorrow. Perhaps we ought to get out of here quickly this evening.

Mr. MICHEL. I will try not to detain the gentleman too long.

Mr. GROSS. Do not worry about the gentleman from Iowa. His arm has not yet been twisted by the White House lobbyists.

Mr. MICHEL. I hope it never will be.

Mr. Chairman, of course, in an omnibus housing bill of this magnitude there are as many good provisions as there are bad. I should like to address my remarks to section 101 of this bill.

Mr. Chairman, section 101 of this bill poses a simple question: Is the United States ready for socialism? No other interpretation can be placed on this section, which proposes to subsidize some at the expense of the many. It seeks to make an American who has practiced ambition, frugality, and initiative, pay for an expensive experiment in federalized housing. Not only must he pay for his own home, taxes, and maintenance, but he must also pay taxes so that his neighbor can live in a bigger house, and pay much less for his housing. This is socialism. It penalizes thrift. It threatens to create a class of professional federalized tenants. It will foster concealment of income, and, of course, a monstrous bureaucracy to supervise and investigate the incomes of those living in Government-subsidized housing.

This bill is not progressive. It is a throwback to one of the most often-tried and always-found-wanting types of social experimentation. It is a thinly disguised revival of a socialistic scheme tried a century ago.

I propose that we change the name of part of this bill to the Brook Farm Act of 1965. Its modern trappings, the Housing and Urban Development Act of 1965, do not tell a true story. Let us look at Brook Farm. More than 100 years ago, Francois Fourier, a French social reformer, proposed to mass people into what he called phalanges. These were to be subdivided into beautiful tracts. The idea was that the members would derive their support from the

labors of all. The project got underway in 1846. The Encyclopedia Americana reports that the first unit burned, and the venture into communal living failed. Luckily the group did not have access to tax funds.

Section 101(d), the rent subsidy section of the bill before us, is merely a revival of the Brook Farm principle. Separated from its utopian concept, it provides that people making up to \$8,900 could move into bigger houses with their taxpaying neighbors picking up part of the tab. Statistics show that the costs could be astronomical. There are 190 million people in the United States. At an average of 4 per family, this creates a potential of 47 million families. Some 40 percent of them, or more than 18 million families, could qualify under the formula of eligibility concocted by Housing and Home Finance Director Robert Weaver. Should a family with earnings of \$8,000 choose to live in a \$220 per month home—maximum under the bill—their annual housing cost would be \$2,640. The Federal Government would pick up the difference between the costs and one-fourth of their income, or \$640 per year.

Aside from the home dwellers, how about the homebuilders and the home promoters and the apartment builders? I jog your memories to the immediate postwar years when we had the famed 608 projects. I used to live in an apartment building in Washington constructed under that program with a limitation of \$5 million per unit. Today it is double the size. They built two buildings one inch apart with \$5 million for each one, and it is known as the Woodner apartment building in Washington. There have been all kinds of windfall profits to builders under the old 608. What you have in this program is just one on a broader and grander scale.

Some time ago when we were considering the agricultural appropriation bill I think I made reference to the soil bank program and the land retirement program and said if we would be smart, we would go out and mortgage ourselves up to the hilt and buy all of the farmland we could and put it in a soil bank and have the Government pay us for keeping it idle. I submit under the rent housing proposition you might do the same thing here. I am thinking seriously, if this legislation is enacted, to sell everything we have and go into the apartment unit building business and make yourself a killing. You cannot help but do it.

It is obvious that this utopian plan would discourage homeownership. Why sacrifice and save, why build up an equity when the Federal Government stands ready to provide a dole of thousands of dollars per family over the course of 40 years? This bill would pyramid in cost as more and more families abandoned ownership in favor of subsidized rental.

This bill is clearly intended to make Uncle Sam the Nation's landlord. It, of course, is designed as a politically motivated effort to bring more people under the umbrella of paternalism. Behind the proposal, cloaked in the high-sounding phrases that the bill is aimed at the

elderly, disadvantaged, and the poor, is a provision that it applies to those living in substandard housing. What is substandard is a matter of interpretation.

The slogan for this new excursion into mass dependency might well be "A check in every mailbox means a vote in every ballot box." Once relieved of the basic responsibility to provide housing by their own initiative, the desire of beneficiaries to continue this domiciliary dole would be automatic—as, hopefully, would be the tenure in office of those who supply it.

This legislation would be a giant step backward. It would be the antithesis of the American spirit. It penalizes thrift, narrows ambition, destroys initiative and the pride of self-sufficiency. It is bad legislation.

Columnist Arthur Krock put it this way:

It is merely the latest, though the most extreme, expression of the political philosophy which would create an egalitarian socio-economy, irrespective of individual merit, with subsidies financed by the ambitious, the industrious, and the worthy * * * the real issue is whether the Federal Union is to undergo its greatest transformation thus far into a collectivist state.

The House today could do yeoman service to the American system by striking down this radical departure from our national heritage. Every American family that owns, or is buying, a home will be penalized by this ill-founded section of the bill. I would warn those zealots whose arms have been twisted to cast a vote for this fiscal fiasco that robbing Peter to pay Paul may not be good politics at all—there has been no groundswell of public demand for our Nation to go back 100 years in the housing field.

Mr. WIDNALL. Mr. Chairman, I yield 1 minute to the gentleman from Minnesota [Mr. NELSEN].

Mr. NELSEN. Mr. Chairman, I should like to ask a question with reference to the rent supplement provided in this bill where an individual's income falls below a certain level. Now I refer to the rural housing section of the bill. Is there any provision in this bill, for example, if a farmer's income falls below this level, that provides a rent supplement for that farm population?

Mr. BARRETT. We have a subsidy under the farm program, that comes under the Farm Home Administration.

Mr. NELSEN. The question I ask is, Is there a rental subsidy for a farmer whose income falls below the level as specified for other people in the country?

Mr. BARRETT. No, although on farm improvement there is a subsidy.

Mr. NELSEN. In what manner?

Mr. BARRETT. Under sections 503 and 504 of the Housing Act of 1949 there are loans and grants for marginal farms. Under the rent supplement program, a project would have to be built in the area under section 221(d)(3) to make the benefits available.

Mr. NELSEN. Suppose his income falls below the specified level which is set out in your large city; what happens in the rural communities?

Mr. BARRETT. The income ceilings would be set city by city to reflect differing cost of living and housing cost levels.

Mr. FARBERSTEIN. Mr. Chairman, I would like to say a few words in favor of H.R. 7984, and urge my colleagues on both sides of the aisle to support it.

Legislation to provide housing for the inhabitants of our cities has in the past been fragmented and piecemeal at best. There have been definite advances; there is no question about that. But today, with the passage of this housing bill, we have an opportunity to strike a sweeping blow for the revitalization of our cities, an opportunity to provide decent housing for millions of our citizens, many of whom have never had a wholesome place to live in their entire lives.

The most advanced and farsighted proposal in this bill is the provision in section 101 for rent supplements to needy families. President Johnson has called the rent supplement "The most crucial new instrument in our effort to improve the American city."

Mr. Chairman, there is not enough public housing provided in the United States today. And much of what is provided is austere and cold and inadequate—not the kind of home we all would like to see for every American.

The wonderful thing about rent supplements is that they permit us to aid a broad spectrum of the population to find comfortable homes in moderate-income, privately operated housing. No longer will there be segregation of low-income families in ghettos of public housing. Instead, there will be a healthy mixing of people from different environments and age groups which will help, as President Johnson said, preserve "the variety and quality of urban life."

As all my colleagues are aware, the main purpose of section 101 of this bill is to make it possible for limited dividend corporations and community-sponsored cooperatives, and rental projects, to admit families who currently could not afford the carrying charges or monthly rental of a typical middle-income apartment. For example, many large families cannot afford the monthly carrying charge of about \$200 for a typical four-bedroom middle-income apartment in New York; the rent supplement plan would enable them to have such an apartment for \$120 a month.

Similarly, many old people cannot afford \$80 or \$85 for an efficiency apartment in a middle-income project. The rent supplement plan would enable them to pay approximately \$40 or \$50 a month for such an apartment.

And, of course, if a family becomes, by virtue of a rise in income, better able to pay for its apartment, this bill provides that the amount of rent supplement can be adjusted accordingly.

I have heard objections to this program from various quarters, from persons who are under the impression that rent supplements somehow will be used to aid families not truly in need of assistance. I cannot believe these persons have acquainted themselves with the facts.

I will introduce into the RECORD at the end of this statement a table I received from the Honorable Robert C. Weaver, Administrator of the Housing and Home Finance Agency. It shows preliminary estimates of maximum income limits for families of different sizes under this proposed program in 25 selected cities.

For example, the table shows that a family of three or four persons will be permitted to have an income of no more than \$3,700 per year in cities like Waco, Tex.; Utica, N.Y.; or Columbia, S.C., to qualify for assistance under the rent supplement program. The maximum income permitted to a three- or four-person family, \$5,000, is only applicable to such urban concentrations as Chicago, Ill., and Newark, N.J., where the cost of living is, of course, much higher than elsewhere.

I think this chart gives the lie to any of the perorations which have been forthcoming lately as to how the rent supplement program will dole out money to people who are getting along fine by themselves. Anyone who thinks that \$5,000 for a family of four goes very far in a city like Chicago ought to try it some time. The experience would no doubt be educational.

Mr. Chairman, there are gentlemen who are horrified by the prospect of rent supplements. They somehow see in this farsighted program the specter of creeping socialism. They view direct payment of rent supplements to needy families as somehow immoral or un-American.

Mr. Chairman, how can this be? Is it socialism to make it possible for more people to live in privately operated housing rather than in public projects? Is it socialism to provide a sliding scale

of rent supplements in order that people may pay as much toward their own support as they possibly can? Mr. Chairman, rent supplements will benefit private builders, not harm them. Anyone who has taken the trouble to find out knows that this program involves housing which is privately owned, privately constructed, and privately financed under FHA market interest rate mortgage provided for by section 221(d)(3) of the National Housing Act. We have here a prime example of the enlistment of private enterprise and private resources to help achieve national objectives. Rent supplements will induce tenants to live in private housing when they might otherwise be forced into public projects—if public projects are available, which as this House knows, they often are not. New York City alone, Mr. Chairman, receives 100,000 applications for public housing a year. And there are waiting lists in every city. The truth is, Mr. Chairman, that many builders oppose this bill because they fear any Federal involvement in the low-income housing field. But I have no patience with those who cry out "socialism" from their FHA-insured homes, nor those guardians of the public integrity who see the poor as millions of cases of individual failure.

The Nation needs housing, Mr. Chairman. Low-income families all over the land are asking that we make good the promise of 1949 to house Americans decently. Today we have the opportunity to fulfill that promise by passing H.R. 7984. I intend to vote for this measure and I urge all my honorable colleagues in this Chamber to do the same.

The table referred to follows:

Preliminary estimates of income limits for families of different sizes under proposed rent supplement program in 25 cities

Cities	2 persons (1 bedroom)	3 or 4 persons (2 bedrooms)	5 or 6 persons (3 bedrooms)	7 or 8 persons (4 bedrooms)
Atlanta, Ga.	\$3,100	\$3,800	\$4,900	\$5,500
Bangor, Maine	3,400	4,300	4,800	5,700
Batavia, N.Y.	3,400	4,100	4,800	6,000
Boston, Mass.	4,400	4,800	5,300	6,000
Bridgeport, Conn.	4,100	4,600	4,800	5,300
Chicago, Ill.	4,300	5,000	5,800	6,500
Columbia, S.C.	3,400	3,700	4,600	5,000
Columbus, Ohio	3,700	3,900	4,500	4,900
Fresno, Calif.	3,900	4,400	5,100	6,100
Huntington, W. Va.	3,200	3,700	4,200	4,700
Jefferson City, Mo.	3,600	4,100	4,600	5,500
Kansas City, Mo.	3,700	4,300	5,600	6,200
Louisville, Ky.	3,600	4,100	4,600	6,000
Milwaukee, Wis.	4,600	5,000	5,500	6,000
Newark, N.J.	3,200	3,700	4,300	4,800
Providence, R.I.	4,300	4,800	5,300	5,800
Paterson, N.J.	4,200	4,600	5,000	5,600
Pittsburgh, Pa.	2,400	3,700	4,300	5,800
Port Arthur, Tex.	3,300	3,700	4,400	4,800
San Antonio, Tex.	4,000	4,500	5,500	6,300
St. Louis, Mo.	3,600	3,900	4,300	4,900
Terre Haute, Ind.	4,000	4,500	5,500	6,000
Toledo, Ohio	3,400	3,700	4,600	5,800
Waco, Tex.	2,900	3,700	4,500	5,300
Utica, N.Y.				

Mr. ROOSEVELT. Mr. Chairman, I rise in support of H.R. 7984, the Housing and Urban Development Bill of 1965, for I am firmly convinced that this legislation is essential to our future and to fulfilling the urgent needs of our people.

Much of the legislation proposed continues and expands unquestioned commitments long since made to the housing and growth of our urban society—

the programs of FHA mortgage insurance, of urban renewal and planning, of community facilities, college housing, and so forth. In fact, we must enact this bill merely to stand still.

But to merely stand still is to move backward. The newer measures and provisions for enlarging those already existing are essential to enable use to move ahead.

We are in a crucial period in our history, a period when we must, as indeed we can, fulfill the promise of opportunity to all Americans. We have not done that for millions of people left in substandard housing, for ever-growing numbers of our elderly, and for submerged minorities only beginning to share in the common benefits of a democratic society.

The effect of this legislative proposal will help us to achieve the goal envisioned by the President in his dream of a Great Society. But that Great Society cannot be an exclusive one which excludes large groups from its benefits. Poverty is a dangerous virus, but it is no longer an incurable one. H.R. 7984 is a vital measure to expedite the reality of the Great Society, and to win the war on poverty, for it not only speeds up the improvement and growth of our urban communities, but it launches the first mass attack on the housing problems of the elderly, the displaced, and the ill-housed of low income.

My own State of California has a great stake in this bill. We carry a larger share of national responsibility for the housing and urban needs of our growing population. We are the hope and destination for large numbers of older people who migrate from all over this country, seeking a good life in their later years, and for even greater numbers of young people seeking new and growing opportunity. For many years California has been the leading State in homebuilding and community growth, accounting for a large percentage of our expanding housing economy and investment. We have made extensive use of both regular and special programs to provide better housing and better communities. But the benefits of these programs have sometimes been seriously out of balance.

In California, for example, we have built or improved more than 3½ million homes and apartments under Federal programs, involving more than \$13 billion of investment. But despite our large demands, only 10,000 of those units have been especially for the elderly, and only 30,000 for low income families. This is merely nibbling at the edges. We must now move much faster to meet the needs of the ill-housed, the elderly, the displaced, the disadvantaged, and the poor, and this bill provides some of the means to do so.

It gives us a program of public housing that increases from 35,000 to 60,000 units a year for the next 4 years which is far more adaptable and usable in that it applies to all types of suitable housing, new and old, publicly and privately owned. Public housing continues to be recognized as the indispensable tool it has long been and will continue to be for the urban poor.

The bill also offers us a bold new proposal to supplement the rents of the much larger number of elderly, displaced, and badly housed who cannot find decent housing they can afford. Such supplements would enable private capital to invest in this market and generate decent housing for half a million families in the next 4 years. This is one of the most meaningful proposals to come before the Congress in some years, and I applaud its innovation.

Of significance to many thousands of my constituents are the provisions of title III which authorizes an additional \$2.9 billion over 4 years for urban renewal grants, and requires HHFA to conduct a study of building codes, zoning, tax policies, and development standards. Although falling within the urban renewal program, it permits inclusion of areas which are not so blighted as to require urban renewal treatment, and thus will cover the so-called gray areas to permit many to retain and rehabilitate their homes. The humanitarian aspect, while not measured in dollars and cents, is considerable, for these are in many instances years-long home owners who are eager to remain in the community they know and like but who for one economic reason or another, are precluded from making capital investments in older homes.

I am particularly pleased to note this bill embodies a proposal which is contained in H.R. 1573 which I introduced at the opening of this Congress. This same proposal was also contained in bills introduced by me in the past two Congresses. H.R. 1573 provided that qualified small business concerns could obtain from the Small Business Administration guarantees for the payment of rental under leasing of commercial and industrial property in those instances where stringent credit requirements make it impossible for well-established, sound small businessmen to obtain leases. The bill before us limits this assistance to only those small businesses displaced by urban renewal. I am pleased to support this provision. Hearings by my Small Business Subcommittee during the last Congress and by the newly formed Subcommittee on Urban Small Business Problems chaired by my good friend Congressman JOHN C. KLUCZYNSKI during the current Congress have revealed an acute need for legislation providing this assistance. It is my hope, however, that in the near future the Congress will see fit to make lease guarantees available to all small businessmen regardless of reason for seeking entry into shopping centers or similar spaces.

Let me point out that if we fail to enact this legislation, more than three quarters of a million families will have no hope of leaving the slums for decent homes. Our communities will be blocked in their efforts to build and rebuild a better environment. This is a national problem, and it is the result of large population movements to urban centers. This is especially evident in my State of California, but the condition is identical in all urban areas of the country.

Let me urge you to give this legislation your affirmative vote. You will thereby replace ugliness with beauty, despair with hope, and make the Great Society a fact instead of a phrase.

Mr. WALKER of Mississippi. Mr. Chairman, as I view title I of the omnibus housing bill, I find it most objectionable. To me, the entire idea of rent subsidization by the Federal Government is one not worthy of adoption. I would like to remind my colleagues that this great Nation of ours was built on

individual incentive, and not on the Federal handout. Title I of H.R. 7984 is not merely rent subsidization, but I am sure that if viewed in the proper perspective, most anyone would admit that it is income subsidization.

As has been stated previously, by my colleagues who oppose this section of the bill, the proposed rent subsidization will kill the incentive of the individual who participates in this Government handout, the very same individual that the bill is designed to help.

For years now, our great country has been fighting not only the Communist Party, but the entire philosophy of communism. Mr. Speaker, while we condemn this ideology on one hand, some of my colleagues on the other hand are, in my opinion, encouraging it by legislating some of the same socialistic principles that are advocated by the Communist doctrine. Let me point out just a few of the frightening pieces of legislation that are leading us down the road to socialism and ultimately to communism.

First, there is the Federal aid to education bill which opens the door to Federal control of our longstanding system of public education. Next is the proposed medicare bill which is the first step toward socialized medicine. The voting rights legislation, already passed by the Senate and soon to come before this House, will again move us a little closer to the Communist's doctrines through its discriminatory application, and now, this proposed rent supplement program that may destroy the individuals desire for self-improvement.

Mr. Chairman, in each of the above mentioned pieces of legislation, more authority is taken away from the individual; whether he be a doctor, a voter, a property owner, or an educator—and more power placed into the hands of a strong, centralized, bureaucratic government. In the case of the rent subsidization program, the bureaucratic enforcer is the Housing Administrator, who will have discretionary powers to approve or reject petitions of the individual.

As a newcomer to this great legislative body, I am shocked at the great risks Congress is taking—the risk of abolishing individual incentive in the name of helping the poor, and, I might add, it does not take a great deal of seniority to see the immense dangers that legislation of this nature poses to our way of life.

How long must our country travel down the road toward collectivism and welfareism before it is awakened to the dangers that lie ahead? President Johnson recently made a statement to the effect that the 89th Congress would go down in history as the most effective Congress our country has ever had. I fear that instead, history may well record the 89th Congress as the most destructive to the American way of life.

As a Representative of the people of my district, I cannot, in good faith, bring myself to support this Great Society handout.

Mr. EDWARDS of Alabama. Mr. Chairman, we need in this country today not so much in new housing schemes of various kinds but rather a clarification

and coordination of existing housing programs.

We are building the Washington bureaucracy into a gigantic and uncontrollable monster where housing and various urban programs are concerned. Already the right hand cannot and does not know what the left hand is doing, and for us to continue today in this same direction is a tragedy for all Americans.

I have to oppose the establishment of a 3-percent interest rate for three of the housing programs in this bill. The Government should not borrow money at an interest rate higher than that at which it lends.

Even in times of fiscal solvency this practice adds unnecessarily to the taxpayers' burdens and complicates the Government's monetary problems. It is pure folly at a time when we are operating with huge deficits and in the face of a serious balance-of-payments problem.

The bill involves spending of anywhere from \$6 to \$13 billion and commitments of up to 40 years in time whether housing needs over that period warrant further action or not.

Experience in recent years has shown that public housing authorizations have not been fully utilized by local authorities. Why, then, are we asked today to authorize 140,000 additional units?

The rent supplement plan as proposed by the President is especially objectionable. Shortly after it was first proposed I included the following question in a questionnaire sent to homes in the First Congressional District of Alabama: "Would you support a program of Federal rent subsidies to low and middle income families?"

Of the many thousands who responded 82 percent indicated they would not support the program. Several respondents wrote in comments asking if the question was some kind of joke.

We are told this rent supplement plan would be an experiment. But what kind of experiment is it that calls for 40 years of trial at a cost of \$8 billion?

The rent plan would not provide the housing help where it is needed most crucially. The greater part of the assistance would go to those who least need it. This kind of Federal aid without regard to valid need characterizes several administration programs of these past 4 years, and I wonder if some of us will not encounter some difficulties in making explanations to citizens who will some day learn what is happening.

The rent supplement plan would kill the incentive of American families to improve their living conditions through their own efforts. It would discriminate against people who do not want this kind of handout.

And there is considerable cause for concern in the methods which might have to be used to enforce provisions of the system. Intrusion of Federal agents into the private lives of American citizens has already progressed to an alarming point. All of those who, like myself, are concerned with individual liberties and freedom from an oppressive Government tyranny, should be alert to the new growth of Federal

Government power which is wrapped up in this bill.

The bill takes another giant step toward putting the Federal Government in charge of local housing development and individual enterprise.

It is a step which each one of us ought to consider very carefully.

Mr. BETTS. Mr. Chairman, of all the New Frontier and Great Society programs, few have disturbed me more than the rent-supplement provisions of the Housing Act of 1965. This subsidy scheme is one of the most far-reaching and dangerous plans to come before the House in a generation. I believe it has been rightly described as foreign to American concepts. It goes to the root of private ownership—killing the incentive of the American family to improve its living accommodations by its own efforts. This cynical device virtually destroys the normal desire for homeownership; it makes renters wards of the Government. My Republican colleagues on the Banking and Currency Committee, on which I served for 8 years, have referred to this proposal as "the way of the socialistic state."

Many of my distinguished colleagues on both sides of the aisle have presented an analysis and salient comments on the rent subsidy plan. I leave the intricate line-by-line examination to them. My purpose in present these remarks is to firmly establish my opposition to what Housing Administrator Weaver has termed "a vital part of the proposed administration bill."

Some of the best reasons for the defeat of this provision have been discussed by my friend and colleague from Ohio [Mr. STANTON]. At the risk of repetition I would like to review them as he has presented them.

It is a new program ostensibly directed at providing housing assistance for low-income families. Yet the same bill provides 60,000 additional public housing units for each of the next 4 years—almost twice the public housing rate for the past several years.

It holds out a false hope to 8 million low-income families—presently living in adequate shelter—that they, too, are entitled to have part of their shelter costs paid by the American taxpayers.

The upper income limits for determining eligibility for rent supplements are vague and subject to arbitrary decision by government officials as to the ability or inability of a family or individual to obtain standard shelter with 25 percent of income. The bill contains no maximum rent supplement for any one family or individual.

It would propose a "means test" on low-income families and cause Government employees and neighbors (according to HHFA Administrator Weaver's testimony) to pry into family income sources to make sure that the rent supplement is of proper amount.

It was advocated by the Administration to permit the phasing out of the FHA section 221(d)(3) below-market interest rate program (presently 3½ percent)—an objective sought by the Budget Bureau because of the impact of the latter program on the budget. Yet the committee has approved a 4-year extension of the program with a 3-percent rate, thereby removing the primary motivation for the rent supplement program.

It would authorize the Housing Administrator to contract with private agencies for

services in the selection of tenants and delegate to such private agencies the authority to issue certificates of eligibility to receive Federal rent supplements. This delegation of Government responsibility to non-Government entities in selecting the beneficiaries and the amount of a Federal rent dole is without precedent.

It would provide rent supplements for elderly and handicapped persons, yet there are three Federal housing programs for such persons already in existence, i.e., (1) public housing, (2) direct submarket interest rate loans, and (3) FHA section 231 housing.

It would provide rent supplements for persons displaced by Government action notwithstanding the existence at present of a variety of housing programs and other benefits for these people, i.e., public housing, FHA section 221 (d) (2), (d) (3), and (d) (4), and relocation allowances.

In its inception the rent supplement program was not intended for low-income families. To insist now on the program as one limited to low-income families is to cling to the form when the objective is no longer in sight. A new multi-billion-dollar housing program, committing the American taxpayers to 40 years of disbursing a rent dole, should rest on firmer foundation and be the product of more thorough staff preparation.

By making rent supplements a permanent long-range (40 years) housing program to neutralize high rent levels flowing from high interest rates, the Congress would materially impair the many years' effort by some industry and public interest groups to bring about a reduction in interest rate levels. The proposed rent supplement program reflects a surrender to high mortgage interest rates.

It is limited to new construction, yet the largest source of housing for low-income families is the existing housing inventory. The rent supplement program is premised on the mistaken belief that this group must have new dwellings.

With these arguments in mind, it seems incredible that this subsidy scheme should be approved by this House.

Mr. McDOWELL. Mr. Chairman, it is my intention to vote for H.R. 7984, for I firmly believe that its many advantages far outweigh those few areas where it may need further improvement. This bill merits the prediction the President made some weeks ago, at the convention of the National Association of Home Builders in Washington, that it will be one of the finest housing bills ever developed.

This bill includes a number of suggestions put forward by leaders in our home building industry. Some of these suggestions were included in the bill which President Johnson sent to Congress, and more of their suggestions were included by the Housing Subcommittee after extensive hearings, at which industry leaders testified.

Perry E. Willits, president of the National Association of Home Builders, sees the need for preserving old neighborhoods as centers of modern urban life and activity, and he calls for the retention of the inherent individuality and character of neighborhoods, with the emphasis on rehabilitation instead of the bulldozer and clearance. This is in line with President Johnson's views, and the intent of the Congress, for, in signing the Housing Act of 1964, the President declared that:

The plight of property owners in urban renewal areas is recognized in this measure. Provision is made so that they can rehabilitate their homes and businesses instead of having to move from the path of the bulldozer. Looking ahead, this measure assists local communities in enforcing housing codes so blight does not develop or persist in the future.

It would be helpful to recall President Johnson's view of the goals of this bill we are considering here today, as set out in his message to the Congress on March 2 of this year, on the Problems and Future of the Central City. In that great message he said:

We hope to achieve a large increase of homes for low- and moderate-income families—those in greatest need of assistance—through an array of old and new instruments designed to work together toward a single goal—to insist on stricter enforcement of housing codes by communities receiving Federal aid, thus mounting an intensified attack on slums. Using both urban renewal funds and public housing funds to rehabilitate existing housing and make it available to low- and moderate-income families. There is no reason to tear down and rebuild if existing housing can be improved and made desirable.

We have concentrated almost all our past effort on building new units, when it is often possible to improve, rebuild, and rehabilitate existing homes with less cost and less human dislocation. Even some areas now classed as slums can be made decent places to live with intensive rehabilitation. In this way it may often be possible to meet our housing objectives without tearing people away from their familiar neighborhoods and friends.

I am deeply impressed not only by the tools provided by this administration and by Congress in the Housing Act of 1964 and in the present bill, H.R. 7984, but by the support which the homebuilding industry as a whole is giving the President and our Democratic administration in the development of a new, more realistic, and more humane approach to the housing problem. In fact, the Housing Act of 1964 was so good that it was supported by an overwhelming bipartisan majority of 5 to 1 in the House last year. The present bill will also have overwhelming support in the House because it, too, is a good bill.

Before I leave the subject I would like to point out the similarity of approach of President Johnson and the homebuilding industry to the problems of housing with a reference to the testimony given by Perry E. Willits before the Subcommittee on Urban Small Business Problems of the House Select Committee on Small Business on June 8 this year. He told the subcommittee members that:

It is increasingly believed that complete redevelopment through removal of existing structures and the building of huge new projects should be reserved only for those areas so hopelessly blighted as to be beyond the possibility of restoration.

Not only does the "bulldozer approach" require vast expenditures, but in the process small businesses—the corner pharmacy and the tobacco shop, the neighborhood restaurant, perhaps in business for a generation or more—are uprooted and destroyed.

Their successors will most necessarily be units of farflung chainstore operations, since satisfactory mortgage financing for the new redevelopment commercial project can only be obtained on the basis of long-term leases with national, triple-A rated tenants.

Complete renewal of our cities, of course, is not the answer. In fact, the cost, which is estimated at \$1 trillion, is so staggering as to immobilize us, preventing any kind of action.

We might well study, investigate, and research these problems on at least some modest scale in contrast to the almost nonexistent scale to which we have become accustomed. If we can afford billions for space research, we can certainly afford millions for urban research.

The present bill, H.R. 7984, builds on these views of President Johnson's administration and leaders in the homebuilding industry, and emphasizes rehabilitation, code enforcement, relocation assistance, and provides a new concept of fair and just compensation for businessmen and homeowners whose property is taken in urban renewal projects. A number of the provisions of H.R. 7984 are similar to provisions in my own housing bill, H.R. 7041. The need for such provisions to advance the rehabilitation process is widely recognized, and the failure of the present system to provide fair, just, and evenhanded compensation for property taken in Federal and federally aided programs has been shown by a number of studies; such as, for instance, that by the Select Subcommittee on Real Property Acquisition of the House Public Works Committee. This study of compensation and assistance for persons affected by real property acquisition covered a 2-year period and hearings were held throughout the country. Significant work, as in this area, was also done by the Advisory Commission on Intergovernmental Relations, which showed that in the next 4 to 8 years Federal and federally aided programs, including housing and urban renewal, will displace annually an average of 111,000 families and individuals, 18,000 businesses, and 4,000 farm operators. Eugene F. Foley, Administrator of the Small Business Administration, told the House Select Committee on Small Business that studies by the Select Subcommittee on Real Property Acquisition of the House Public Works Committee showed that nearly 35 percent of the businesses displaced by urban renewal fail to reopen their doors. Mr. Foley and Mr. Willits are to be commended for calling the attention of the Nation to these problems faced by small business.

President Johnson in his message to Congress has urged us to take steps to meet the needs of those millions of families in our cities, towns, on farms, and in rural areas who live in substandard housing. The Housing and Home Finance Agency has declared that "our existing housing programs cannot fully cope with the problem" of the 13 million substandard homes in our country. I confidently believe that this bill, H.R. 7984, and the earlier bill, H.R. 6927, to establish a new Department of Housing and Urban Development, are long steps forward and do provide the means to enable us to cope with the problems of blighted and slum housing.

In conclusion, I would express the hope, as I did last year, that the best features of both the Senate and House bills will be retained by the House and Senate conferees, as they did last year,

which made the Housing Act of 1964 such a great legislative enactment. The spectacular success of our national homebuilding industry to provide homeownership to millions of our citizens is one in which we can all take pride. We have failed, however, to solve the problem of providing homes within the reach of the poorer families. Public housing has failed to meet this need; new tools must be forged, tested, and perfected, so that in our time and for the future, we as a Nation can house all of our people in safe, sanitary, decent housing.

I commend Chairman BARRETT and all of the members of the great Subcommittee on Housing of the Committee on Banking and Currency who have developed such an effective housing bill, and I am glad to give my wholehearted support of this legislation contained in H.R. 7984.

Mr. O'NEAL of Georgia. Mr. Chairman, I would like to go on record as being opposed to the Housing and Urban Development Act of 1965. Any merits contained in the proposal do not justify passage of this unsound piece of legislation.

In the interest of time, I will restrict my objections to the most diabolical section—the rent supplement proposal.

The formula for providing rent supplements would allow a low- to moderate-income family to occupy the same accommodations as it could if its income increased substantially. Yet, the Government subsidy would be taken away if the family income should reach a certain level. It is therefore apparent that the tenant would not be encouraged to work hard only to lose his Federal dole. In fact, the rent supplement would be decreased in proportion to an increase in family income.

Also to be considered is the family of adequate means whose neighbors are receiving the dole. The rent supplement proposal would provide reverse incentive for such a family to earn less but get more from the Federal Government. Why should that family be forced to pay taxes which in effect are applied to the neighbor's rent bill?

This absurd proposal not only kills family incentive to improve rental accommodations by its own efforts, but it also destroys the cherished goal of homeownership. Commonsense will tell you that high rent cost is a stimulant to homeownership. The average American family realizes that the rent dollar can be applied to mortgage payments as an investment for the future. However, a family receiving rent supplement would not be encouraged to purchase a reasonably priced house when it can live in a more expensive apartment. The rent subsidy, of course, could not be applied to house payments.

The reasons I have briefly outlined provide sufficient justification for my opposition to the housing bill under consideration. But I should add that inestimable amounts of money obligated for up to 40 years to implement the rent subsidy scheme is equally distasteful and disturbing.

Mr. ANNUNZIO. Mr. Chairman, I rise in support of the Housing and Urban Development Act of 1965, H.R. 7984.

As a member of the Banking and Currency Committee which reported the bill, I wish to express my unqualified support for the measure. I also want to extend my congratulations to the chairman of the Subcommittee on Housing, my distinguished colleague from Pennsylvania, the Honorable WILLIAM A. BARRETT, for the outstanding job done by him and the members of his Housing Subcommittee.

I want also to compliment the distinguished chairman of the full committee, the Honorable WRIGHT PATMAN of Texas, for the fair manner in which this bill was handled in executive session. All members of the full committee were given an opportunity by the chairman to participate in the hearings and to fully discuss the bill.

I am proud to have participated in the deliberations which produced a measure of such vision and understanding.

Not since the landmark Housing Act of 1949 has the Congress had before it housing legislation with such great potential for improving the physical environment of the American people.

It is above all, a realistic bill—one that recognizes the housing problems of the American people as they are, and comes to grips with them in a bold and meaningful way.

It recognizes, first of all, that building more and more brand new housing units—essential though that is—cannot be the sole answer to the problems posed by the deterioration of existing housing. The bulldozer and the luxury high rise cannot be the only response to urban decay.

Like most other American cities, my own city of Chicago has been confronted with all the problems of urban blight. Our past programs combined with the unstinting efforts of civic leaders and private enterprise have succeeded in the rehabilitation of large areas of our central cities as shown by Chicago and other cities.

All across the country, millions of dollars of private capital have been poured into the task of rebuilding the core business districts of the Nation's cities; and today we can see magnificent structures housing thousands of office workers and business establishments in every major urban area. From New York to Pittsburgh to Cleveland to Chicago to Los Angeles, the central core of the city has undergone a remarkable renaissance.

But our responsibility and our concern must extend beyond the business district of the core city. Grave housing problems remain in both the core and fringe areas of our cities with over 4 million substandard housing units throughout the Nation's urban areas. If we are to attain our goal of a decent home for every American family, we need to press the attack on the slums with a whole new arsenal of weapons.

It is not enough—and this bill recognizes that it is not enough—simply to barge in with a bulldozer and level entire neighborhoods. We must have a hous-

ing policy that is sufficiently flexible to discriminate between those areas where there are growing spots of decay and those which are irreparably blighted.

The measure before us directs the urban renewal program into a greater emphasis on conservation and rehabilitation. It provides for greater housing code enforcement, for a program of low interest loans to improve property, and one of grants to finance needed repairs.

In short, this bill throws up a whole series of new barriers to the galloping process of urban decay. And in so doing, it seeks to avoid the waste of material resources and the personal tragedies that are sometimes involved in the displacement of whole communities from dearly loved neighborhoods.

The bill also recognizes the critical housing shortages that exist on the campuses of American colleges and universities. Action in this area is an integral part of the overall effort we must make to meet the Nation's educational needs if we are to keep faith with the youth of America.

College enrollment over the last 25 years has more than tripled—to better than 5 million this year. By 1975, it will have increased to 8.6 million. All of these students must be housed while they are acquiring their education. And the institutions of higher learning which are struggling so valiantly to meet this challenge must have assistance.

Consequently, the college housing program which has already served the Nation so well for 15 years receives a deserved reaffirmation under this bill. It provides for increases of \$300 million in the college housing loan program for each of the next 4 years, and it lowers the interest rate on these loans to 3 percent.

Finally, the bill also expands the program so as to permit loans to provide parking facilities for students and faculty.

Most importantly, the bill recognizes that while there has been a gratifying increase in housing production over the years, the needs of low- and moderate-income families have been largely overlooked. The bill faces up to this problem squarely and, for the first time, undertakes a massive program to meet these needs.

For example, the public housing program, which, for so many years, has been the sole instrument for providing housing for low-income families, is extended with a substantially increased authorization of funds. Over the next 4 years, an additional 240,000 low-rent public housing units will be built.

The bill would also harness the energies and genius of American private enterprise by initiating a rent supplement program to help meet the housing needs of low- and moderate-income families. The essence of the rent supplement program is housing that is privately constructed, privately financed, and privately owned, with Government assistance in the form of FHA mortgage insurance and rent supplements to help families which cannot find standard housing, even with 25 percent of its income.

This program is, beyond question, the most significant feature of this outstanding bill. I can well understand why the President has called rent supplements "the most crucial new instrument to improve the American city."

I said earlier that this bill expresses vision and understanding. It is one of the finest bills that I have been privileged to support. It encourages vigorous housing production; it comes to grips with the need for conservation and rehabilitation of our urban resources; it provides needed assistance to our institutions of higher learning; and it faces up to the housing needs of low- and moderate-income families in a compassionate and effective way.

I urge that the Congress enact this bill into law.

Mr. MINISH. Mr. Chairman, I rise in support of H.R. 7984, the Housing and Urban Development Act of 1965.

This bill will continue vitally needed assistance to our cities for housing and urban development and authorize important new programs to increase the supply of housing, particularly for low-income groups.

I support this bill because of what it will do to help the cities meet the enormous problems they are facing as a result of urban growth and the move to the suburbs, and the decay of central cities.

As a member of the Banking and Currency Committee I am proud that we have reported such a far-reaching bill which will stand as a landmark in the history of housing and urban legislation.

The prevention of slums, the clearance of slums, the provision of housing for our lower income families, and the provision of community facilities are essential to the growth and prosperity of our cities and to the well being of our people.

The bill will help to do all these things. Without it, they simply cannot be accomplished.

The bill would continue a high level of Federal assistance to urban renewal for another 4 years. It would amend the law providing this assistance so that more emphasis will be placed on rehabilitation and conservation. This will help prevent the future growth of slums. It will also help avoid the displacement of families and businesses that occurs when slums have to be cleared. Nevertheless, where cities have to clear slums, the bill will help them to do so by continuing the availability of capital grants for urban renewal.

More generous assistance will be provided under the bill to those who are displaced by slum clearance. For example, small businesses who are forced to move could be given lease guarantees. This will help them find another place in which to carry on their businesses and reestablish themselves. The amount of readjustment payment that can be made to these small businesses by the Federal Government will also be increased from \$1,500 to \$2,500, and the amount they can receive for moving expenses will be much more realistic than it is now. These provisions will do a great deal to

preserve the small businesses that make up a large portion of the commercial activities of our cities.

Under a new program authorized by the bill, a homeowner in an urban renewal area, who cannot afford to do the repair work necessary to bring his home up to the urban renewal requirements, could be given a grant to finance the cost of these improvements. This should prove of special benefit to elderly homeowners. The 3-percent rehabilitation loan program for both business and residential properties in urban renewal areas will also be continued with an increased authorization. These aids will help prevent displacement and the growth of slums.

The rent supplement program in the bill will provide a new and important tool for helping lower income families find decent housing that they can afford. The housing will be privately built, privately owned, privately managed, and privately financed. This provision has received much discussion here and I need not go into it further, except to say that I thoroughly support it.

The changes made in the low-rent public housing program will make it easier for cities to provide low rental housing for low-income families. Under the bill, existing housing in the community, which is suitable for public housing, could be utilized for this purpose rather than building large new projects. This means that low-income housing can be provided much more quickly. In many cases, existing housing can be better suited for large families. Additional new public housing would also be authorized.

The provision of community facilities, and health, recreation and community centers continues to be a grave problem for our cities. This bill would authorize new programs of grants to help them provide these facilities which are so essential to complete urban living.

New grant assistance would also be provided to help cities acquire and preserve open space land, and to beautify their streets and public places. Because open space land is so scarce in the cities, grants could also be made available for the acquisition for land that has to be cleared in order to make it suitable for use as parks, playgrounds, and other open space purposes.

Because I come from a big city and know firsthand of the great need of the cities for the help provided by this bill, I am an enthusiastic supporter of this bill. I hope it will receive the overwhelming support of the House of Representatives.

Mr. BENNETT. Mr. Chairman, the legislation before the House today includes a provision subject to grave question, and one which I believe needs further study. This is the recommendation for a new program of rent supplements for moderate-income families.

Federal subsidies for rent are not new, but prior to this legislation, it was limited to low-rent public housing for the poor and to military and other Federal personnel in special circumstances.

This bill today provides a comprehensive program in the new, moderate-in-

come field for the next 4 years. The provision for rent subsidies seems to me to be a program which demands more concrete study by the Congress, mainly because of the question of who will be helped and who discriminated against by this program, and because of the estimated cost to the taxpayers.

The cost to the taxpayer ranges from the Housing Administrator's conservative estimate of \$4.7 billion as the 40-year cost, to the estimate by a more conservative element to \$8 billion for the entire 40-year period. The Council of State Chambers of Commerce views the program as one of doles, costing ultimately \$5 billion annually.

These are shocking figures to me, especially when we realize we have a planned deficit of \$5 billion this year and a national debt reaching \$318 billion. Although many causes for the current adverse fluctuations in the stock market have been stated; personally, I feel that this may in fact be because of a lack of public confidence in the ability of Congress to say "No" to unrealistic, fiscally unsound proposals which may appear politically attractive. If this be the fact, the strength of our economy might well be served by negative action on this proposal, at least until its limits are more definitely ascertained.

I believe we may have rushed into this program too fast, offering in some areas too much, and in others perhaps not enough.

A more realistic approach to the problem would be to provide assistance to individuals with low incomes by reducing the amount of income tax they pay to the Federal Government.

A tax reduction to a bare minimum for low-income families is the basic tenet of my bill, H.R. 6872, introduced earlier this year, which would reduce the income tax to \$5 for those citizens classed in the poverty status to eliminate the need for handouts from the Federal Government, such as the proposed rent supplement program.

This legislation of mine is designed to halt the tendency of Government to tax low-income groups while keeping them in the subsidy and welfare class. It could take the place of a major spending program, such as the one before the House today.

I hope the Congress will seriously consider this tax reduction idea, and I also hope further study and attention will be given to the rent supplement plan—a program, which at the least, makes the individual more dependent on a paternal Federal Government.

Mr. GILBERT. Mr. Chairman, the growth and decay of our cities, the rising population, and the health and welfare of the people of our Nation require the vastly expanded program of housing provided in H.R. 7984, the Housing and Urban Development Act of 1965. We must eliminate the critical housing shortage and eradicate substandard housing through clearance of slums and blighted areas.

The bill before us is vitally important to the people of my 22d Congressional District of New York, as it is to every densely populated area. Eight million

American families now live in substandard housing, many of whom cannot afford decent housing. One-half of these are either elderly or handicapped.

In New York we still have a very critical shortage of housing in spite of many new units in recent years, one-third of which have been low-rent housing projects. New York has about 250,000 units of substandard housing, a large portion of which is slum housing. We have had a substantial amount of construction, repairs, and rehabilitation. Much remains to be done, however. We need to convert neighborhoods where the poor live into better places for them—making them more livable with small parks, health centers, shops, and social facilities. The housing need is most urgent in areas where the poor live. The competition for housing they can afford is too great, and the housing they do get is the very worst.

I receive letters almost daily from families in my congressional district, requesting assistance in locating better housing because of crowded conditions and rents they cannot afford, but are forced to pay, for very inadequate and substandard living quarters. In New York City, we now have over 650,000 on the New York City Housing Authority waiting lists. Some 1.25 million live in substandard housing. They feel trapped with little or no hope of improving their housing conditions. It is no exaggeration to say the lives of the children of these families are being ruined and they will pay dearly for this neglect of their plight.

Mr. Chairman, public housing remains the only means by which families of low income can obtain suitable housing and at rents they can afford. Although we have made progress, there still exists a grave shortage. Any investment our Federal Government makes in providing good, low-rent housing will be amply repaid in many ways; it will provide needed improvement in the morale of our citizens and will lessen the many serious problems created by substandard housing. Suitable housing, as we all know, is an extremely important factor in combating juvenile delinquency, crime, and disease.

Mr. Chairman, I support section 101, the rent supplements program, which would complement the existing public housing program and offer low-income families another alternative to the choice between slums and regular public housing. The rent supplement payments would be made in behalf of a family unable to obtain standard privately owned housing in his community at a monthly rental which is equal to or less than one-fourth of his monthly income. Low-income families spend more proportionately per unit for housing than other families; often a family with a low income is forced to spend as much as 35 percent of its income on housing. The rent supplements program would be made with respect to privately built, privately financed, and privately owned housing. In addition to being low income, the family would have to be either elderly or handicapped, displaced by

government action, or now living in sub-standard housing.

Other desirable features of H.R. 7984 are the continuation of public housing and urban renewal, the highly successful college housing program, housing for the elderly, the continuation of the below-market-rate loan insurance program for middle-income housing and rural housing.

With regard to middle-income housing, I have felt that we have neglected those people in moderate income brackets who earn too much for public housing and yet cannot afford privately built, nonassisted housing.

Mr. Chairman, the urban renewal program continued by this legislation is of utmost importance. It will assist housing authorities in providing housing for very low income displacees at below average rentals; it will continue to make low-income displaced single persons eligible for public housing, will assist small businesses displaced by urban renewal, and will authorize the FHA to continue to insure below-market interest rate loans for moderate-income elderly persons who own homes in urban renewal areas, to enable them to rehabilitate instead of being forced to sell. President Johnson said, in his Housing Message:

We must continue to use urban renewal to help revitalize the business and industrial districts which are the economic base of the city * * * but this program should be more and more concentrated on the development of residential areas.

In New York there are many thousands of elderly of low incomes who need housing desperately. The provisions of this bill which will help our elderly are sorely needed.

I am pleased the bill contains a provision which I recommended for insurance mutuality for 213-management-type housing cooperatives. This would be done by the creation of a separate mortgage insurance fund for this type of housing.

I had hoped the bill would contain a provision that would allow New York State to participate in the public housing program with greater references to need than in the present formula which limits each State to no more than 15 percent of the annual contribution contracts a year. Our present need for public housing in New York City alone is estimated to be more than 250,000 units.

H.R. 7984 has a new program for matching grants to local public bodies for the construction of water and sewer facilities, and new programs for grants to build community centers to provide urban parks and beautification. I am glad that priority here is to be given to projects that would benefit low-income areas. The provision of adequate community services will make economic and social contributions toward communities by reducing the heavy costs of ill health and juvenile delinquency.

Mr. Chairman, aside from the many important provisions of this bill, another benefit will be the boost it will give to employment. Unemployment still is a serious problem, and the construction this legislation will provide will give jobs

and incomes to many, thereby helping our entire economy.

I commend Chairman PATMAN of the Banking and Currency Committee and Chairman BARRETT of the Housing Subcommittee and other members of the committee for their untiring efforts and accomplishments in reporting what I consider a practical and workable housing bill.

Mr. Chairman, I support H.R. 7984, the Housing and Urban Development Act of 1965, and urge approval by the House. We must make every effort to remedy the serious housing shortage and eliminate substandard housing through slum clearance; we must work toward the goal of a decent home and suitable living environment for every American family.

Mr. RYAN. Mr. Chairman, during my three terms in Congress, I have spoken many times in support of progressive housing legislation. I have introduced a number of bills to improve our present programs and to create new ones. Throughout the years, I have testified before the Housing Subcommittee of the Banking and Currency Committee. This year I testified in regard to the bill before us. I am pleased to say that many of the concepts that I have proposed have been incorporated.

However, Mr. Chairman, although far more has been accomplished during the past 5 years than in the previous 10, I cannot in good conscience view either the Housing Acts of 1961, 1962, or 1964 as adequate to meet our housing need. While I support the Housing Act of 1965, H.R. 7984, I must reflect on the apparent lack of congressional responsibility in meeting the housing needs of the Nation.

Mr. Chairman, we face a critical housing shortage today just as we did in 1937 when Congress passed the landmark bill that created our present public housing program. Congress passed the Housing Act of 1949, which was intended to guarantee a decent home and living environment for every American. But the full support of the Federal Government has not been placed behind our Nation's housing efforts. We have failed to admit and act upon the fact that the housing problem is one of severe housing shortage.

Mr. Chairman, I do not hesitate to say that New York City needs Federal help in its housing problems and needs it desperately.

I know the housing problems of New York City firsthand. They will not be met by H.R. 7984. It is more a palliative for our consciences than a fulfillment of our promises.

Although I speak of New York City, my comments apply to all cities. Urbanization and migration have not been absent from Atlanta or Detroit, Cleveland or Los Angeles. The primary force of growth is common to all cities—large and small. Decay is also found in all urban areas, but it is a major problem in a large metropolis.

The answer to the problem of housing in relation to urban growth is simple. We need more housing and lots of it. We need millions of units more than are now being built.

Current data indicate that housing starts are running at 1.5 million annually. This is far too few. Even the most conservative estimates indicate that at least 1.7 million units are needed in 1965. Some sources estimate a need of 2 million units in 1965 and an average of 2.2 million by 1970.

Actually, new housing production is down 100,000 units a year from its average of 1.6 million in 1963 and 1964.

The Dodge Corp., Dun & Bradstreet, and the McGraw-Hill Publishing Co. all agree that we must be averaging 1.8 million new units of housing annually by 1970 if we are just to keep pace with new household formation and normal housing removal. If we are to substantially upgrade our housing stock, we will have to do much better than that. The HHFA estimates that we will need at least 2 million new housing units a year by 1970 and the Committee for Economic Progress says that we must have 2.2 million a year if we are to provide a modicum of decent housing to all Americans.

Housing starts are now ranging around 1.5 million annually—half a million less than the HHFA estimated annual need in 1970—and industry spokesmen are talking about a possible downturn. Moreover far too many of these new units are in luxury apartments that do not meet present needs.

It is generally accepted that there has been some overbuilding in the high-income housing market and there is reason to believe that New York City has experienced this trend.

Fortune magazine, after mentioning that some New York City developers were offering 4 months' free rent in order to reduce vacancies, recently stated that the "most serious problems of oversupply in apartments are concentrated in one price range, in the so-called luxury buildings."

The New York Times commented early last year:

All are looking for better housing, but very few can find it. Private developers no longer build apartments within the reach of the poor because they would be unprofitable.

Thus the aggregate new housing construction in the Nation is short of the minimum amount needed, and, furthermore, the portion of that already inadequate supply available to low- and middle-income groups is grossly insufficient.

There is but one solution. The Federal Government must make good on its long-outstanding obligation by adopting policies that will drastically increase our housing stock by 1975.

We must start by enacting the Housing Act of 1965. The provisions of this act, which extend present programs, enlarge some authorizations, and provide for new programs of rent supplements, public facilities grants, and land development insurance, can be used as the framework on which to build a comprehensive Federal housing program that can realistically deal with our housing responsibilities.

Under H.R. 7984, the public housing program will be expanded—but not enough. Congress must recognize that

the public housing program is, and has been since 1937, the heart of the Federal housing program.

We cannot turn our backs on the poor.

There is a desperate shortage of housing in some areas of our Nation and those most disadvantaged by this shortage are our poor.

Dr. Robert Weaver, HHFA Administrator, has stated that a principal tool in the new program will "continue to be the public housing program." H.R. 7984 proposes 60,000 units per year for the next 4 years—or 240,000 units over that period.

Let us put those figures in proper perspective. Under this new program there would be—for the whole Nation—60,000 units of public housing a year. But only 35,000 of those would be new units. For 100,000 of the total 4-year program, or 25,000 a year, is to be in existing housing. This is important for the flexibility of the program, and I favor this approach. But what is the value of this concept in areas that already have an acute housing shortage? How will 35,000 new units a year for 4 years make a dent in the need for new housing?

There are millions of families with incomes below \$3,000 that are living in substandard housing. It has been estimated that four out of every five consumer units with incomes under \$2,000 are living in substandard housing.

For example, in New York City, out of 222,000 substandard renter-occupied housing units in 1960, 126,000 units were occupied by families or individuals with a 1959 income of less than \$3,000.

These families will find no immediate relief in the proposed rent subsidy program—they need public housing, and they need it now.

There is an effort to make the public believe that there is presently a massive public housing program underway.

U.S. News & World Report of a few weeks back stated that New York City's "public housing program—although massive—has come nowhere near solving housing problems."

I would like to point out that this massive effort which has failed to solve our housing problem in New York City had, as of the end of 1963, produced 124,700 units of public housing—4.3 percent of the 2,896,000 housing units in the city of New York.

In its own words, U.S. News points out that at the present rate of construction—roughly 6,000 units a year "a family applying now would have to wait 10 years for quarters in a public-housing project."

This is hardly a massive effort. It appears to me that we are deluding ourselves, and believing our critics, when we extol present and past efforts at housing the poor. Actually the performance is shameful.

New York City alone could use the entire authorization for public housing in this bill. As I pointed out in my testimony before the Housing Subcommittee, New York State can expect no more than 4,200 new public housing units a year under the present proposal while the New York City Housing Authority alone receives 100,000 applications a year for public housing.

New York City has over 1½ million residents living in substandard housing. Most of these are children. The adults are Negroes; they are Puerto Ricans; they are old; they are sick; they are unemployed; sometimes they are a combination of these. These are the people that must have public housing. Mr. Chairman, H.R. 7984, as it now stands, will not give it to them. Part of the reason is the statutory provision that no State may receive more than 15 percent of the amount of Federal assistance available for low-income public housing. I have introduced H.R. 3968 to repeal this provision, and I strongly urge its consideration in the near future by the Housing Subcommittee.

Mr. Chairman, I do recognize that the limited expansion of the present program is a step forward from the persistent inertia that restricts Federal activity in housing the citizens of this Nation.

The bill before us provides something that I have advocated for many years—an increase in payments to small businesses relocated from urban renewal projects. This bill increases relocation adjustment payments to businesses which net less than \$10,000 a year by increasing such payments from \$1,500 to \$2,500. I welcome this increase but must point out that it is far from adequate.

I have introduced H.R. 3967 which recognizes the real loss a businessman suffers in relocating. The bill provides for compensation for loss of good will. It also increases compensation to relocated tenants. I hope the Housing Subcommittee will consider this bill in the near future.

Another step in the right direction in H.R. 7984 is the provision for matching grants for public facilities, and still another is the increase of the Federal share of the open space land grant from 20 percent to 30 or 40 percent.

In fact, Mr. Chairman, if this were the 79th Congress instead of the 89th Congress, this would be a fine display of congressional responsibility in the area of housing. This bill is just about 20 years behind the needs of the American people. I want to see it passed, and I am sure that it will pass, but I see no reason to continue the myth that we are fulfilling our responsibilities to the people of this Nation.

Mr. Chairman, the President has called the rent supplement the most crucial new instrument in our effort to improve the American city. With proper application, it could become an important weapon in combating our present housing need.

Although criticism has arisen against the proposal, a careful consideration of the facts will show its advantages. The FHA will, under section 221(d)3 of the National Housing Act, insure mortgages for nonprofit and limited dividend sponsors on privately financed and built housing.

The Federal Government would then supplement the incomes of certain groups of persons—the low-income elderly and handicapped, low-income families displaced by public action, and

low-income families unable to get into decent housing in the existing private market—so that they could afford to live in this newly built or rehabilitated 221(d)3 housing. The supplement would be equal to the difference between their rents and 25 percent of their earnings.

Mr. Chairman, I support this proposal. In many areas it will be useful. But I am concerned that it may not be administered to help alleviate the housing shortage in New York.

Despite the promise of the Housing Act of 1961, the 221(d)3 housing program has not been implemented in New York City. No 221(d)3 housing has been built. FHA regulations are drawn so as to prevent it. Unless the Agency adopts realistic administrative rules, the supplement plan will not be available for New York City individuals and families.

There is another point I want to make. It concerns the method of tenant selection. The commitment of this Congress and of the President to an America in which equal opportunity for all is a way of life has become increasingly apparent. Discrimination in housing is as insidious and obnoxious as discrimination in voting. It perpetuates racial ghettos; it perpetuates de facto segregation in public education. It denies the promise of America. The authority for Federal action to eliminate discrimination in federally supported housing is as clear as the authority to eliminate racial disenfranchisement. The tenant selection process under the Federal rent supplement program should not only be free from racial discrimination, but it should promote integrated housing. Dr. Weaver has said that discrimination on the basis of race, color, or creed will be barred, but it is with deep regret that I note that the rent supplement plan will not be a tool for positive action for racial integration.

And now, Mr. Chairman, I would like to turn to the urban renewal section in H.R. 7984.

Section 303 of title III increases the authorization for capital grants to an aggregate of \$2.9 billion, released over the next 4 years at the rate of \$675 million on enactment; \$725 million on July 1, 1966; \$750 million on July 1, 1967, and another \$750 million on July 1, 1968.

There is no question of the importance of the urban renewal program to the future of our cities, and Congress must insure that the program benefits the people that Congress intended to help.

Every effort should be made to encourage families to remain in the inner city. Great flexibility in the urban renewal insurance program for small rehabilitation projects would be of tremendous assistance.

The Federal urban renewal program has a role to play in the development of our cities. No one could have stated this better than the President when he stated:

Whatever the scale of its programs, the Federal Government will only be able to do a small part of what is required. The vast bulk of resources and energy, of talent and toil, will have to come from State and local gov-

ernments, private interests, and individual citizens. But the Federal Government does have a responsibility.

As the President later pointed out, the role of the Federal Government is to serve as a catalyst for local action. In large part that role requires the expenditure of Federal funds to local communities that have the will to develop, but lack the wherewithal.

Our urban renewal program is a fine example of this principle, but I regret to say that it has not always achieved its objective.

I am particularly distressed over the continued reports of land reuse in the form of luxury housing and inadequate relocation practices.

As I pointed out earlier in my remarks, luxury housing has been overbuilt in New York City. The reason for this is the obvious high cost of land inside the central city. But what is less obvious is why luxury apartments have been constructed on urban renewal land that was cleared with a significant Federal write-down. It is one thing to build luxury apartments on private market land; it is something else again to build a luxury apartment on subsidized land that was formerly occupied by our less fortunate citizens.

I would like to point out that slum clearance and public housing were at one time intimately related. They worked together for the betterment of the low-income family.

In a 1937 pamphlet published by the Housing Division of the Federal Emergency Administration of Public Works, we find it clearly stated that "in any big slum clearance movement, homes must be provided for workers before the slums are wrecked."

It was the policy of the first Government housing authority to build public housing for slum dwellers on vacant land or on the land that was cleared. The whole operation was geared to the resettlement of slum dwellers in decent public housing.

However, there has been a departure from this practice. During the 1950's land was cleared for luxury housing, while a holding action against the construction of public housing was taking place. This distorted the intentions of the original slum clearance program, which was to rehouse the former slum dwellers in public housing. Although massive clearances is no longer the policy of the HHFA, we are still faced with the problems wrought by the practices of the 1950's. The emphasis should be placed, once again, on the close relationship between the urban renewal program and the provision of low-income housing.

Mr. Chairman, while this bill does not go far enough to meet the Nation's housing requirements, I support H.R. 7984 for two reasons. First, it will provide many services that are needed and many communities, especially middle-sized ones will benefit greatly from its passage. Second, I can support H.R. 7984 because it commits the Federal Government to an expanded program. It is a step in the right direction. Each time that a housing bill passes, no matter how inadequate, it brings nearer the day when

Congress will pass housing legislation that is of a magnitude sufficient to do the job.

I am squarely behind this bill. It is a building block, as were the Housing Acts of 1961, 1962, and 1964. This year we are pushing the forces of reaction a little further into the oblivion that they so rightly deserve. Next year, who knows, we might get a housing bill equal to the responsibilities of a modern government to its constituents.

Mr. ASHLEY. Mr. Chairman, the present college housing loan program authorizes the HHFA to make loans to finance college dormitories and related facilities at an interest rate—presently 3¾ percent—determined annually under a formula in the law—the average market yield on all interest-bearing obligations of the United States, adjusted to the nearest one-eighth of 1 percent, plus one-fourth of 1 percent—if the financing is not available from other sources on equally favorable terms. President Johnson requested \$300 million additional authorization for such loans in each of the next 4 years but he did not request any change in the interest rate for such loans. Section 502 of H.R. 7984, the proposed Housing and Urban Development Act of 1965 as reported in the House, would reduce the interest rate on such loans to 3 percent.

College housing bonds sold to non-Government purchasers in 1964 aggregated over \$222 million. College housing bonds sold to non-Government purchasers from February to May 1965 aggregated almost \$100 million. All of these bonds were sold at interest rates above 3 percent but below 4 percent. If the proposed 3-percent rate had been in effect all of these bonds would have been eligible for purchase by the Federal Government, although the fact that they were sold in the private market demonstrates that there was no need for Government purchase of them at a 3-percent rate.

The present 3¾-percent rate under the program is so low, compared to the yield of about 4.2 percent on obligations of the U.S. Government of comparable maturities or 4.5 to 4.6 percent on top-quality corporate bonds, that practically all college dormitory financing by private institutions is eligible at the present rate and part of the dormitory financing by public institutions through tax-exempt bonds is also eligible at the present rate.

The committee report on H.R. 7984 suggests as the only reasons for the proposed reduction in the rate that, first, the assistance intended by Congress has been greatly reduced and, second, typical dormitory quarters financed with money at 3 percent can be rented to a student at \$380 a year while the same quarters financed with money borrowed at 4 percent must be rented for \$430 a year. Available data suggests that neither reason is a correct basis for reducing the interest rate.

First, the rate under the program has fluctuated with the yield on U.S. obligations and as of March 31, 1965, funds had been reserved for a total commitment of \$2.849 billion from an authorized aggregate of \$2.875 billion—with an ad-

ditional \$147 million available through repayments, bond sales, and net income. The program has provided substantially all of the dormitory financing by private institutions and a large part of the financing through tax-exempt bonds by public institutions.

Second, the example of an annual dormitory rental fee of \$380 a year at 3 percent or \$430 a year at 4 percent is based on a false premise because many bond issues sold to non-Government purchasers at rates close to 3¾ percent have financed dormitories where the rental fee will be substantially less than \$300 per year. For example, annual dormitory rental fees will be as follows:

First, \$208 for men and \$248 for women in dormitories financed by the \$4,750,000 issue by Louisiana Polytechnical on May 20, 1965, at a net interest cost of 3.68 percent.

Second, \$192 in dormitories financed by the \$2,544,000 issue by the University of North Carolina on May 14, 1965, at a net interest cost of 3.458 percent.

Third, \$240 in dormitories financed by the \$1,520,000 issue by Central State College of Oklahoma on April 18, 1965, at a net interest cost of 3.67 percent.

Fourth, \$216 for dormitories financed by the \$645,000 issue by Glenville State College, W. Va., on June 11, 1964, at a net interest cost of 3.711 percent.

Fifth, \$290 for dormitories financed by the \$9.6 million issue by Wyoming University on May 26, 1965, at a net interest cost of 3.78 percent.

I urge support of an amendment to strike section 502 of H.R. 7984, thereby eliminating the provision to reduce the interest rate under the college housing program to 3 percent and leaving the rate as determined under the present formula because:

The proposed 3-percent rate would actually delay construction of needed college dormitories because many institutions which would otherwise obtain financing immediately in the private market will wait to obtain 3-percent funds and the proposed authorization would not satisfy this increased demand.

The proposed 3-percent rate would simply substitute Federal financing for private financing for a large volume of dormitory issues which could be sold in the private market at reasonable rates which would permit reasonable rental fees.

The proposed 3-percent rate would be less than the average yield of interest-bearing obligations of the U.S. Government.

The proposed 3-percent rate would effect complete preemption of college dormitory financing by the Federal Government so that there would be little investor interest in such financing and this would impair the acceptance of such bonds in the private market whenever an institution found it necessary to resort to the private market.

Mr. WIDNALL. Mr. Chairman, I ask unanimous consent that Members who have spoken today have permission to revise and extend their remarks.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. PATMAN. Mr. Chairman, permission was granted in the House for all Members to extend their remarks and to include extraneous matter if germane.

Mr. WIDNALL. Mr. Chairman, I yield back the balance of my time.

Mr. PATMAN. Mr. Chairman, I ask the Clerk to read.

The CHAIRMAN. There being no further requests for time, the Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Housing and Urban Development Act of 1965".

TITLE I—HOUSING FOR DISADVANTAGED PERSONS
Financial assistance to enable certain private housing to be available for lower income families who are elderly, handicapped, displaced, or occupants of substandard housing

SEC. 101. (a) The Housing and Home Finance Administrator (hereinafter referred to as the "Administrator") is authorized to make, and contract to make, annual payments to a "housing owner" on behalf of "qualified tenants," as those terms are defined herein, in such amounts and under such circumstances as are prescribed in or pursuant to this section. In no case shall a contract provide for such payments with respect to any housing for a period exceeding forty years. The aggregate amount of the contracts to make such payments shall not exceed amounts approved in appropriation acts and shall not exceed \$50,000,000 per annum prior to July 1, 1966, which maximum dollar amount shall be increased by \$50,000,000 on July 1, in each of the years 1966, 1967, and 1968.

(b) As used in this section, the term "housing owner" means a private nonprofit corporation or other entity, a limited dividend corporation or other entity, or a cooperative housing corporation, which is a mortgagor under section 221(d)(3) of the National Housing Act and which, after the enactment of this section, has been approved for mortgage insurance thereunder and has been approved for receiving the benefits of this section: *Provided*, That no payments under this section may be made with respect to any property financed with a mortgage receiving the benefits of the interest rate provided for in the proviso in section 221(d)(5) of that Act.

(c) As used in this section, the term "qualified tenant" means any individual or family who has, pursuant to criteria and procedures established by the Administrator, been determined—

(1) to be unable to obtain standard privately owned housing in the area at a rental which is equal to or less than one-fourth of the income of such individual or family; and

(2) to be one of the following—

(A) displaced by governmental action;

(B) sixty-two years of age or older (or, in the case of a family, to have a head who is, or whose spouse is, sixty-two years of age or over);

(C) physically handicapped (or, in the case of a family, to have a head who is, or whose spouse is, physically handicapped); or

(D) occupying substandard housing.

(d) The amount of the annual payment with respect to any dwelling unit shall not exceed the amount by which the fair market rental for such unit exceeds one-fourth of the tenant's income as determined by the Administrator pursuant to procedures and regulations established by him.

(e) (1) For purposes of carrying out the provisions of this section, the Administrator shall establish criteria and procedures for

determining the eligibility of occupants and rental charges, including criteria and procedures with respect to periodic review of tenant incomes and periodic adjustment of rental charges. The Administrator shall issue, upon the request of a housing owner, certificates as to the following facts concerning the individuals and families applying for admission to, or residing in, dwellings of such owner:

(A) the income of the individual or family; and

(B) whether the individual or family was displaced by governmental action, is elderly, is physically handicapped, or is (or was) occupying substandard housing.

(2) Procedures adopted by the Administrator hereunder shall provide for recertifications of the incomes of occupants, except the elderly, at intervals of two years (or at shorter intervals in cases where the Administrator may deem it desirable) for the purpose of adjusting rental charges and annual payments on the basis of occupants' incomes, but in no event shall rental charges adjusted under this section for any dwelling exceed the fair market rental of the dwelling.

(3) The Administrator may enter into agreements, or authorize housing owners to enter into agreements, with public or private agencies for services required in the selection of qualified tenants, including those who may be approved, on the basis of the probability of future increases in their incomes, as lessees under an option to purchase dwellings or cooperative ownership interests therein, and in the establishment of rentals. The Administrator is authorized (without limiting his authority under any other provision of law) to delegate to any such public or private agency his authority to issue certificates pursuant to this subsection.

(f) Section 101(c) of the Housing Act of 1949 is amended by inserting "(1)" after "a mortgage under" in the first proviso and by inserting immediately before the colon at the end of such proviso the following: ", or (1) section 221(d)(3) of the National Housing Act if payments with respect to the mortgaged property are made or are to be made under section 101 of the Housing and Urban Development Act of 1965, except that no such mortgage shall be insured, and no commitment to insure such a mortgage shall be issued, with respect to property in any community for which a workable program for community improvement was required and in effect at the time a contract for a loan or capital grant was entered into under this title, or a contract for annual contributions or capital grants was entered into pursuant to the United States Housing Act of 1937, unless there is a workable program for community improvement which meets the requirements of this subsection in effect in such community at the time of such insurance or commitment".

(g) The Administrator is authorized to make such rules and regulations, to enter into such agreements, and to adopt such procedures as he may deem necessary or desirable to carry out the provisions of this section. Nothing contained in this section shall affect the authority of the Federal Housing Commissioner with respect to any housing assisted under this section and under section 221(d)(3) of the National Housing Act, including his authority to prescribe occupancy requirements under other provisions of law or to determine the portion of any such housing which may be occupied by qualified tenants.

(h) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section, including, but not limited to, such sums as may be necessary to make annual payments, pay for services provided under (or pursuant to agreements entered into under) subsection (e), and provide administrative expenses.

(i) Section 114(c)(2) of the Housing Act of 1949 is amended by inserting before the colon at the end of the first proviso the following: ", or a dwelling unit assisted under section 101 of the Housing and Urban Development Act of 1965".

(j) On or before January 1, 1968, the Administrator shall submit to the Congress a full report of operations under this section, together with his recommendations with respect thereto.

Mr. WIDNALL (interrupting the reading of the bill). Mr. Chairman, I understood we were going to read just the title and then rise and go over.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that the first section be considered as read.

Mr. WIDNALL. Mr. Chairman, I should have to object to that unanimous-consent request. I think the section should be read.

Mr. PATMAN. We expect to read the first section and then move that the Committee rise.

Mr. WIDNALL. I had understood that we were going to read the title and then rise.

Mr. PATMAN. I am sorry there was a misunderstanding.

Mr. Chairman, I move that the Committee do now rise.

Mr. WIDNALL. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. Will the gentleman from Texas withhold the motion until we have the parliamentary inquiry?

Mr. PATMAN. I will, Mr. Chairman.

Mr. WIDNALL. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WIDNALL. With the reading of this section, does that mean that if we adjourn over until tomorrow at this time there will still be the possibility of amendment of this section?

The CHAIRMAN. Section 101 will be subject to amendment.

Mr. PATMAN. Mr. Chairman, I now move that the Committee do rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore, Mr. ALBERT, having assumed the chair, Mr. FLOOD, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 7984) to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities, had come to no resolution thereon.

THE IMPORTANT WORK OF KEN BELIEU

(Mr. SIKES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SIKES. Mr. Speaker, it is with great regret that I note the resignation of the Honorable Kenneth Belieu, Under Secretary of the Navy. I consider him one of the ablest members of

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OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
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HIGHLIGHTS: House passed housing bill. Senate Committee voted to report USDA appropriation bill. House committee reported bill to postpone wheat referendum.

HOUSE

1. HOUSING LOANS. Passed, 245-169, with amendments H. R. 7984, the housing and urban development bill (pp. 14669-714). Agreed to an amendment by Rep. Hagen, Calif., to increase from 2,500 to 5,500 the population of a community which may be eligible for rural home loans through the Farmers Home Administration (pp. 14704-5). Title IX of the bill would provide a new \$300,000,000-per-year program of insured housing loans under the Farmers Home Administration in rural areas.
2. WHEAT. The Agriculture Committee reported without amendment H. R. 9497, to extend until not later than 30 days after adjournment of the current session of Congress the date for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning July 1, 1966 (H. Rept. 571). p. 14764

3. EXPORT CONTROL. Concurred in the Senate amendments to H. R. 7105, to continue the Export Control Act for 4 years. This bill will now be sent to the President. p. 14716
4. SALT-WATER RESEARCH. The Interior and Insular Affairs Committee voted to report (but did not actually report), amended, H. R. 7092, to expand, extend, and accelerate the saline water conversion program of the Interior Department. p. D600
5. PUERTO RICO. The Interior and Insular Affairs Committee voted to report (but did not actually report) S. 2154, to amend the act establishing the Commission on the Status of Puerto Rico. p. D600
6. WATER RESOURCES. The conferees agreed to file (but did not actually file) a report on S. 21, the proposed Water Resources Planning Act. p. D601
7. TAXATION. The Judiciary Committee submitted a report on "State taxation of interstate commerce" (H. Rept. 565). p. 14764
8. D. C. APPROPRIATION BILL. Received the conference report on this bill, H. R. 6453 (H. Rept. 568). pp. 14762-3
9. BEEF EXPORTS. Rep. Olsen, Mont., reviewed and commended the efforts of producers, this Department, and others, to increase beef exports, stating that beef does not get its share of our export market. pp. 14761-2
10. FOREIGN AID. Rep. Ryan objected to wheat aid to Egypt. p. 14738
11. LABOR STANDARDS. Rep. Roosevelt inserted responses given the subcommittee by the Labor Department in the course of hearings on amendments to the Fair Labor Standards Act including data on wages paid for work relating to agriculture. pp. 14724-8
12. TARIFFS. Rep. Sikes spoke in favor of his bill to amend the Trade Expansion Act, stating that we should reshape our trade policy to support the better health of our economy. pp. 14738-9

SENATE

13. AGRICULTURAL APPROPRIATION BILL, 1966. The "Daily Digest" states that the Appropriation Committee voted to report (but did not actually report_ this bill H. R. 8370. p. D597
14. APPROPRIATIONS. The Appropriations Committee reported with amendments H. R. 7997 the independent offices appropriations bill, 1966, (S. Rept. 384). p. 14790
15. TRANSPORTATION. Passed as reported S. 1098, to amend the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply (pp. 14827-9). This bill was earlier reported with amendment (S. Rept. 386) (p. 14790).
The Commerce Committee reported with amendments S. 1727, to provide for strengthening and improving the national transportation system (S. Rept. 387). p. 14791

tion his fairness and his great love for the House of Representatives.

So I am proud, indeed, to join in this tribute.

Mr. ALBERT. Mr. Speaker, I thank the gentleman.

Mr. Speaker, along with commending our great chairman, I should also like to commend all members of the Committee on the Judiciary on both sides of the House who have performed a great service to the Congress and to the country.

HAPPY BIRTHDAY, MR. GROSS

(Mr. HALL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HALL. Mr. Speaker, when one addresses his remarks to the 10th birthday of the Republic of the Congo, such remarks might well "scoop me" on the subject of the birthday of a great Republican in the Congress. However, quite properly the gentleman from Ohio [Mrs. BOLTON] did "scoop me" in my remarks about the great Iowan's [Mr. GROSS] natal date; in which all have so enthusiastically responded to the arrival of his 66th year, which is over and above the call of service and the age of retirement. This droll gentleman, this watchdog of the Treasury, this radio reporter of early and extraordinary vintage, this stanch advocate, considered irascible by some but loved by all, and particularly his lovely wife and fine sons, son of the soil from the great farm State of Iowa, trained in Missouri, this friendly statesman, leads me to honor his birthday, by further leave of the Speaker, to make a point of order that there is no quorum present.

Mr. GERALD R. FORD. Mr. Speaker, will the gentleman from Missouri yield to me?

Mr. HALL. I am glad to yield to the distinguished minority leader.

Mr. GERALD R. FORD. Mr. Speaker, unfortunately, because of minority business I was not present when remarks were made by many Members on the floor concerning the birthday anniversary of our colleague, H. R. GROSS, from the State of Iowa. I should like to join with all who have spoken on his behalf. I wish him well for many, many more years both in the House and otherwise.

CALL OF THE HOUSE

Mr. HALL. Mr. Speaker, I make the point or order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 161]

Addabbo	Holland	Rostenkowski
Bonner	Keogh	Shipley
Bow	Long, La.	Springer
Brown, Ohio	Martin, Mass.	Steed
Cahill	Morrison	Thomas
Chelf	Morton	Toll
Dent	Passman	Tupper
Evins, Tenn.	Pool	Willis
Harvey, Ind.	Powell	

The SPEAKER. On this rollcall 406 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

HOUSING AND URBAN DEVELOPMENT ACT OF 1965

Mr. PATMAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 7984) to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 7984), with Mr. FLOOD in the chair.

The CHAIRMAN. When the Committee rose on yesterday the Clerk had read through section 101, ending on line 7, page 7 of the bill.

AMENDMENT OFFERED BY MR. STEPHENS

Mr. STEPHENS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. STEPHENS: Strike out section 101 (beginning on page 2, line 3, and ending page 7, line 7) and insert the following:

"FINANCIAL ASSISTANCE TO ENABLE CERTAIN PRIVATE HOUSING TO BE AVAILABLE FOR LOWER INCOME FAMILIES WHO ARE ELDERLY, HANDICAPPED, DISPLACED, OR OCCUPANTS OF SUBSTANDARD HOUSING

"SEC. 101. (a) The Housing and Home Finance Administrator (hereinafter referred to as the 'Administrator' is authorized to make, and contract to make, annual payments to a 'housing owner' on behalf of 'qualified tenants', as those terms are defined herein, in such amounts and under such circumstances as are prescribed in or pursuant to this section. In no case shall a contract provide for such payments with respect to any housing for a period exceeding forty years. The aggregate amount of the contracts to make such payments shall not exceed amounts approved in appropriation Acts and shall not exceed \$30,000,000 per annum prior to July 1, 1966, which maximum dollar amount shall be increased by \$35,000,000 on July 1, 1966, by \$40,000,000 on July 1, 1967, and by \$45,000,000 on July 1, 1968.

"(b) As used in this section, the term 'housing owner' means a private nonprofit corporation or other private nonprofit legal entity, a limited dividend corporation or other limited dividend legal entity, or a cooperative housing corporation, which is a mortgagor under section 221(d)(3) of the National Housing Act and which, after the enactment of this section, has been approved for mortgage insurance thereunder and has been approved for receiving the benefits of this section: *Provided*, That no payments under this section may be made with respect to any property financed with a mortgage receiving the benefits of the interest rate provided for in the proviso in section 221(d)(5) of that Act.

"(c) As used in this section, the term 'qualified tenant' means any individual or

family who has, pursuant to criteria and procedures established by the Administrator, been determined—

"(1) to have an income below the maximum amount which can be established in the area, pursuant to the limitations prescribed in section 2(2) of the United States Housing Act of 1937, for occupancy in public housing dwellings; and

"(2) to be one of the following—

"(A) displaced by governmental action;

"(B) sixty-two years of age or older (or, in the case of a family, to have a head who is, or whose spouse is, sixty-two years of age or over);

"(C) physically handicapped (or, in the case of a family, to have a head who is, or whose spouse is, physically handicapped); or

"(D) occupying substandard housing.

"(d) The amount of the annual payment with respect to any dwelling unit shall not exceed the amount by which the fair market rental for such unit exceeds one-fourth of the tenant's income as determined by the Administrator pursuant to procedures and regulations established by him.

"(e) (1) For purposes of carrying out the provisions of this section, the Administrator shall establish criteria and procedures for determining the eligibility of occupants and rental charges, including criteria and procedures with respect to periodic review of tenant incomes and periodic adjustment of rental charges. The Administrator shall issue, upon the request of a housing owner, certificates as to the following facts concerning the individuals and families applying for admission to, or residing in, dwellings of such owner:

"(A) the income of the individual or family; and

"(B) whether the individual or family was displaced by governmental action, is elderly, is physically handicapped, or is (or was) occupying substandard housing.

"(2) Procedures adopted by the Administrator hereunder shall provide for recertifications of the incomes of occupants, except the elderly, at intervals of two years (or at shorter intervals in cases where the Administrator may deem it desirable) for the purpose of adjusting rental charges and annual payments on the basis of occupants' incomes, but in no event shall rental charges adjusted under this section for any dwelling exceed the fair market rental of the dwelling.

"(3) The Administrator may enter into agreements, or authorize housing owners to enter into agreements, with public or private agencies for services required in the selection of qualified tenants, including those who may be approved, on the basis of the probability of future increases in their incomes, as lessees under an option to purchase (which will give such approved qualified tenants an exclusive right to purchase at a price established or determined as provided in the option) dwellings or cooperative ownership interests therein, and in the establishment of rentals. The Administrator is authorized (without limiting his authority under any other provision of law) to delegate to any such public or private agency his authority to issue certificates pursuant to this subsection.

"(f) Section 101(c) of the Housing Act of 1949 is amended by inserting '(i)' after 'a mortgage under' in the first proviso and by inserting immediately before the colon at the end of such proviso the following: ', or (ii) section 221(d)(3) of the National Housing Act if payments with respect to the mortgaged property are made or are to be made under section 101 of the Housing and Urban Development Act of 1965, except that no such mortgage shall be insured, and no commitment to insure such a mortgage shall be issued, with respect to property in any community for which a workable program for community improvement was re-

quired and in effect at the time a contract for a loan or capital grant was entered into under this title, or a contract for annual contributions or capital grants was entered into pursuant to the United States Housing Act of 1937, unless there is a workable program for community improvement which meets the requirements of this subsection in effect in such community at the time of such insurance or commitment'.

"(g) The Administrator is authorized to make such rules and regulations, to enter into such agreements, and to adopt such procedures as he may deem necessary or desirable to carry out the provisions of this section. Nothing contained in this section shall affect the authority of the Federal Housing Commissioner with respect to any housing assisted under this section and under section 221(d)(3) of the National Housing Act, including his authority to prescribe occupancy requirements under other provisions of law or to determine the portion of any such housing which may be occupied by qualified tenants.

"(h) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section, including, but not limited to, such sums as may be necessary to make annual payments as prescribed in this section, pay for services provided under (or pursuant to agreements entered into under) subsection (e), and provide administrative expenses.

"(i) Section 114(c)(2) of the Housing Act of 1949 is amended by inserting before the colon at the end of the first proviso the following: ', or a dwelling unit assisted under section 101 of the Housing and Urban Development Act of 1965.'

"(j) On or before January 1, 1968, the Administrator shall submit to the Congress a full report of operations under this section, together with his recommendations with respect thereto."

Mr. STEPHENS. Mr. Chairman, I ask unanimous consent to have an additional 5 minutes to explain my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

(Mr. STEPHENS asked and was given permission to revise and extend his remarks.)

Mr. STEPHENS. Mr. Chairman, for the 5 years I have been here I have had people come up here many times and ask of me: "What good does debate do on the floor of the House?"

Many times they find people not here or not listening. These are during periods of unimportance. But I think we have an example today in this amendment of what good debate does accomplish on the floor of the House in a discussion and a thorough airing before the Members of the House on a bill which was voted out of committee by ten to one. We thought we had a good bill.

This was a bill we thought we had perfected. What my amendment does is to establish five points. Those five points are points that have been brought to my attention and to the attention of the Members in debate on this side, and by Members on the other side. These are not necessarily in the order in which they appear in the amendment.

The first point is that we are offering a reduction of the cost of the subsidy in section 101 by reducing by an average

of \$50 million per year, or a reduction of \$200 million during the life of the bill.

The second thing we are proposing is to limit the eligibility of people who need a rent subsidy to people who are eligible for public housing.

There is no change so far as the other provisions are concerned which are still in the bill that requires them to have a 25-percent income level which makes them eligible. They have to be elderly, they have to be handicapped, they have to be in substandard housing or in the category of one who has been displaced by public action.

The third proposal is the proposal that was made in the Rules Committee. There was discussion there and objection made by others. The proposal was made by the gentleman from California [Mr. SISK]. He wanted put in the bill, which the amendment will put in, terminology that would give the person who goes in under a subsidy the right and encouragement to buy that house by having an option to buy the house at a specified price.

The fourth point meets an objection that was made. It is a point that is important. It is a definition further of what is a legal entity. We have provided in the main part of the bill, in the original part of section 101, that a non-profit corporation or a limited dividend corporation would be the sponsor. But it was not quite clear what was meant by a legal entity because some people thought that might include a partnership or something of that nature.

The language that we propose in this amendment, and the majority of the committee are proposing in this amendment, is that if it is a partnership or other legal entity it also must be a non-profit partnership.

The fifth is to clarify another point made on the floor of the House, a point that was made when we discussed this in the Rules Committee. The point made was that it seemed in another section of the bill that the subsidy had no top to it. The doubt was expressed that the money could be utilized for the rent subsidy over what was authorized in section 101 of the bill.

We are putting language in by this amendment that clarifies that. It says that the authorization of the \$150 million annually is the amount and it will not be more than that and the other sections of the bill do not pertain to this at all. It is clearly put in that language.

We think by bringing this amendment to the floor of the House and looking at it in the light of the debate that you have heard, it will correct many of the misinterpretations and misunderstandings with reference to this.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. STEPHENS. I yield to the gentleman.

Mr. PATMAN. Is it not a fact that the principal changes are the Muskie amendment, as passed by the Senate committee?

Mr. STEPHENS. That is correct.

Mr. PATMAN. And the substantial reductions in the amount of money involved?

Mr. STEPHENS. Those are the two major amendments. But I will say this also, Mr. Chairman, the other three are highly important. They are important because they meet the questions that other Members of the House have had. But those, as our chairman has pointed out, are the two main and important parts of the amendment here. The other three correct some of the more or less minor parts of the bill.

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. STEPHENS. I yield to the gentleman.

Mr. BARRETT. Mr. Chairman, frankly I do not see any real basis for the misunderstanding since we are convinced that the bill and the committee report made it clear that eligible families and individuals would be in the lowest income category.

But I do think your amendment pours oil on these troubled waters by clearly specifying the eligible families and individuals could not have incomes higher than those permitted in low-rent public housing under the public housing program.

With this amendment I hope we can resolve the lingering doubts that apparently exist in the minds of some of the Members and make it perfectly clear that this body intends that the benefits of the rent supplement program would go to families and individuals in the public housing range.

I certainly support the gentleman's amendment.

Mr. STEPHENS. I thank the gentleman.

Mr. WIDNALL. Mr. Chairman, will the gentleman yield?

Mr. STEPHENS. I yield to the distinguished minority leader of the Subcommittee on Housing.

Mr. WIDNALL. I think the distinguished chairman of our full committee made the statement that the second part of this was the Muskie amendment that was passed by the Senate Committee on Banking and Currency. I have the Senate bill in front of me and I think there are very many major distinctions between the Muskie amendment and what you are offering today. I might say I do not think this is the way to legislate—what is taking place at the present time. It seems to me you are presenting something of very major importance in the housing field, something that is supposed to take care of the low-income groups and give them a better deal than they have had in the past. Yet, there are three copies of your proposal on this side which we have just received and I venture to say that not more than three or four have read it on your own side—and this should be a subject of major hearings before our committee.

Mr. STEPHENS. Let me answer what you have to say in this way. The amendment has been read in its entirety on the floor of the House. The amendment is not new to any of you on this side because these proposals—not as an amendment—but these proposals, as individual propositions, are propositions

that you have made, or which have been here in cloakroom discussion or made on the floor of the House yesterday as proposals for perfecting this bill. So you are just as familiar with it as I am so far as the intent of the language and the text of the amendment is concerned.

Mr. WIDNALL. I will admit I am as familiar with it as you are. That is how new it is.

Mr. STEPHENS. Good. I am familiar with the principles involved in it regardless of the language you are talking about. Now what we are saying so far as this being the Muskie amendment is concerned is this: My amendment provides that those who are qualified as tenants must be qualified in addition to all the other things pursuant to the limitations prescribed in section 2, subparagraph 2, U.S. Housing Act of 1937, for occupancy in public housing dwellings.

Now we are limiting this to the point where we have received criticism, not that we deserve it, but criticism that we are trying to help people who have high incomes and we are saying that this meets the argument that we should help poor people.

If we are going to pass this bill, that is the objective: To help the poor people in America.

Mr. BROCK. Mr. Chairman, will the gentleman yield?

Mr. STEPHENS. I yield for a question.

Mr. BROCK. I believe we all share the objective of helping poor people. Let me ask the gentleman a question. Under the amendment would not tenants be eligible to receive rent supplements in this type of program, under section 101, having incomes as high as \$10,500 a year?

Mr. STEPHENS. I cannot answer that specifically. My first thought would be "no," because I do not believe we will find that to be true in public housing anywhere. As I say, from my own information the average income in public housing is an income of around \$4,000. It will vary from community to community according to the standard of living and the cost of living in those communities.

Mr. BROCK. If the gentleman will yield further, he knows full well we are not talking about averages. I asked him if it could not be as high as \$10,500.

Mr. STEPHENS. I believe I answered that.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. FINO. Mr. Chairman, I rise in opposition to the amendment.

(Mr. FINO, by unanimous consent, was granted permission to proceed for an additional 5 minutes.)

Mr. OTTINGER. Mr. Chairman, will the gentleman yield?

Mr. FINO. I yield to the gentleman from New York.

(Mr. OTTINGER asked and was given permission to extend his remarks at this point in the Record.)

Mr. OTTINGER. Mr. Chairman, the legislation before us today—the Housing and Urban Development Act of 1965—is not perfect. No legislation is. But this is a good bill, containing many

worthwhile and necessary programs, and it certainly deserves our support.

As a member of the Committee on Banking and Currency, I know how much time and bipartisan effort went into making this bill as good as it is. I want to particularly commend the chairman of the committee, the gentleman from Texas [Mr. PATMAN], the chairman of the Subcommittee on Housing, the gentleman from Pennsylvania [Mr. BARRETT], and the ranking minority member of the committee, the gentleman from New Jersey [Mr. WIDNALL], for their leadership in working out an effective, comprehensive program.

There has been considerable controversy, both in and out of Congress, over section 101 of this bill, the rent subsidy provision. When this provision was discussed in committee, I voiced reservations about it, mainly because I felt at that time the legislation did not contain adequate safeguards against the subsidy program being applied too broadly. We just do not have money enough to subsidize housing for everyone in this country, and while I can support assistance to provide housing for the very poor, I did not think, with hundreds of thousands of impoverished people still in slum housing, we should go further.

In response to my reservations and those of other Congressmen, the administration has revised the bill so that now only those persons who qualify for public housing will be eligible for rent supplements. This satisfies my objections and makes this section a very worthy experiment to better deal with the housing needs of the poor.

It is important to note that the present public housing program simply has failed to do the job of providing decent, safe, and sanitary housing for American families afflicted with poverty. Today in the United States there are more than 3 million families living in substandard housing who have incomes too low for decent private housing in their communities.

In addition, there are more than 2 million elderly or handicapped lacking decent housing, and each year 80,000 families are displaced by some kind of Government action.

Since the public housing program started, only 580,000 units have been built. Today, 500,000 families are on waiting lists for public housing units. The rent supplement program gives us another tool to meet the need for housing without getting us into a federally operated housing program of incredible proportions. The rent supplement program enables us to meet the housing needs of low-income families through the private sector of the economy, and this is certainly a laudable approach.

Despite the fact that Westchester County, N.Y., which I represent, is one of the Nation's three most affluent counties on a per capita basis, for many years it has been confronted with the problem of slums and decay and poverty in the midst of gracious, attractive communities. The 1960 census revealed that 6.5 percent of the dwellings in the county, housing some 50,000 persons, were substandard. It also revealed an

unfortunate connection between substandard housing, old housing, rental housing, nonwhite occupancy, and low income. In the three largest cities of Westchester—Yonkers, Mount Vernon, and New Rochelle—32 percent of the nonwhite rental units were classified as substandard and 7½ percent of the rental units occupied by whites were substandard.

Mr. Chairman, a program which provides housing that is privately sponsored, privately built, and privately financed under FHA will meet important needs in New York's 25th Congressional District, as I am sure it will in many areas of the Nation.

A vote for this program is a vote for breaking the vicious, continuing cycle of poverty in the world's richest nation.

Mr. FINO. Mr. Chairman and Members of the Committee I rise in opposition to this amendment. I am very sorry to see an amendment of this great importance, of this great magnitude, offered at the last minute without any consultation with the minority. We learned for the first time the contents of this amendment 5 minutes ago.

This section 101 is the crux of the whole argument on the housing bill, and the amendment is a 6-page amendment, yet we are expected to legislate within 5 minutes and determine the substance of the amendment, the value of the amendment, and what it would do or propose to do.

I say that this amendment offered by the majority is a meaningless, do-nothing, red herring amendment offered at this time. So far as I am concerned, it shows that fear of defeat has gripped the majority. They are disturbed about this section 101. They are so disturbed about it that they have come in with an amendment to try to camouflage the whole picture, to try to deceive the Members. If anything, it is an exercise in deceit of the type we have become used to during general debate of this section.

This is an amendment which is another trick from the Housing Administrator's big bag of tricks.

This amendment purports to limit rent-supplement payments to persons with incomes falling below the public housing maximum under the Federal public housing laws. This is a very clever way to try to deceive the Members of this House.

The bill as originally written, the bill we have discussed here for 2 days, talked of \$50 million now, \$50 million in 1966, in 1967, in 1968. So what they did was to come in and chop off \$20 million the first year, \$15 million the second year, \$10 the third year, and \$5 million the fourth year, so that instead of having \$200 million, the figure would be \$150 million. This is supposed to be the bait for you people to swallow.

So, instead of trying to sell the Congress of the United States an \$8 billion program, we are trying to soft-soap the whole deal and say, "Well, we will accept a \$6 billion program." No matter how you slice it and twist it and turn it, it will turn out to be a \$6 billion program, because I notice under the amendment we still have a 40-year program here.

We bind and obligate the U.S. Government for 40 years. Multiplication of 40 times \$150 million comes to \$6 billion.

The Housing Administrator has said time and time again that he is not concerned merely with the opening of new housing avenues to families eligible for public housing, but what he wants to do is to experiment with a larger group of our population so as to keep open his opportunities—I repeat that—so that he can keep open his opportunities for so-called economic integration.

Anyone who thinks this amendment has any substance as a safeguard of the income ceiling has another look coming. The rent subsidy proposal, as offered by this proposed amendment, would still leave section 101 wide open for abuse, and there will be plenty of abuses. If this amendment is adopted, it would still qualify for rent subsidies many families of unduly high- and middle-income levels. Low-income families could still be placed in semiluxury housing and subsidies could still be used to pay 99 percent of the family rent. There is still no limit as to the amount of the rent subsidy a family can receive. This is one of the main objections I have to this rent subsidy program.

Equally important under this proposed amendment is the definition of "income." Let us make no mistake about it. The definition of "income" is still left to the discretion of the Housing Administrator. If you look at the bill, this amendment is just like a rent subsidy program. It is a trap for the unwary. It does not and it will not do what the proponents would like you to think it will do. It is simply designed to trick the Members of this House who have expressed some misgivings about this program and who have expressed some deep concern about this type of program into thinking all or most of the loopholes in section 101 are being plugged. Let us not be confused and let us not be misled. No loopholes are being plugged. The Housing Administrator wants every loophole, every loophole he can get. That is how he gets to experiment. The whole reason for this program is so that he can experiment. I repeat, the whole reason behind section 101 is so that the Housing Administrator can experiment with American residential patterns.

This is a sucker bait amendment. It will not remove the serious objections to this program. It still leaves the amount of rent subsidy without any limitation. I might point out in my attempt to have a discussion of this particular point with the gentleman from New York, who is not a member of the Subcommittee on Housing, I wanted to point out that in subcommittee I offered an amendment to limit the amount of the subsidy and I got nowhere with it. So I say it will not remove the serious objection to it. It still leaves the amount of rent subsidy without limitation and it still leaves the determination of the income ceiling, notwithstanding this amendment that has been offered, to the Administrator. It still remains a 40-year program. So instead of having a 40-year program at \$8 billion, it will be a 40-year program at \$6

billion. And let us make no mistake about it. We are binding ourselves in this Congress and in the Congress to follow and in the next Congress up until the 21st century on this program.

I urge those of you who have serious doubts about this rent subsidy program to stick to your guns. Do not be influenced, do not be pressured, and oppose this do nothing, red herring amendment that has been offered at this time.

Mr. ALBERT. Mr. Chairman, I rise in support of this amendment which would rewrite the rent supplement provisions of the bill to meet a number of objections which were heard in the arguments on yesterday and the day before. Before proceeding, I cannot pass up the opportunity to congratulate my distinguished colleague who has just addressed the House. He is an able legislator. He has stated that he has just received a copy of this amendment a few minutes ago, and, yet he has come up with one of the best prepared speech in speaking against it that I have heard in a long time.

I was in hopes that our distinguished friend, after this amendment was offered, would support it, and that he would not support a motion to recommit which would undertake to strike this very important section from the bill. The most important part of the amendment would change the income formula in the reported bill and set the ceiling at whatever level is established in the community for public housing.

This provision cuts through all the uncertainty raised by the new formula proposed for this program. It makes it abundantly clear that only the lowest income families would benefit from the rent supplement program. This has been our intention and this amendment should still any lingering doubts about this fact.

This program, Mr. Chairman, enables private enterprise and private capital to work with the Government, really to come to grips with the problem of providing decent housing for low-income families in the cities and towns of this country. We all know that the low-rent public housing program, while it has done a tremendous job, has not provided a sufficient number of units to house our low-income families.

Repeatedly during the debate we have heard that some 500,000 applications are now on file with various public housing authorities to try to obtain apartments or quarters or units in public housing projects. No one has suggested that these applicants are not just as qualified, are not just as much in need as those who already occupy such units. Nor has anyone suggested that this Congress would provide the necessary funds to implement the public housing program sufficiently to take care of these 500,000 applications.

The President's proposal for the new rent supplement program has the highest potential for a break-through in harnessing the energies of private enterprise to produce low-cost housing in large quantities. The critics of the new proposal have tried to imply that the public housing lobby is opposed to it.

This is not the case. It recognizes, as we recognize, that this new program will provide not a substitute for public housing; it will supplement public housing instead.

Mr. Chairman, as I listened to the debate over the last few days there was one aspect that I felt was not given specific emphasis. This came to my mind when I heard almost incredulously the words "socialistic" and "foreign to American concepts."

Mr. Chairman, everyone who has been here as long as I have knows that these terms have been used with respect to public housing, social security and other progressive legislation which we have undertaken to pass for the benefit of the people of our country, particularly the poor people of our country.

Mr. Chairman, I want to remind my colleagues on both sides of the aisle that this rent supplement proposal has been called the most crucial new instrument in our fight to provide better housing by the President of the United States.

Mr. Chairman, I want to remind my colleagues in both sides of the aisle of that fact, that this is the most important factor. I hope sincerely that the changes which have been made will increase the support of the President's rent supplement program, because if we fail to enact it into law, the real victims will not be the President of the United States or his prestige. The real victims will be the several hundred thousand families of lowest incomes who are the elderly, the handicapped, the displaced by Government activities, and those who are living in slums.

Mr. HARVEY of Michigan. Mr. Chairman, I move to strike the requisite number of words and I rise in opposition to the amendment.

(Mr. HARVEY of Michigan asked and was given permission to revise and extend his remarks.)

(Mr. HARVEY of Michigan asked and was given permission to proceed for 5 additional minutes.)

Mr. HARVEY of Michigan. Mr. Chairman and Members of the House, I have been sitting here astounded to hear the very distinguished majority leader of this House of Representatives, the gentleman from Oklahoma [Mr. ALBERT] who has behind him such an illustrious career of which we on both sides of the aisle are tremendously proud, as we are of both the majority and minority leaders, to hear him stand up here and recommend this type of legislation.

Mr. Chairman, I serve as a member of the very Select Subcommittee on Housing of the Committee on Banking and Currency. I have been proud to do it. We have had days of laborious hearings on this matter.

Mr. Chairman, I know I do not have to tell anyone who serves on that subcommittee that housing legislation is just as complicated, if not more so, than any legislation to come before this body.

I do not have to tell them that in an authorization bill, whether it be for \$6 billion now as they have reduced it, or the original \$8 billion as it was yesterday, it is still one of the largest domestic authorization bills to come before this

House in many years; and, that is only the section pertaining to rent supplements.

Mr. Chairman, if we added the public housing costs and other estimates contained in the bill, the cost of this bill is now \$19 billion rather than \$21 billion.

Mr. Chairman, also I listened with considerable interest as the distinguished majority leader stood up here and expressed the fact that this was now a very low income bill.

I wonder if the Members of the Committee know what the public housing limit in the city of New York is?

How many in this body know what the housing limit in the city of New York is right now? We would call that low income. I have here a letter from Marie McGuire, Commissioner of the Public Housing Authority, in which she sets this matter up. She signs that letter. This has been signed by her.

I would point out to the distinguished majority leader that a person earning \$11,200 per year can now live in this supposedly low-income housing that we are now authorizing in the city of New York. If you do not believe me I hold up to you this letter, and I will submit it to anybody for examination. This is a statement of Marie McGuire, the Housing Commissioner, where she points out where the limit is \$8,800 per year at the present time, and of course with the permissible exemption—that is, income which is not included—could go up \$2,400 more, making a total of \$11,200 per year.

I submit to you that is not low-income housing, at least, not where I come from. What does this mean, this amendment of four pages? We have had only a few minutes to look over the amendment, but notwithstanding that we sat down and looked it over, and I quickly figured out what this means to public housing at the present time.

In the last 28 years, since 1937, in this country we have built a total of 580,000 units of completed public housing. If you reduce the original 500,000 by 25 percent in the same proportion you are reducing the amount of the authorization, it would provide for an additional 375,000 units under the rent supplement program in addition to 240,000 units under the public housing section.

So what are we doing? Over the next 4 years we are providing for public housing, 615,000 over the 4 years, or at the rate of 153,000 per year, which is 5 times as fast as we have provided public housing since 1961 when I came to the Congress. And we still cannot complete the public housing units we have authorized up to now.

So I would point out to the majority leader this does not make the least bit of sense to me. In addition to what this means to public housing, I would point out to my friends on the other side of the aisle, particularly the chairman of our distinguished Committee on Banking and Currency, who has so often been the champion of low interest rates, just what this amendment means in terms of interest rates as compared to public hous-

ing. Those of you even with the most scant knowledge realize we finance public housing today with 40-year bonds that carry an interest rate of 3½ percent. How are you going to finance these additional 375,000 units of rent supplement for the same low-rent income category?

You are going to finance them not with 3½-percent interest. You are going to finance them with a 40-year—and just coincidentally the same period of time the FHA mortgages bearing an interest rate of 5½ percent, together with an insurance premium of one-half of 1 percent, for the astounding rate of 5¾ percent—in contrast to 3½ percent.

You say, Oh, that does not matter. Uncle Sam has all the money in the world to burn. What difference does it make whether it is 5¾ percent or 3½ percent? Do you know what the difference is, my friends, in relation to the cost of a \$20,000 unit? I just stopped to figure out what it would cost in relation to a \$20,000 unit. It is a difference of \$32 per month in rent. You talk about rent supplements being for the low-income group. Don't kid me, my friends. I cannot believe that for 1 minute. You can see that this should properly be called a bankers' amendment. That is what this is—a contractors' windfall. That is what it is, to build not 100,000 units but to build 375,000 brand-new sparkling homes at 5¾ percent interest.

The majority members of the committee talk about private enterprise—with the rent guaranteed and no defaults possible. This is about as much private enterprise as the farm subsidy program. That is the kind of private enterprise that this is.

Now let us look for a moment at how this is going to work. My friends on the other side of the aisle are so disturbed about this reaching into the high-income categories, the way Mr. Weaver said, and apparently they have ignored Mr. Weaver's testimony itself. For Mr. Weaver has said:

This just will not work when you limit it to low-income groups.

I do not have the Pittsburgh quote here with me where he said that you would have to have a heart of gold and a head of lead to be a businessman and support this rent-supplement program for low-income groups. But I have it here at my desk if any of you care to examine it.

Then I would refer you to, I believe it is page 183 of our testimony where Mr. Weaver just said, "This just will not work"—in so many words for the low-income, low-rent public housing units. That is all there is to it.

Now my friend, the gentleman from Georgia, brings out a 6-page amendment which we are supposed to consider here in just a few minutes and he brags about the fact that it solves the problem of confusion and that for once we have defined the words "legal entity" and what a legal entity is. Because now we know, of course, what a nonprofit corporation is and we know what a legal entity is.

This sort of astounds me, too, because the chairman of our committee, you know, has been a real crusader against the tax exempt foundations. Well, I would refer you, if you will kindly look at title II, section 202(d) where they happen to define the word "corporation." Now what do you suppose that this nasty word "corporation" includes? Why it includes tax exempt foundations. Can you believe the chairman of our committee would have this committee come in with an amendment that is going to approve rent supplement buildings—375,000 of them at 5¾-percent interest being built by these evil, tax exempt corporations and tax exempt foundations?

Look at section 202—look at section 202—that is what the law says. This amendment is a sham. It is a sham because those on this side of the aisle handling this argument knew that there were fallacies in their argument and they knew that it could not work. They knew that it could not take the place of public housing because they listened to their own people.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. ALBERT. Mr. Chairman, I ask unanimous consent that the gentleman from Michigan may proceed for 5 additional minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. HARVEY of Michigan. I am delighted at the fairmindedness of the distinguished majority leader.

Mr. MULTER. Mr. Chairman, will the gentleman now yield for some questions?

Mr. HARVEY of Michigan. I am happy to yield to the gentleman, yes.

Mr. MULTER. Will the gentleman tell us what limitations you would put into this amendment so that it will cover the low-income groups that you believe should be covered by this bill?

Mr. HARVEY of Michigan. I thought I made that clear to the gentleman from New York when I stood up on Monday, which seems like an awfully long time ago now. I explained my attitude toward public housing then. I said that as a former mayor—I am controlling the time now.

Mr. MULTER. I know you are.

Mr. HARVEY of Michigan. I am going to tell the gentleman this, so that he will remember it. He would not give me an opportunity yesterday.

Mr. MULTER. I gave you every opportunity.

Mr. HARVEY of Michigan. I decline to yield further, until I answer the gentleman's question.

I want to tell the gentleman that I have a high regard for public housing. I intend to support this bill if, as I hope will be the case, this section on rent supplements, including this amendment, is eliminated.

I would tell the gentleman quite frankly, I do not believe in the rent-supplement program. I do not believe it is a good deal for America. I believe it is a good deal for the big bankers, with whom the gentleman is very familiar. I

believe it is a good deal for the savings and loan institutions. I believe it is a good deal for the big builders.

I believe that we are talking about big contractors and big landlords. When we are considering up to 375,000 new apartments being built by big builders, we are not talking about the little man. When we are considering increasing rent \$32 a month, we are not talking about the little man.

Do not try to kid those of us on this side of the aisle. This is a big bankers' bill. That is what it is. It is a big contractors' bill.

If you did not believe that—if you were truly sincere in wanting to experiment with this program—then I suggest to the gentleman, why not try to use section 103? Section 103 pertains to existing housing.

Mr. MULTER. I thought we were talking about section 101.

Mr. HARVEY of Michigan. We are.

Mr. MULTER. I respect the gentleman's opinion, when he says, "I am opposed to section 101," but he should not come to this floor and tell us that section 101 can be improved, or lacks this, that or the other thing, when he does not intend to support it no matter how good we make it.

Mr. STEPHENS. Mr. Chairman, will the gentleman yield?

Mr. HARVEY of Michigan. I am happy to yield to the gentleman from Georgia.

Mr. STEPHENS. I should like to get a better definition than I seem to have of "private enterprise."

Mr. HARVEY of Michigan. I would agree with the gentleman that this is the furthest thing from private enterprise he could get into.

Mr. STEPHENS. At home the bankers and contractors and real estate people are all in private enterprise. If it is to benefit them only, then certainly we would be benefiting private enterprise. I have no objection to benefiting private enterprise while we are also benefiting the poor.

Mr. HARVEY of Michigan. Will the gentleman answer a question? Does the gentleman believe it is private enterprise when we guarantee that the landlord will receive his rent over a 40-year period? Is it private enterprise to guarantee against the possibility of default?

That is not the private enterprise of which I know. That is an outright subsidy.

I think this is a pretty good "risk."

That is why Ira Robbins, whose testimony is shown on page 425 of the hearings, told the committee this just would not work. He said that this program of rent supplements would be much more expensive than the program of public housing ever could be.

Look, my friends—I have lived with public housing as a mayor. I am for it. I support it. I think that is a good program. I do not think this rent supplement is.

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. HARVEY of Michigan. I yield to the gentleman from Pennsylvania.

Mr. BARRETT. I thank the gentleman for yielding.

Very adroitly here today, yesterday, and the day before, the gentleman has been demonstrating his outstanding ability for muddying the waters.

Mr. HARVEY of Michigan. Well, now, I decline to yield right now.

If the gentleman contends that I am muddying up the waters, I submit to the House: Who is it who comes in with a six-page amendment in the final and closing hours, after the subcommittee sat for weeks hearing testimony? Who is it that is coming in with a clarifying amendment for corporations, which puts in tax exempt foundations, if you can imagine that? Who is muddying the waters?

I submit to the gentleman, it is not this side of the aisle.

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. HARVEY of Michigan. I am glad to yield to the gentleman from Pennsylvania.

Mr. BARRETT. The gentleman said he was interested in public housing. The gentleman said he wants to help people get decent, safe, and sanitary housing. I agree with him on that score.

Let me point out who gets the benefit of these public housing subsidies. Let me point out a mother and one child in New York, who get \$149.50—and this is called the basic standard. Please do not muddy the waters on this.

Mr. HARVEY of Michigan. Mr. Chairman, I decline to yield at this point to my friend, because he is making a real case for poverty here, which I hope the President's program is going to take care of.

I decline to yield. I will tell my friend that is why we have public housing in New York. It is precisely why we have an income level of \$11,200 where a person is still eligible for public housing in New York.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

Mr. PATMAN. Mr. Chairman, I rise in support of the amendment.

(Mr. PATMAN asked and was given permission to revise and extend his remarks.)

Mr. PATMAN. Mr. Chairman, every time we bring a bill to the floor of the House providing for public housing arguments are made by those who are really against any kind of housing, for the poor that we should have another kind—we should have an alternative—we should have a private enterprise system to help the poor. We have before use a bill to help the poor.

The distinguished gentleman from Michigan says that he favors public housing over rent supplements because of the interest rate factor. Well, he is all wrong about that. That argument is not sound. If you use a 3¼-percent rate in public housing, to the average investor that is an income of about 7 percent. Yet here he is fighting 5¾ percent, saying it is too high, too high. He wants a 3¼-percent rate. A 3¼-percent rate. The 3¼-percent rate is a tax-exempt rate and, therefore, it is the equivalent to the average investor of a return of some 7 percent. So his argument is very illogical.

Mr. Chairman, I rise to speak in favor of the Stephens amendment—the rent supplement program.

Mr. Chairman, the rent supplement program is the key provision of this bill. No other provision of the bill offers as much to the poor people of this country who cannot afford decent housing.

President Johnson has said this program for rent supplements "in the long run may prove the most effective instrument of our new housing policy." It is a program of enormous importance. It constitutes a major breakthrough toward the national goal established many years ago—a decent home in a suitable environment for all Americans.

In public hearings, the rent supplement program was thoroughly examined by the Housing Subcommittee of the Banking and Currency Committee, and again by the full committee. Over the last 30 years and longer that I have been a Member of this body, no major new housing program considered by the Congress, has received wider and more enthusiastic support than this program.

The homebuilding industry supports the rent supplement program. Labor supports this proposal. The spokesmen for the members of the financial community who invest the Nation's savings in homebuilding support this proposal. Those who work with and know the needs of the elderly support this proposal, as do those who work with and understand the great need for additional housing among the poor.

The hearings and the general debate here on the bill have established the great need for additional housing for our low-income families. I believe that the great strength of the rent supplement program is that it will enable the American private enterprise system to meet this need.

The rent supplement program is a private enterprise program. The housing constructed under the program will be privately owned, privately constructed, privately financed, and privately operated.

Mr. Chairman, the hearings and the debate have shown that the rent supplement program can, over the next 4 years, enable American private enterprise to provide 500,000 units—units of modest design, geared to the needs of low-income families, and available to these families.

The poor people in this country living in slums need this housing. The entire country will benefit from the jobs that the construction of these units will create.

Mr. Chairman, I have followed the debate and I have heard the arguments made against the rent supplement program. I do not understand why the opponents of this bill have chosen to single out this proposal as the focal point of their attack on the bill and certainly they should support the Stephens amendment. The poor people in this country living in slum housing are the ones who would gain most from the rent supplement program, and the program is fully, completely, and exclusively a private enterprise program.

I am amazed at the bitterness and the inconsistency of some of the arguments

made against this program. In one breath we are told that it will provide rent supplements for upper-middle-income families, and in the next breath that the program will put public housing out of business.

In one breath we are told that the program is "foreign to American concepts" and "the way of the socialistic state" and in the next breath we are told that the program is a "sell out" to the builders. In one breath we are told that the program will permit people with substantial assets to have rent supplements paid on their behalf, and in the next breath we hear objection that the program will establish a means test for determining whether or not one needs rent supplements.

Mr. Chairman, I believe that the debate here today has convincingly refuted the arguments of the opponents of the rent supplement program. It has been established:

First. That the program will provide modest—not luxury housing.

Second. That it will authorize rent supplements only for those in the lowest income groups.

Third. That the rent supplement payment will be keyed to the need of the family, with the amount of the payment being reduced as family income rises.

I urge my friends to vote for this amendment. A vote for this amendment is a vote for the President—for the committee which adopted this proposal with bipartisan support after long and extensive hearings—and it is a vote to assist the poor who need the housing that would be constructed under this program.

I hope all Members from both sides of the aisle will cast their votes in favor of assisting poor people to acquire decent and sanitary housing.

Mr. WIDNALL. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I came to the House today prepared to support the rent supplement program as originally offered in similar bills that were proposed by the gentleman from Texas, Congressman PATMAN, the gentleman from Pennsylvania, Congressman BARRETT, and myself. They are exactly alike. I was prepared to vote for that measure.

We are now being asked to consider something that is a very major change from the original rent supplement program. I think it is most unwise. This is the craziest way to legislate that I can think of when, on the floor of the House, after no opportunity for examination either by the minority or the majority Members, we are asked to substitute for the rent supplement proposal an entirely new section which changes many things as contrasted to the original rent supplement proposal.

Our distinguished chairman, the gentleman from Texas [Mr. PATMAN] cited the support of various organizations for the rent supplement proposal. I would like to ask my chairman; do all these organizations know about the Stephens amendment? Do they approve the Stephens amendment? Because that is what we are legislating on today and not the original rent supplement proposal.

Mr. PATMAN. All I can say is that they will not disapprove it.

Mr. WIDNALL. I just want to call the attention of the chairman to this.

Mr. Chairman, if they have had the same kind of notice that we have had, they have not the faintest idea what will be going into the bill today and you certainly cannot take as approval what their testimony might have been at the time the subcommittee had hearings.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman from Texas.

Mr. PATMAN. There are only five changes. Read this entire amendment and go back and notice the ones which I have checked with red. There are only five small changes. It would not take the gentleman from New Jersey long to acquaint himself with them. They represent the only changes in it.

Mr. WIDNALL. Mr. Chairman, I have now had the opportunity to read through it, thanks to the fact that we have been in session long enough so that I have had that opportunity.

Mr. Chairman, I have noted that this amendment is being offered to the House with the representation that it is the same as the Muskie amendment in the Senate bill. There are some very substantial differences between the two. If the Members on the majority side of the aisle are being told that they are voting for the Muskie amendment, that is not a fact. There are substantial differences. If this amendment is adopted, of course we would go to conference with what is in the Muskie amendment, which substantially changes a great deal of the rent supplement proposal, as would this amendment, but in a different direction.

Mr. Chairman, I have always been very proud of being a Member of the House of Representatives. For 16 years the people of my district have been pretty good to me in affording me the opportunity to be here in Congress to represent them and to try to do what I felt was best for the Nation's welfare, as well as my own congressional district.

However, Mr. Chairman, I do not believe they sent me down here to legislate on major proposals on the floor of the House with no examination—no true examination—as to what is contained in a major substitute proposal.

Mr. Chairman, this will, as has been pointed out already by the gentleman from Michigan [Mr. HARVEY], set as a ceiling \$11,200 income, a far cry—a very far cry—from trying to take care of those who are now ill-housed, low-income people, as originally we were told this legislation would attempt to do.

Mr. Chairman, I urge the Members of this House to defeat this amendment if for no other reason than that you cannot properly consider an amendment of this nature without even having an opportunity to examine the same and relate it to other programs.

Mr. Chairman, I venture to say without fear of contradiction that there are very few on the majority side of the House who have had an opportunity to look at this amendment.

Mr. Chairman, I concur completely in

what the gentleman from Georgia [Mr. STEPHENS] has said with reference to both of us being rather ignorant about what is contained in the amendment. There certainly has been no opportunity for the majority members of the subcommittee to look this over, to have a meeting to decide what was best.

Mr. Chairman, I hope this does not mean that this just represents a confession of failure as far as the majority is concerned as to their own rent supplement proposal to which I agreed and offered my support and have been supporting and would have voted for if given the opportunity.

Mr. ASHLEY. Mr. Chairman, I move to strike the requisite number of words.

(Mr. ASHLEY asked and was given permission to revise and extend his remarks.)

Mr. ASHLEY. Mr. Chairman, there are today in the United States some 6 million families living in substandard housing because they have incomes that are not sufficient to allow them to live in decent standard housing supplied by the private market.

Now, Mr. Chairman, the position of the opponents of this bill becomes clear that these 6 million families must continue to live in slums and in substandard housing until such time as they can get into public housing. That is the position that they have taken, and let there be no question about it.

We have a whole range of programs that have been passed upon by Congress to achieve a national goal of decent, safe and sanitary housing for all American families. The fact is, however, that the vast majority of these programs are designed exclusively for the well-to-do, for those people who can afford housing at the going rates on the private market. There is only one program of all of the programs that we have adopted which is designed to meet the needs of the poor and distressed families that do not have income sufficient to participate in the private market. That is the public housing program.

It is too bad, Mr. Chairman, but the fact is that the public housing program has not met the need. We all recognize that. The fact is, too, there is no chance, no possibility, that the public housing program will meet the needs that face this country today or in days ahead, and I say that they cannot be expected to meet these needs, because there is today a backlog of 500,000 applicants for public housing. These 500,000 families today are living in slums, waiting for decent housing they can afford or for a vacancy in one of the 580,000 public housing units built since inception of the program in 1937.

Are we kidding ourselves that public housing can do the job? I say, Mr. Chairman, let us be honest. If we have any intention of upgrading the environment of these families we have no alternative but to explore new ideas and new programs. That is what we are doing today.

I might say to those on the Republican side who have attacked the rent supplement so vigorously that while I respect their honest difference of opin-

ion I do regret their criticism has been so destructive and not in any sense constructive. We have heard the gentleman from New York [Mr. FINO] assert that the program offers no inducement to private sponsors. We have heard from the gentleman from Illinois [Mr. MICHEL] that it will result in the biggest building bonanza of modern times. The truth of the matter is it will attract public-spirited sponsors just as the 221(d) (3) program has attracted private funds. There will be no bonanza because the bill specifically provides the sponsors can only be nonprofit, limited dividend or cooperative groups.

Mr. Chairman, the time has come to decide whether private enterprise is going to be allowed to assist in supplying low-cost housing for the millions of American families whose incomes do not enable them to obtain decent shelter on the private market.

For many years, Mr. Chairman, public housing has been attacked as a Federal intrusion into private enterprise. Now we find these same people, the very same individuals who have made this charge in the past, asserting that the rent supplement program is contrary to the American way of doing things; that it is foreign oriented, and so forth. I submit that they are wrong on both counts.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

(Mr. ASHLEY asked and was given permission to proceed for 2 additional minutes.)

Mr. ASHLEY. Mr. Chairman, nothing could really be more clear than that an enormous need exists and that that need must be met by the combined efforts of public housing and the private market. In the final analysis the vote today on section 101 will be an accurate measure of the extent to which this Congress cares about the physical environment of the 5 to 6 million American families who need this help so badly. No one voting against this program can say that public housing is doing the job. We know better than that. If we vote against this program it is simply because we are not willing to provide the new tools that are necessary.

I say we must, as a matter of conscience, make a commitment and that commitment must be to the 5 to 6 million American families who today need our help.

Mr. FINO. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman.

Mr. FINO. I agree with the gentleman from Ohio that the poor, needy families with low incomes are deserving of and need adequate and decent houses. But you know, I know, and the Housing Administrator knows that under section 101 you cannot build low-cost housing. That is the point I want to make.

Mr. ASHLEY. I will only say this to the gentleman with respect to that point. The gentleman should retire to the cloakroom with the gentleman from Illinois [Mr. MICHEL]. He says this will result in the biggest building bonanza of

all time. I think both gentlemen are wrong. I say that under this program there will be no building bonanza for the very reason that it is limited to sponsors that are nonprofit, limited dividend or cooperative groups.

Mr. FINO. The gentleman knows that in addition to public housing, which is trying to do a job although it is not doing it fully and not completely—

Mr. ASHLEY. The gentleman will agree that public housing has not done the job and cannot be expected to do the whole job. Will the gentleman not admit that?

Mr. FINO. I say that public housing has made a very good attempt to solve this problem.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BROCK. Mr. Chairman, I move to strike out the last word and rise in opposition to the amendment.

(Mr. BROCK asked and was given permission to revise and extend his remarks.)

Mr. HARVEY of Michigan. Mr. Chairman, will the gentleman yield?

Mr. BROCK. I yield to the gentleman.

Mr. HARVEY of Michigan. The gentleman from Ohio has just pointed out in theory what this program is going to do for the lower income groups in America. I would just call his attention to what Dr. Weaver, the head of the Home and Housing Finance Agency had to say to the Senate subcommittee about this precise subject and how this program would work for the low-rental program and I quote this one sentence:

You are not going to get the limited dividend companies building and adequately managing houses in the low-income segment.

Mr. BROCK. I thank the gentleman.

Mr. Chairman, I want to compliment the gentleman from Michigan for the presentation he has made on the floor of this House. It represents one of the finer efforts I have seen, and it is something that I would be proud to associate myself with.

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. BROCK. I yield to the gentleman.

Mr. BARRETT. I want to call the attention of the House to the fact that public housing has now been in existence for 3 decades and ever the last 30 years 718,000 units have been built. We now have, after 30 years, 500,000 families waiting to get into public housing. New York has 100,000 people waiting to be admitted to public housing.

The State of the gentleman now in the well has 10,800 families waiting to get into public housing.

Mr. FINO. Mr. Chairman, will the gentleman yield for a question?

Mr. BROCK. I yield to the gentleman from New York.

Mr. FINO. I should like to ask the gentleman from Pennsylvania a question.

The gentleman from Pennsylvania expressed great concern about low-cost housing, housing for needy people, and so forth and so on. There is a committee print, which the gentleman took full

credit for, in which he accused the minority of having made misleading and false statements. On page 6 of the committee print, which is attributed to the gentleman from Pennsylvania, it is stated:

The type of construction that would be permitted under the rent-supplement program would be restricted to that which is appropriate for a moderate income family.

It does not say "low," but it says "moderate-income family."

Mr. BROCK. Mr. Chairman, let me bring the issue back to the amendment itself, if I may, for a moment.

The argument was made by the gentleman from Georgia that his amendment is designed to resolve the objections those of us who are opposed to section 101 have made.

Let us take the objections we have had point by point.

The first objection is that the income limit is far beyond what is necessary to solve the housing problem for low-income people. Under this amendment, regardless of what the gentleman said, the limit is still \$10,500 for a family. A family can have an income up to \$10,500 per year and still receive a subsidy under the Housing Act as amended. That is \$4,000 per year more than the median average income for the average American family. The amendment offers no change from the bill as proposed.

The second objection we had was the fact that there was virtually no limit on construction costs. This amendment does not pertain to construction costs. This amendment offers no change from the bill as proposed.

The third objection we had is that we feel the House is being asked to abdicate its responsibility and to let the Administrator virtually write the total law.

The bill, on lines 3 and 4 of page 4, defines income solely as "income as determined by the Administrator pursuant to procedures and regulations established by him."

There is no change in that. The Administrator still will have total authority to make his own law. Thus the amendment offers no change from the bill as proposed.

This is not just a dollars and cents bill. We do not care whether you cut this program from \$50 million to \$30 million or \$20 million or \$10 million. There is a principle involved. I do not appreciate being thrown a bone from the administration's table in an effort to purchase my vote, when I disagree totally with the principle involved.

I believe we have an obligation to vote down this amendment just as we must strike the entire rent supplement section.

Mr. MULTER. Mr. Chairman, I move to strike the requisite number of words.

(Mr. MULTER asked and was given permission to revise and extend his remarks.)

Mr. MULTER. Mr. Chairman, I want to address my remarks now to the country club set who, for the first time in the history of public housing, have joined with the advocates of public housing.

I remember, some 15 years ago, when we were considering a public housing

provision of a bill, I offered to supply them with crying towels when they were crying so bitterly for the poor, whom they would not help except by their empty words. I am glad to see that today they are not only crying but trying to help the poor and the distressed who need help. But again they will only go part of the way. Now they say give them public housing but nothing to keep them out of it by supplying a good alternative. Let us see who is supporting this big banker, big business bill. Yes, the builders are supporting it. The homebuilders are advocating it.

The bankers are advocating it, but I also have a few telegrams in my hand from nonbankers and nonbuilders. One is from Rabbi Soloff, secretary of the East Midtown Conservation & Development Corp. Another is from Althea Gould, president of the Presbyterian Senior Services of New York City. The third is from Msgr. Harry J. Byrne, office of housing and urban renewal, archdiocese of New York. These clergymen are genuinely interested in helping to solve this problem and in doing something for these people who need some help and who cannot help themselves.

I asked that the distinguished gentleman from Michigan [Mr. HARVEY] send to our committee table the paper that he waved at us and did not offer to put in the RECORD with his figures. He did not do so. But if you will look at the printed record, you will find table after table showing the very little income that is the maximum that is earned by the people who will be served by this program when we enact it. They are the elderly, the physically handicapped, those living in substandard housing, and those who are displaced from the slums as we clear them. You will find that the maximum income of these poor people, who will be the only ones who can get into this program, providing that they meet all of the other criteria set up in the bill—the maximum income of these people, these families, is \$2,500 to \$3,000 a year, depending on the area they live in.

If you look at the printed record of the hearings and the CONGRESSIONAL RECORD both of which already contain the tables, you will find the figures and you will find also a table of the 20 largest cities in the country in which we give the maximum income of a family that may be admitted or that can qualify for public housing. The lowest amount is in Houston, Tex. The maximum there is \$2,720. The largest of these 20 largest cities of the country is New York City. The largest family income—not individual income but family income, and that means everybody working in the family—for admission to public housing in New York City is \$5,760. It is true that after they move in, this family that had \$5,760 of annual income for all of the earners of the family, may have an increase in their income. If the income increases too much, they must get out, but in the meantime, while living there, they must pay an increased rent based on their increased earnings.

Mr. COHELAN. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman.

Mr. COHELAN. And elaborate on the point about the \$10,500.

Mr. MULTER. I cannot elaborate on a figure that has not been submitted to me.

Mr. COHELAN. Where did the figure come from?

Mr. MULTER. He said he got it from somebody in the city of New York, and probably he did.

Mr. HARVEY of Michigan. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I will extend the same courtesy to the gentleman that he extended to me. When you raised that point I wanted to ask you some questions about it. You refused to yield for that purpose. Now you get your own time to answer it.

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Pennsylvania.

Mr. BARRETT. I want to call the attention of the House to the figures, which I tried to do on the time of the gentleman from Michigan. Here is a mother and one child who gets \$149.50 as a basic standard. They get \$60 rent added to it, which brings it to a total of \$209.50. A mother and three children in New York gets \$249.50. Their rent is \$80, and it brings it up to a total of \$329.50. Here is a father and mother and two children in New York. For their basic standard they get \$242.90 and get \$80 for their rent, which brings it up to \$322.90. This is what we are trying to do, to put these 5 million people into decent, safe, and sanitary housing. I do not think there is any other approach that is going to accomplish this than the program we have established in section 101.

This is a sensible way to approach this problem. All this talk is merely a method to muddy the waters.

Mr. MULTER. I am very proud that in the largest and wealthiest city in the country we are trying to do something for our poor and our less fortunate. I beg my colleagues to do as much for theirs.

Mr. GURNEY. Mr. Chairman, I rise in opposition to the amendment.

(Mr. GURNEY asked and was given permission to revise and extend his remarks.)

Mr. GURNEY. Mr. Chairman, I had not intended to talk on this bill because I am not a housing expert. Certainly the debate that has been had on this bill in the last 2 days and today, is some of the best debate we have had in the House this year on both sides of the aisle.

We have heard a good deal about what this is going to do for low-income families and medium-income families and whether it is going to build a lot of units or whether it is not going to build many units. But the reason I am taking the well is this alone; what the issue before this House is, on section 101, as I see it. To many of my colleagues in the House and also to a whole lot of people back home, at least where I come from, and I think where all of us come from, the issue looks like this.

The majority call it a rent-supplement bill. That is the issue they argue. They

also say that the reason for section 101 is to provide more housing.

I spent all last weekend back home and I talked to a lot of people. I did not go back home to talk about politics actually. These were nonpolitical gatherings. But do you know what was on every person's tongue in asking what was going on in Congress? "What in the world are you people doing up there with this screwy rent-supplement idea?"

I will say to the distinguished majority leader that they used the word socialism. That is exactly what they used. I am not saying that is what it is, although after the majority leader finished saying it was not, I did go over to the dictionary and I looked at the definition of the word, and here is one of them:

To distribute income and social opportunity more equitably than they are believed to be distributed now.

That is one of the definitions of socialism. I do not call the rent supplement that, but I will say to you, Mr. Majority Leader, that this is exactly what the people back home are calling it.

I would like to say two other things. Two points that they are talking about are these. One, that this is going to destroy homeownership and the initiative to build a home. This is also the issue as I see it. I wish all of the Members of the House could have heard the presentation made on the floor of the House yesterday by the gentlewoman from Ohio, because this was the point she made, and a very telling point and an able presentation. And this is precisely what the people back home are thinking we are up to doing.

The other thing they say is this—and this is also the issue to me. That is, that it is going to destroy a good deal of initiative. On the majority side they say, Sure, it is private enterprise, and so it is as far as the building of the houses is concerned and the rental of the houses. But as far as the incentive of the people who get the rent supplement, it strikes at the very heart of their incentive and it strikes at the very heart of what makes this Nation tick. The desire to get ahead, to better oneself, to do for oneself, all these terribly important motives are being struck down by their fantastic rent supplement idea. That is what the people back home are thinking about, and that is why they ask, "What in the world are you people doing in Congress?"

I should hope this section 101 will be rejected out of hand, the way it ought to be.

Mr. BOGGS. Mr. Chairman, I move to strike the requisite number of words.

(Mr. BOGGS asked and was given permission to revise and extend his remarks.)

Mr. BOGGS. Mr. Chairman and Members of the Committee, I rise in support of the Stephens amendment.

Mr. Chairman and Members of the Committee, some years ago I had the great privilege of serving on the Committee on Banking and Currency of the House of Representatives. As I look about this Chamber I see that there are not too many Members here who were on

the committee when I served on it. As a matter of fact, on the minority side I do not believe there are any.

Mr. Chairman, one of the great debates that we had on that committee when I served there involved the subject of housing. We had concluded World War II and all over our Nation we had suspended the building of all kinds of housing, private housing and rental housing. We had practically no public housing program.

Mr. Chairman, the late great Senator from Ohio, Senator Taft, sponsored along with the late Senator from New York, Mr. Wagner, and the present senior Senator from my own State, Senator ELLENDER, what was called the Taft-Ellender-Wagner bill. As a matter of fact its name varied as to who happened to be in charge of the Congress. At one time it was the Taft-Ellender-Wagner bill, but when the Democrats came back in, it was the Wagner-Ellender-Taft bill.

In the 80th Congress, which was Republican, and to which my distinguished friend, the gentleman from Indiana gave very great leadership, the former distinguished Member from Michigan, Mr. Walcott, was chairman of the Committee on Banking and Currency. The Democrats on that committee attempted to report out the Taft-Ellender-Wagner bill, but we were not able to do so. At one point we had a one-vote majority because a former Member of this body from the great city of Philadelphia—incidentally named Scott, but not the present Senator SCOTT—shifted his vote because the then Republican mayor of Philadelphia called this Member and told him that he was very much interested in that bill.

Mr. Chairman, the reason we could not report that bill was because of the public housing provisions contained in the bill. My good friends on the Republican side said that this was pure socialism and said that despite the fact that the senior Senator from Ohio, who as everybody knows had what one might call a liberal record on housing and education and health matters and many other matters, but despite his support of that measure we were unable to report that bill in that Congress. We did pass a housing bill but it did not include any phase of public housing.

We came back in the 81st Congress with the Democrats back in control and we passed that bill. As a matter of fact, the Taft-Ellender-Wagner bill, if my memory is correct, was H.R. 1. That year it had the title of "H.R. 1." It was hailed as a historic housing bill. It is still the basic housing legislation in this country.

But, Mr. Chairman, even then our Republican colleagues opposed, by and large, with some exceptions, of course, the public housing provisions of the bill and they said it was "socialism."

Today we hear from our Republican friends in connection with the new provisions of the bill that what we are doing is some radical departure from public housing. It is in that it moves to private enterprise.

I have great respect and great admiration for my Republican colleagues, but by and large—and I direct my remarks

principally to my fellow Democrats—they have opposed these programs. They opposed in 1935, by and large, the social security program. Today most Members of this body support the program, although every time we make an innovation in it they say the same thing. Medicare is one example, education is another example, and there are countless others.

This week here in Washington there was a meeting of the Republican National Committee, in which the distinguished gentleman from Ohio, chairman of the Republican National Committee, made the point that the Republican Party had to broaden its base, it had to have appeal to people all over the United States. Maybe he is right, maybe he is wrong.

But the point is, as I see it, the Democratic Party has been the party that has been willing to look at problems and seek a solution.

The CHAIRMAN. The time of the gentleman from Louisiana has expired.

Mr. BOGGS. Mr. Chairman, I ask unanimous consent to proceed for 1 additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. BOGGS. Mr. Chairman, as I see it, what we are trying to do here is to follow in the traditions of the Democratic Party. I would ask my fellow Democrats not to be deceived by the arguments, sincere though they may be, coming from the Republican side of the aisle, because they are arguments that have been heard ever since there has been a division in this aisle, ever since there has been a division between these two parties.

I hope when the vote comes on this amendment the Democratic Party, the traditional party of progress and growth will be for this program and not against it.

Mr. DEL CLAWSON. Mr. Chairman, I rise in opposition to the pending amendment.

(Mr. DEL CLAWSON asked and was given permission to revise and extend his remarks.)

Mr. HARVEY of Michigan. Mr. Chairman, will the gentleman yield?

Mr. DEL CLAWSON. I yield to the gentleman from Michigan.

Mr. HARVEY of Michigan. I thank the gentleman. We have just heard the very distinguished majority whip on the subject of the Ellender-Wagner-Taft proposal. Of course, there are many Members of this House who did not have the opportunity of serving at that time. Being one of those, I sent to the Library of Congress. I was curious as to what one whom I admired had to say about this particular program.

I would like to call to the attention of the House and to the gentleman from California a remark and conditions that the late and distinguished Senator from Ohio said as he proposed this particular bill, and then you can draw your own conclusions as to what he would think today about the rent supplement program.

This is what he said and I quote:

If we adopt this theory—

And there he was referring to the Government's responsibility in the field of public housing—with which I totally agree—he said:

If we adopt this theory and wish to avoid a complete centralization of authority in Washington, there must be certain, definite limitations.

Then he went on to list those—one, two, and three and he came to No. 2 and said—this was his second limitation, I would point to my friend, the gentleman from Louisiana:

The man who is aided must not be better off than the man who earns his own way.

Then his fourth limitation was this:

The cost must not be so great as to bear too heavily on the other four-fifths who have to work harder to pay the bill.

I submit this to you as qualifications to those of you who advocate rent supplements in contrast to public housing.

Mr. Chairman, I thank the gentleman for yielding.

Mr. DEL CLAWSON. Mr. Chairman, we have heard a number of comments today about the difference of opinion as to the meaning of free enterprise. Some have questioned whether or not this section 101 is a free enterprise provision in the housing act.

Free enterprise to me implies a number of things besides just the building of housing units by men who are contractors and the financing by big bankers. It implies, I think, the risk that is involved when men are competing—business and corporations competing with each other. There is a financial risk and their risk of capital as well as the competition among contractors and businessmen is part of the free enterprise system. May I add this. We use the term private and free enterprise because freedom to me means the removal of some of the shackles that are binding our private enterprise system today and giving it increased freedom, rather than tying its existence to the patronage of the Federal Government.

In view of the statements that have been made, some factual statistics, I think, might be enlightening, particularly with reference to those families now in need of housing who are housed in slums or blighted areas and who need decent, safe, and sanitary housing. There has been used the statistic of 500,000 who are on the public housing waiting list for admission.

During the course of the hearings, the figure was used of 550,000 families who are waiting for this kind of housing.

Let us examine the statistics just for a moment and see what this bill and the existing program might do in connection with these waiting families. There is an average turnover in public housing, existing public housing today, of 125,000 units. These are on the public housing availability list as the turnover takes place because of normal vacancies or because of increased income limits making families ineligible to continue occupancy. To this can be added 240,000 units which the present bill authorizes and 170,000 units which the public housing administration has in its various stages of readiness today.

Now over a 4-year period covered by this bill, this means there would be available for use 410,000 new units—new units available to low-income families—under the public housing program. That is 410,000 new units. Added to these 410,000 new units provided in this bill, separate and apart from the rent supplement section, would be the 500,000 vacated units in public housing according to the statistics we have available to us. Surely, this total of 910,000 available units in the time allowed makes doubtful the pressing need for the 375,000 units that the amendment would provide in the rent supplement program so far as our public housing is concerned.

I see no reason for adding this kind of program to that which is already in existence and which would provide the housing if we move along without the dilatory practices that have caused the delay up to this point in the public housing program.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MOORHEAD. Mr. Chairman, I move to strike the requisite number of words.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. MOORHEAD. I am delighted to yield to the chairman of the committee.

Mr. PATMAN. I should like to determine whether we can agree on a time limit. The gentleman from Pennsylvania [Mr. MOORHEAD] wishes to speak, in answer to the gentleman from California [Mr. DEL CLAWSON]. I understand there is a Member on the other side wishes to speak, and we have one other. That would require 15 minutes. How many other Members wish to speak?

Mr. GERALD R. FORD. Mr. Chairman, would the chairman of the Committee on Banking and Currency defer requesting any limitation on time for 5 or 10 minutes?

Mr. PATMAN. I shall be glad to.

(Mr. MOORHEAD asked and was given permission to revise and extend his remarks.)

Mr. MOORHEAD. Mr. Chairman, throughout the development of this legislation in the Housing Subcommittee there was an almost unanimous bipartisan support of 68 of the 69 sections of this legislation. This has been accomplished by a very healthy process of give and take and a mutual respect for the ideas of members of the opposite party.

Mr. Chairman, it is in that spirit the Stephens amendment was offered.

Under the bill as reported by the committee, the Administrator could have provided rent supplements to families with incomes above the level for qualifying for public housing, and fear was expressed that the Administrator would use his discretionary authority to assist those only in the level above public housing and completely disregard those in the public housing level of income.

Now, I do not believe he would have done so, but whether he would have or not, it is clear that if the Stephens amendment is adopted rent supplements will go exclusively to the lowest income levels, to those people who are eligible for public housing.

As the chairman of the full committee said, this amendment answers many of the objections made in the debate. It is in the spirit of the accord with and respect which we have for the Members across the aisle.

I believe that it answers the objection of the gentleman from Michigan [Mr. HARVEY] who said of section 101:

It is intended to benefit not the low-income group but the moderate income group.

Mr. HARVEY of Michigan. Mr. Chairman, will the gentleman yield?

Mr. MOORHEAD. I am glad to yield to the gentleman from Michigan.

Mr. HARVEY of Michigan. I submit to the gentleman that I still have before me the statement of Mrs. McGuire, which shows that persons earning \$11,200 a year in New York will be eligible for this rent supplement program, at 5¾ percent interest. I still do not believe those to be low-income persons, at least not in Saginaw, Mich., where I come from.

Mr. MOORHEAD. I suggest to the gentleman, who supports public housing, that when we get to that section of the bill, if the gentleman has an amendment to offer to correct any abuses, I am sure we will be glad to entertain it.

That is where the amendment should be offered, rather than to section 101.

If I may, I will proceed.

The gentleman from New York [Mr. FINO] said in debate about the unamended section 101:

It does not aim at building low-income housing.

If the Stephens amendment is adopted, that is exactly what section 101 would do.

The gentleman from Tennessee [Mr. BROCK] said:

We are going to subsidize the middle-income group.

If the Stephens amendment is adopted, that is exactly what we will not do.

The gentleman from California [Mr. TALCOTT] said:

I do favor Federal assistance for families with low incomes.

If the Stephens amendment is adopted, that is exactly what section 101 will provide.

The major objections which have been made to section 101, in a spirit of give and take on this side of the aisle, have been met. I hope it will be successful and that we may have bipartisan support for section 101 and the Stephens amendment.

Mr. ALBERT. Mr. Chairman, will the gentleman yield?

Mr. MOORHEAD. I am glad to yield to the distinguished majority leader.

Mr. ALBERT. Are we not tying the rent supplement to public housing? If the rent supplement in the bill is too high, then public housing, which the gentleman from Michigan is supporting, is too high, also?

Mr. MOORHEAD. Yes. That is where any amendment should be made. We have no other criterion with respect to income level in housing than the public housing level. That is why the public housing level was used in the Stephens amendment.

Mr. BROCK. Mr. Chairman, will the gentleman yield?

Mr. MOORHEAD. I am delighted to yield to my colleague on the Housing Subcommittee.

Mr. BROCK. The gentleman referred to section 101, and stated I had said it was written primarily for middle-income people. I should like for the gentleman to show me where the Stephens amendment would eliminate the subsidy for middle-income people.

Under his amendment the limit is still \$10,500 a year. I do not consider that to be low income and neither does anyone else.

Mr. MOORHEAD. I will say to the gentleman from Tennessee that 99 percent, if not more, of the people occupying public housing are at the lowest income level. If there are abuses under the public housing law, then we should amend it to correct those abuses, because we are using a standard here which is successful at least in 99 percent of the cases. If there is some unusual aberration or some quirk, then there is where we should amend the law. Let us not defeat this supplemental program, this good program which will supplement public housing which may, if it works very well, eliminate the need for some of the public housing. If there are flaws and abuses, let us amend the public housing law.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. GERALD R. FORD. Mr. Chairman, I move to strike out the requisite number of words.

(Mr. GERALD R. FORD asked and was given permission to revise and extend his remarks.)

Mr. GERALD R. FORD. Mr. Chairman, for the last hour or so we have heard many soothing observations and recommendations from the other side of the aisle trying to gloss over the fundamental weakness in the rent supplement program.

For example, my good friend, the gentleman from Pennsylvania [Mr. BARRETT], in his remarks, as I recall them, said that the substitute offered at this late date pours oil on troubled waters. Anyone who has had any experience with troubled waters at sea knows that the pouring of oil on the troubled water does not get to the basic root of the difficulty. It does not calm the storm which the ship faces. You do not dissolve the storm with surface oil. You do not eradicate the fundamental cancer by pouring oil on troubled waters.

The gentleman from Texas [Mr. PATMAN], in his very subtle and smooth way, said this substitute corrects many—and I underline “many”—of the abuses and many of the deficiencies. I think it is well to emphasize that by the careful words that he used he admitted it did not cure all of the deficiencies, far from it.

Again the gentleman from Pennsylvania, my friend [Mr. BARRETT], in his remarks emphasized that there were some changes from the original version of section 101 but that there was no basic abandonment of the fundamental concept with which many of us disagree.

Then my very close friend, the distinguished majority leader, as I recall his observation, said, "This proposed substitute rewrites the original version of section 101."

Well, ladies and gentlemen, there can be no rewriting of section 101 that eradicates the basic evil of the concept. The facts are that this substitute makes very minor adjustments. The facts are that the changes are minimal. The facts are that the intent, the purpose, of the original section 101 is included in the substitute. Make no mistake about that. Have no doubts about that.

Those who oppose section 101 in its original form were aiming at a \$8 billion contract. To substitute a \$6 billion contract does not make it a better deal. It is still a \$6 billion program that is basically unsound.

We who objected to the original section 101 had bona fide reservations about the long-term commitments that this Congress was making—40 years. The Congress today should not take that step. If we do we are obligating a great many Congresses in the years ahead that deserve better consideration from us. We will be freezing in those Congresses that succeed us. I do not think with an experimental program such as this that we ought to freeze the Treasury of the United States, our taxpayers, and subsequent Congresses to the extent of the next 40 years.

Let me make this crystal clear. This is a palliative that is being offered to us at this late date. To my friend, the gentleman from Pennsylvania [Mr. MOORHEAD], if this was a bona fide gesture to gain the support of the minority Members of this body as he alleged, I should have thought there would have been consultation by the proponents with those on the minority side. To my knowledge no such effort was made to consult anybody on the minority side.

So, in effect, this is an attempt to have the intents and purposes of the original section 101 rammed through this body.

I would like to point out what we think should be done on this occasion. I feel that all people who basically oppose section 101 in the first instance ought to oppose this minor modification. We ought to vote down the substitute categorically. And I can assure those who do this that later in this debate, for certain when we have the motion to recommit, there will be a clear-cut issue to strike section 101 from the bill. I assure everybody here that if we defeat this phony substitute, this palliative, there will be a clear-cut opportunity later to vote on the original section 101.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. GERALD R. FORD] has expired.

Mr. McCORMACK. Mr. Chairman, I ask unanimous consent that the gentleman from Michigan have permission to proceed for 5 additional minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. GERALD R. FORD. I thank the distinguished Speaker.

I wish to repeat, if this substitute is defeated, as I hope it will be, then there will be an opportunity for us to vote

solely on whether or not the original section 101 with all its evils will be retained in the bill.

Let me conclude with this observation. This 5-page substitute is a pure camouflage, and not a very good one.

It is very transparent in its aim and objective. This 5-page, lately born substitute is a pure and simple subterfuge. It will not fool anybody who has written any one of us saying, "We urge you to vote against this rent supplement proposal." Yes, it is obvious to me, and I am sure to everyone, that the attempt here is to do indirectly what could not be done directly. The facts are that section 101 in a straight test would be defeated.

One of the proponents of this bill said earlier in this debate that this substitute was an attempt to plug some of the obvious loopholes.

Mr. Chairman, I conclude by saying that if this substitute is approved, the net result will be that this will open the floodgates to rent-supplement legislation from now on.

Therefore, Mr. Chairman, I hope it is defeated.

Mr. McCORMACK. Mr. Chairman, I move to strike the requisite number of words.

(Mr. McCORMACK asked and was given permission to revise and extend his remarks.)

(Mr. McCORMACK (at the request of Mr. PATMAN) was granted permission to proceed for 5 additional minutes.)

Mr. McCORMACK. Mr. Chairman, I rise in support of the amendment which has been offered by the gentleman from Georgia [Mr. STEPHENS].

Now, Mr. Chairman, my distinguished friend, the minority leader, the gentleman from Michigan [Mr. GERALD R. FORD] has definitely placed himself—and that means, I assume, the great majority of his party, but I hope not all of his party—in the position of opposition to any efforts being made along the lines outlined in the amendment offered by the distinguished gentleman from Georgia [Mr. STEPHENS]. He makes it a clear-cut issue.

The gentleman from New York [Mr. FINO] also takes the same position, that he is absolutely and unconditionally opposed to legislation of this kind.

The gentleman from Michigan [Mr. HARVEY] made a most ingenious observation, the first time I had ever heard it made by a Republican Member in my 38 years of membership in the House of Representatives, when he said it would be a "big bankers' project" and "a big bankers' dream."

Mr. Chairman, I never thought I would see the day when I would hear a Republican Member directly or indirectly attack big bankers in any respect. And, might I say for the benefit of the gentleman from Michigan, that I defend the big bankers. I believe it is wrong to indict and convict any economic group of our citizens, whether they are big or little or medium sized. I am for big banks. I am for big business. I am for small business. I am for small banks.

Mr. HALLECK. Mr. Chairman, will the distinguished gentleman from Massachusetts yield?

Mr. McCORMACK. In just a minute. I am for the big businessman when he is right. So, when my friend from Michigan talks about a big bankers' project and that the program of rental supplement is a good deal for the big bankers—there cannot be any big bankers in his district or he would have thrown in some others—I was amazed and surprised, coming from a Republican Member of the House.

Mr. Chairman, again I say I have got to rise in defense of our big bankers against this Republican attack as a Democratic Member of the House.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. And, by the way, I am trying to help you out in your deal, too.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I have already yielded.

Mr. HALLECK. Well, I thank the gentleman.

I might say to the gentleman first of all that I appreciate his solicitude for me and the solicitude that he has always expressed through the years. I really appreciate it.

Now, Mr. Chairman, the gentleman from Massachusetts has spoken of the people. He is right, but he has mentioned the big bankers and small bankers, the big business people and the small business people—

Mr. McCORMACK. When they are right.

Mr. HALLECK. But, he forgot to mention the taxpayers. Now, is he the forgotten man in this thing?

Mr. McCORMACK. Well, I think we remember the taxpayers, for the Democratic administration has given to the taxpayers the biggest tax-reduction bill in the history of our country.

Mr. HALLECK. Mr. Chairman, will the gentleman yield further?

Mr. McCORMACK. And just recently this year there has been signed into law an approximately \$5 billion reduction in excise taxes. And, so my friend, you speak words. We Democrats give action.

Mr. BOGGS. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I am happy to yield to the gentleman from Louisiana.

Mr. BOGGS. As the gentleman has already pointed out, it is a fact in the past 3 years there has been a total tax reduction of \$17 billion.

Mr. HARVEY of Michigan. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Michigan.

Mr. HARVEY of Michigan. I want the gentleman to know I am also for both the big bankers and little bankers.

Mr. McCORMACK. The gentleman is apologizing now.

Mr. HARVEY of Michigan. The gentleman will permit me to continue?

Mr. McCORMACK. Not for too long, though.

Mr. HARVEY of Michigan. I am not certain that the gentleman was in the room when I made the distinction between the 5¼-interest rate and the 3¼-interest rate.

Mr. McCORMACK. The gentleman is very adroit, but I have had enough experience to know when I see adroitness. I was simply defending the big bankers that my friend from Michigan apparently attacked when he said this is a big bankers' dream.

Now, let us come to the amendment. There are about 6 million families in this country, as has been stated, who live under substandard conditions. Many Members of this House when they were youngsters, like myself, lived under substandard conditions, some of us under sub-substandard conditions. There is no monopoly on that as far as parties are concerned.

We are dealing with human beings. Those of us who started as youngsters under adverse economic conditions took advantage of the opportunities of our country and have made progress. But there are 6 million families in America who are faced with economic distress and economic adversity.

The rental question is a very vital one. A large percentage of our families with \$2,000 a year or less income pay 35 percent or more of their income for rent. Those getting between \$2,000 and \$3,000, another large percentage of the families of America, pay 35 percent or more for rent out of their income.

We are faced with and we are considering a problem dealing with human beings. I like to think of the conduct of our Government in connection with human beings, whether they are in the city or on the farm. That is why I always vote for farm legislation, because I want to try and cooperate in every way I can in connection with meeting the problems that confront the agricultural communities of our country.

We have to bear in mind that we have subsidies, direct and indirect, now, in various ways. Yes, this is a subsidy, but it is a subsidy for human beings who have been forgotten to a great extent, yet they are human beings who are Americans, our own American citizens. I support people abroad in the cause of humanity. Certainly I do not have to make this argument to Republicans or Democrats. I am talking to your mind—the human mind and the human heart. We are dealing with Americans. We are faced with a condition, not a theory. The Public Housing Law was incapable of meeting the problem. This is the natural and logical manner in which to do it; that is, as between having it financed and carried on in all aspects by private enterprise.

I think it is a very wise policy. I think it is a necessary policy in this year, 1965, and in the years ahead.

We are not talking about conditions as they existed 50 years ago and 100 years ago. We are talking about conditions as they exist today and tomorrow. The economic conditions confronting all of us are intense and those conditions bear particularly heavily on those who from an economic angle are not blessed with much of the world's goods. I know that my colleagues in this legislative body will think of those people who need help and

will want to help them just as I do—I understand that.

The question obviously is to put into practical operation a program that will enable us to the best of our ability to do what we can among the segment of our people who are possessed of deep faith—and I find that the poor do have that strong loyalty to our country. There is no question of any lack of faith or lack of loyalty among the underprivileged and poor families of our country.

From another angle, may I say, and when anyone disagrees with me I respect them in disagreement—but when I do anything—when a condition exists that requires consideration, when I as a legislator can do anything that will strengthen the family life of our country I feel I am strengthening our country itself. Because the very basis of society and the strength of any nation is the collective strength of the families of the Nation and the more we strengthen the families of our Nation economically, the more we strengthen our country itself.

So, without going into politics—and my opening remarks were more or less facetious—pointed but facetious—but as I say without going into politics, I am making an appeal on the level of one human being to another.

The CHAIRMAN. The time of the distinguished Speaker, the gentleman from Massachusetts, has expired.

Mr. PATMAN. Mr. Chairman, if it is agreeable to my colleague, the gentleman from New Jersey [Mr. WIDNALL], I ask unanimous consent that all debate on section 101, and all amendments thereto, close in 20 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. RYAN. Mr. Chairman, I object.

Mr. PATMAN. Mr. Chairman, I move that all debate on section 101, and all amendments thereto, close in 20 minutes.

The motion was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. O'HARA].

Mr. O'HARA of Illinois. Mr. Chairman, I wish time only to say that I have a deep and abiding affection for my native State of Michigan.

Public housing was part and parcel of the Michigan of my boyhood. When I was a boy years ago in Michigan the largest house in Berrien County, located between the county seat at Berrien Springs and the railroad at Berrien Center, was the poorhouse. That was true in almost every county in Michigan. The poorhouse was the largest house in the county and the poorhouse was public housing in its finest human expression.

But a few counties in Michigan did not have enough money to build a poorhouse, so the county officials got together and said to the poor people, "we will chip in a little bit to help pay your rent."

I am sure that the distinguished minority leader will be happy to know that the rent subsidy or settlement feature of the bill before us, which some rash

souls on this side have called both rank socialism and big bankerism on rampage, is really a native of Michigan, something that the good people of Michigan with slender purses but big hearts, tried out in the dying years of the 19th century and found out that it worked in relieving human suffering. Mr. Speaker, the urges of good hearts and the vehicles for their delivery are ageless. The housing bill before us is such a vehicle.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. RYAN].

(Mr. RYAN asked and was given permission to revise and extend his remarks.)

Mr. RYAN. Mr. Chairman and Members of the Committee, I regret we are confronted with this compromise amendment. I prefer the bill in its present form as it has been brought to the floor of the House. It may be that the realities of the legislative situation and the count of the House have convinced the Committee to support this compromise. Nevertheless, I must express my disappointment and my concern about the various changes in the rent supplement concept since it was originally proposed by the administration.

This rent supplement concept is a bold new idea. It should be used to reach those families whose incomes are above the public housing limit yet who cannot, because of the cost of housing, obtain decent housing at one-fifth of their income. That was the original intent of the program.

As proposed by the administration, it did not cover those who are eligible for public housing.

H.R. 7984, as reported out by the committee, changed the program. It provides that the rent supplement payment may not exceed the difference between 25 percent of the tenant's income and the rent—instead of 20 percent. It also includes low- and moderate-income people. According to the committee report—report No. 365:

Rent supplement payments could not be made on behalf of anyone whose income was more than four times the minimum rent required to obtain standard private housing in the area.

Now the pending amendment requires that the income be below the income limitations for occupancy in public housing dwellings in the area.

What is happening is that the original intent is being compromised, and we are now asked to say this program shall only be tied to public housing. Let me point out that this is also tied to a program called the section 221(d)(3) program. That program was adopted in 1961, and to date no housing has been built under that program in the city of New York. It has not been implemented. FHA regulations are so drawn as to prevent it. Construction costs are too high.

I suspect very strongly, although I will reluctantly support this amendment, that the program will not build the housing which is needed in the big cities. We really need a massive public housing program, a program which will build hun-

dreds of thousands of units. In New York City today there are 100,000 applications pending for public housing. There are 500,000 substandard housing units in the city of New York today. We need a crash public housing program.

This bill will not meet the need. Under the statute, there is a 15-percent limitation on the amount of public housing which can be allocated to any State. In the State of New York this means under the bill only 5,250 new units, and the city of New York will get even less than that. For H.R. 7984 provides for only 35,000 units of new construction per year.

I fear we are being misled. This rent supplement program is being tied to a program which has not been effective in the city of New York. It is doubtful that it will provide the housing we need. It is time we faced the realities of the situation and recognized that we need a bold and imaginative program of public housing.

The National Housing Conference recommended 125,000 units of public housing per year.

We should also provide a rent supplement program along the line originally proposed by the administration, under which people whose incomes are higher than the limits for public housing would be reached.

Mr. Chairman, there are too many individuals and families who cannot obtain decent housing for one-fifth of their income, to say nothing of one-quarter of their income.

Under the original rent supplement concept, a tenant would remain as his income increased, and the rent subsidy would be reduced. This was important in helping to stabilize communities. Under the proposed amendment, when a tenant's income goes above public housing eligibility limits, what will happen to him?

Mr. Chairman, when I appeared before the Housing Subcommittee, I urged that rent supplements should be provided for State and city subsidized middle-income housing, such as the Mitchell-Lama limited profit programs in New York State and New York City. This would enable localities to expand middle-income housing plans, something that is sorely needed in New York and elsewhere. Tax abatement subsidy programs should have the benefit of the rent supplement concept.

I also proposed that the tenant selection process under the rent supplement program should not only be free from racial discrimination, but it should promote integrated housing. If tenant selection is put in the hands of private sponsors, as the bill proposes, the new housing will not be racially integrated. Either the HHFA should retain control of tenant selection or it should be done by a local public agency under HHFA supervision.

Mr. Chairman, while I do not believe we are being sufficiently imaginative in formulating this program, it is a new step which should be taken in the interests of housing the people of America.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. FARBSTEIN].

AMENDMENT OFFERED BY MR. FARBSTEIN

Mr. FARBSTEIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FARBSTEIN as an amendment to the amendment offered by Mr. STEPHENS:

In section 101(b) of the matter proposed to be inserted, after "corporation, which" insert "(1)".

In such section 101(b), before the colon, insert the following: "or (2) is a mortgagor under section 231 of such Act, or a borrower under section 202 of the Housing Act of 1959, which has been approved after the enactment of this section (with respect to any project the construction of which has not been completed on the date of such enactment) for receiving the benefits of this section".

Mr. FARBSTEIN. Mr. Chairman, this is a very simple amendment. All I seek to do is to provide rent supplements, if it is eventually adopted, to developers specifically engaged in providing housing for the aged. That is all it does, and I hope that the committee will accept the amendment.

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. FARBSTEIN. I yield to the gentleman.

Mr. BARRETT. I very much sympathize with the amendment of the gentleman from New York, but this is a situation where it would be a double subsidy. As much as the committee would like to take it, we are unable to take it, because it is a further subsidy on the rent subsidy which we are now discussing.

Mr. FARBSTEIN. If the gentleman will read section 101, subdivision B, he will see that it refers to section 221(d) (3). Section 221 (d) (3) of the National Housing Act applies to supplements dealing with everything except housing for the aged. Section 231 of such act deals with the aged. All I seek to do is incorporate that section which applies to the aged so that the building for the aged will be entitled to a supplement just like everyone else.

I cannot understand why there should be any objection to this amendment. I do hope that the chairman of the subcommittee will reconsider and accept it.

Mr. PATMAN. Mr. Chairman, I rise in opposition to the amendment to the amendment.

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Pennsylvania [Mr. BARRETT].

Mr. BARRETT. Mr. Chairman, we have already covered the substitute for the elderly in the bill. Therefore I ask for an immediate vote against the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York to the amendment of the gentleman from Georgia [Mr. STEPHENS].

The amendment to the amendment was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey [Mr. JOELSON].

(Mr. JOELSON asked and was given permission to revise and extend his remarks.)

Mr. JOELSON. Mr. Chairman, I intend to support H.R. 7984 in its entirety, including the hotly disputed section 101.

I was perplexed yesterday to hear one of my colleagues warn that the rent supplement provision would destroy morale. I would like to know what is more destructive to a man's morale than to have him and his family live in a stinking, rat-infested slum.

It is all very well to talk, as my colleague did yesterday, about how her grandparents took their children on horseback over Indian trails. It so happens there are no Indian trails in the district which I represent, and I have not even seen a horse there lately. Unfortunately, however, there are people required to live in hell-holes that are an insult to the human spirit.

If we really want to help boost morale, we had better stop talking in meaningless platitudes and do something to help disadvantaged people live in decent surroundings. To state, as my colleague did yesterday, that people should build their own homes is to be completely out of touch with reality.

How can a man who earns so little as to be qualified for public housing, and is otherwise disabled or disadvantaged possibly build his own home? To suggest, as my colleague did yesterday, that the person who fails to do so is spineless is as unkind as it is unrealistic.

Let us stop mouthing empty phrases about the good old days and let us legislate for the present and the future so that American men and women can be helped to help themselves live in self-respect and decency.

The CHAIRMAN. The Chair recognizes the gentleman from Florida [Mr. HERLONG].

MOTION OFFERED BY MR. HERLONG

Mr. HERLONG. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. HERLONG moves that the Committee rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

Mr. HERLONG. Mr. Chairman, this whole business of attempting to embark on a program of rent subsidies or supplements has caused me to ponder just what comes next. If a man has substandard clothing, would we not have to give him a subsidy so that he can wear as expensive clothes as others? Recreation has become an integral part of our lives—would we not have to subsidize recreation to keep a man from feeling frustrated because he cannot afford the same recreational activities and clubs that his neighbor enjoys?

Speaking of recreation, a couple of months ago James J. Kilpatrick, writing in the Washington Star, satirically envisioned just what might happen when the Government, for example, invaded the recreational field of our national game—baseball. Because it so appropriately points up the ludicrousness of what is being attempted in this rent subsidy I would like to abridge and quote a bit of it.

It was opening day of the season, the Mets were playing the Dodgers at Shea

Stadium. The usual pregame conference with the managers was held along the left field foul line.

Most of the new rules since the Government had taken over had been explained in spring training many times, but Casey Stengel, the manager of the Mets, could not get it straight.

"It is assumed," said the umpire with great patience, "that any team that wins fewer than 50 percent of its games is the victim of insidious discrimination which is a blatant affront to the conscience of this generation of Americans."

"Quite so," said Casey. "Last season we won 53 and lost 109."

"The new rules," the umpire said, "will not permit this. The acid of the Cards shall not be allowed to corrode the soul of the Mets. Neither can a prosperous nation tolerate islands of poverty in a sea of plenty. The Mets therefore begin the season with 15 games in the win column—and each of their hitters gets one extra strike."

After some argument the teams took the field. In the first inning the Dodgers loaded the bases and Willie Davis clobbered one into the stands. As he came trotting around third base the umpire came out and stopped him. "The challenge before us is clear and immediate," the umpire said. "You are flouting the Constitution. You are frustrating the intent of the Mets. The hymns of the oppressed have summoned us to justice. You are out."

Of course, this caused quite an argument but the umpire won it by putting Dodger manager, Walt Alston, out of the game.

By the end of the fifth inning the score was the Mets 3 and the Dodgers 8. It would have been much more one-sided but for the fact that, in the interest of social justice, the umpire had cut the Dodgers down to seven men. Willie Davis was playing the entire outfield by himself—but even with four strikes to the batter, the Mets were not making any progress. So the umpire summoned Stengel to discuss appropriate legislation.

"Unless we act anew," said the umpire, "with dispatch and resolution, we shall sanction a sad and sorrowful course for the future."

"What we need," said Casey, "is a few runs."

"The most crucial new instrument in our effort to improve the American pastime is the run supplement," said the umpire. "It now proposes to add to the rules through direct payment of a portion of the score of needy individuals and ball clubs."

So the umpire took two runs away from the Dodgers and gave them to the Mets. This made the score 6 to 5 in favor of the Dodgers. Then, in the bottom of the eighth, the Mets tied it up on a home run into short center field. It would have been a single in any other game, but the umpire ruled that inasmuch as the hitter had a batting average of less than .250 he was entitled to special benefits under the poverty program.

The game finally ended 6 hours after it began, with the score, Mets, 44; Dodgers, 41, but it would not have ended then

if the umpire had not decided that all managers over 65 were entitled to a bonus.

Yes, this is ridiculous—and this whole rent supplement idea is just as ridiculous when you think about it. And that is why I cannot vote for it. The image that Congress, in the eyes of many people, already has of yielding to whatever comes up here just because some arms are twisted is already bad enough.

Mr. Chairman, I ask unanimous consent to withdraw my preferential motion.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. HALLECK. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HALLECK. Was unanimous consent granted for the withdrawal of that motion?

The CHAIRMAN. I am sure it was.

Mr. HALLECK. Then it would be in order to offer it again, would it not?

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. AYRES].

(Mr. AYRES asked and was given permission to revise and extend his remarks.)

Mr. AYRES. Mr. Chairman, those of us who have not had the privilege of serving on the Committee on Banking and Currency and who have not had the privilege of analyzing this amendment that was just brought in today are somewhat confused as to just what the amendment proposes to do regarding those people who qualify for public housing but who cannot find a unit available.

I would like to ask the gentleman from Pennsylvania [Mr. BARRETT] a question. Assuming the head of a family here in the District of Columbia has a gross income of \$300, they would qualify for a \$75, or 25 percent of \$300, public housing unit. The unit is not available. No unit is available. So, they rent a winterized cottage on Chesapeake Bay and they buy a dozen pullets, a hog, and plant a garden. But they have to pay \$150 a month for this.

How much would the Government pay them for not being able to get a public housing unit out on East Capital Street?

Mr. BARRETT. The necessary payment.

Mr. AYRES. Even though he is paying \$150, half of his income in rent?

Mr. BARRETT. That is right.

Mr. AYRES. Well, then, who does this program help?

Mr. BARRETT. It helps the people in four groups. It helps the handicapped, the displaced people, the elderly, and those people who are living in slums, a term we have sophisticated and now say "substandard" housing. But we are talking about those who are living in filth and in slums. It is those people.

And the bill also limits the program to new or rehabilitated housing financed under FHA section 221(d) (3).

The CHAIRMAN. The Chair recognizes the gentleman from Missouri [Mr. ICHORD].

(Mr. ICHORD asked and was given permission to revise and extend his remarks.)

Mr. ICHORD. Mr. Chairman, I take this time to inquire of the subcommittee chairman as to section 101.

As I understand it, if the amendment is adopted the eligibility standards of public housing will become the standards of rental supplements.

Let me put a hypothetical question to the gentleman from Pennsylvania. Assuming a man is earning \$6,200 a year, and he qualifies and receives a rent supplement. He later gets a better job, making \$9,000 a year.

Would his rent supplement be reduced?

Mr. BARRETT. This is a very good point, and I am glad the gentleman brought this point up. This is the simplicity of the legislation which has been neglected in the discussion for the last couple of days. If that party were eligible in the beginning for rent supplementation, and if his family increased its earnings, his supplementation would go down. The best practical answer that I can give this House is to look at the two escalators contained herein. As the family income rises, the rent supplement would go down. When he reaches a point that he is financially capable of paying the economic rent, he can stay in the apartment, and he is not evicted as he would be in public housing.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. CEDERBERG].

(Mr. CEDERBERG asked and was given permission to revise and extend his remarks.)

Mr. CEDERBERG. Mr. Chairman, I think we have made just a little bit of progress here today when the gentleman from New York offered an amendment and it was opposed by the gentleman from Pennsylvania, on the grounds that it represented a double subsidy.

Certainly I believe we can only stand with one subsidy of this kind in a day and I am glad that the gentleman did not accept it.

Mr. Chairman, this represents the very worst program that has been presented to the Congress in the time I have served here.

Mr. HARVEY of Michigan. Mr. Chairman, will the gentleman yield?

Mr. CEDERBERG. I yield to the gentleman from Michigan.

Mr. HARVEY of Michigan. Mr. Chairman, I want to take this time to point out to the Members of the House that there is another program in this housing bill, and if this section 101 and this amendment is defeated—because we know now it was hastily conceived in the last minute, a six-page amendment, after days of laborious hearings were held on the general legislation—we know it will not work—there is another section, section 103, that is a good substitute for it that is already in the bill. It is a much cheaper section where you are dealing with the rent situation for a period of 12 to 36 months instead of 40 years. You are dealing with existing dwellings of which there is a surplus, instead of going out and constructing

new ones at this immense cost and at an interest rate of 5¼ percent.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. STANTON].

Mr. STANTON. Mr. Chairman, I yield to the gentleman from New York [Mr. GOODELL].

Mr. GOODELL. Mr. Chairman, a few moments ago the majority Whip made reference to the social security issue. I have heard this dead horse beaten many times, and I think the RECORD ought to be absolutely clear that the Republicans did not oppose social security. The vote on April 19, 1935, in the House was 77 Republicans voting for it, and 18 opposed to it. Some people seem to enjoy re-writing history, but let us stick to the facts.

Mr. PATMAN. What about the motion to recommit?

The CHAIRMAN. The Chair recognizes the gentleman from Tennessee [Mr. BROCK].

Mr. BROCK. Mr. Chairman, just one further comment on the comparison between sections 101 and 103 that the gentleman from Michigan [Mr. HARVEY] has made.

We should point out 103 has a cost of \$500 million instead of \$6 billion. In addition section 103 goes into immediate effect. Existing houses are available now instead of having to wait for 2 or 3 years.

Finally, we have been talking a lot about human beings, but you can never strengthen a family by destroying its incentive to own its own home.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. GUBSER].

(Mr. GUBSER asked and was given permission to revise and extend his remarks.)

Mr. GUBSER. Mr. Chairman, I listened with great interest to the sterling words of the Speaker when he told of his desire to help human beings. We all agree and are sincere in that desire. But I wonder, perhaps, with the great surplus of programs which are being enacted these days for that purpose, if we are not choking the poor to death with legislation.

In my time we have enacted hundreds of laws to benefit the economically underprivileged. We have enacted unemployment insurance, social security, WPA, PWA, NYA, public housing, urban redevelopment, slum clearance, manpower training and development, aid to needy children, welfare programs, Appalachia, the food stamp bill, the poverty bill, accelerated public works, area redevelopment, vocational education, the Job Corps which spends \$7,000 annually on each of the underprivileged and hundreds of other programs.

Yet in spite of this endless stream of legislation each of which was billed as the millenium for the poor each year we hear someone come before us citing figures showing that poverty is on the increase; unemployment figures remain immune to Government programs designed to lower them, and new slums are being created each day.

In view of this dismal record perhaps we had better unlegislate for poverty instead of legislating for it.

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey [Mr. WIDNALL].

Mr. WIDNALL. Mr. Chairman, I would just like to reiterate what I said before in the well of the House. I urge defeat of this amendment. The original proposition that was criticized so severely by so many, I supported, and will support it again if the pending amendment is defeated.

Before closing, would like to compliment the very able chairman Mr. FLOOD for the very able way he has handled the debate today and for the good humor he has shown and fair treatment he has accorded to both the majority and minority Members. Believe me, we need some good laughs in Washington many times and we are doubly grateful for your contribution to consideration of this bill.

The CHAIRMAN. All time on the pending amendment has expired.

The question is on the amendment offered by the gentleman from Georgia [Mr. STEPHENS].

Mr. FINO. Mr. Chairman, I ask for a teller vote on this amendment.

Tellers were ordered, and the Chairman appointed as tellers Mr. WIDNALL and Mr. PATMAN.

The Committee divided and the tellers reported that there were—ayes 190, noes 159.

So the amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Extension of FHA section 221 programs; modification of interest rate; pooling of mortgages for sale

SEC. 102. (a) The fifth sentence of section 221(f) of the National Housing Act is amended by striking out "subsection (d) (2) or (d) (4) after September 30, 1965, or under subsection (d) (3) after September 30, 1965," and inserting in lieu thereof "this section after October 1, 1969."

(b) The proviso in section 221(d) (5) of such Act is amended by striking out "not less than the annual rate of interest determined" and inserting in lieu thereof "not less than the lower of (A) 3 per centum per annum, or (B) the annual rate of interest determined".

(c) Section 302(c) of such Act is amended by inserting before the last sentence thereof the following: "If there shall be included within one or more of the trusts or other agencies created pursuant to the authority of this subsection any mortgages bearing a below-market interest rate and insured under section 221(d) (3) after the date of the enactment of the Housing and Urban Development Act of 1965, there are authorized to be appropriated from time to time such amounts as may be necessary to reimburse the Association for the amount of the differential (including interest, other costs, and a fair proportion of administrative expense) between (1) the total outlay with respect to outstanding participations or other instruments in an amount not to exceed the dollar amount of such below-market interest rate mortgages, and (2) the total receipts from such mortgages."

Low-rent housing in private accommodations

SEC. 103. (a) The United States Housing Act of 1937 is amended by redesignating section 23 as section 24, and by adding after section 22 the following new section:

"Low-rent housing in private accommodations"

"SEC. 23. (a) For the purpose of providing a supplementary form of low-rent housing which will aid in assuring a decent place to live for every citizen and promote efficiency and economy in the program under this Act by taking full advantage of vacancies or potential vacancies in the private housing market, each public housing agency shall, to the maximum extent consistent with the achievement of the objectives of this Act, provide low-rent housing under this Act in the form of low-rent housing in private accommodations in accordance with this section where such housing in private accommodations can be provided at a cost equal to or less than housing in projects assisted under other provisions of this Act. As used in this section the term 'low-rent housing in private accommodations' means dwelling units in an existing structure, leased from a private owner, which provide decent, safe, and sanitary dwelling accommodations and related facilities effectively supplementing the accommodations and facilities in low-rent housing assisted under the other provisions of this Act in a manner calculated to meet the total housing needs of the community in which they are located. As used in this section, the term 'owner' means any person or entity having the legal right to lease or sublease property containing one or more dwelling units as described in this section.

"(b) Beginning as soon as practicable after the date of the enactment of this section, each public housing agency shall conduct a continuing survey and listing of the available dwelling units within the community or communities under its jurisdiction which provide decent, safe, and sanitary dwelling accommodations and related facilities and are, or may be made, suitable for use as low-rent housing in private accommodations under this section.

"(c) Each public housing agency, by notification to the owners of housing listed under subsection (b), or by publication or advertisement, or otherwise, shall from time to time make known to the public in the community or communities under its jurisdiction the anticipated need for dwelling units in such community or communities to be used as low-rent housing in private accommodations under this section, inviting the owners of such dwelling units to make available for purposes of this section one or more of such units (not exceeding 10 per centum of the units in any single structure except to the extent that the agency, because of the limited number of units in the structure or for any other reason, determines that such limit should not be applied). The public housing agency shall conduct appropriate inspections of the units offered to be made available in any residential structure by the owner thereof in response to such invitation, and if—

"(1) it finds that such units are, or may be made, suitable for use as low-rent housing in private accommodations within the meaning of subsection (a), and

"(2) the rentals to be charged for such units, as negotiated and agreed to by the agency and the owner of the structure in a manner consistent with subsection (d) (2), are within the financial range of families of low income, such agency may approve such units for use as low-rent housing in private accommodations in accordance with (and subject to the applicable limitations contained in) this section. Each public housing agency shall maintain and keep current a list of units approved by it under this subsection, including such information with respect to each such unit as it may consider necessary or appropriate.

"(d) To the extent of contracts for annual contributions entered into by the Authority with a public housing agency under section 10(e), such agency may enter into contracts with the owners of structures containing dwelling units approved under subsection (c) for the use of such units in accordance with this section. Each such contract with an owner shall provide (with respect to any unit) that—

"(1) the selection of tenants for such unit shall be the function of the owner, subject to the provisions of the contract between the Authority and the agency;

"(2) the rental and other charges to be received by the owner shall be negotiated and agreed to by the agency and the owner, and the rental and other charges to be paid by the tenant shall be determined in accordance with the standards applicable to units in low-rent housing projects assisted under the other provisions of this Act;

"(3) the agency shall have the sole right to give notice to vacate, with the owner having the right to make representations to the agency for termination of a tenancy;

"(4) maintenance and replacements (including redecoration) shall be in accordance with the standard practice for the building concerned, as established by the owner and agreed to by the agency; and

"(5) the agency and the owner shall carry out such other appropriate terms and conditions as may be mutually agreed to by them. Each contract between a public housing agency and an owner entered into under this subsection shall be for a term of not less than twelve months nor more than thirty-six months, and shall be renewable by such agency and owner at the expiration of such term.

"(e) The annual contribution under this Act for a project of a public housing agency for low-rent housing in private accommodations under this section in lieu of any other guaranteed contribution authorized by section 10 shall not exceed the amount of the fixed annual contribution which would be established under this Act for a newly constructed project by such public housing agency designed to accommodate the comparable number, sizes, and kinds of families. The period over which payments will be made to a public housing agency for a project of low-rent housing in private accommodations under this section, and the aggregate amount of such payments, under a contract for annual contributions, shall be determined on the basis of the number of units in the community or communities under the jurisdiction of such agency which are in use (or can reasonably be expected to be placed in use) as low-rent housing in private accommodations under this section, taking into account the terms of the leases under which such units are (or will be) so used. In addition, contracts for financial assistance entered into by the Authority with a public housing agency pursuant to this section shall provide for reimbursement of reasonable and necessary expenses incurred by such agency in conducting surveys, listings, and inspections described in subsections (b) and (c).

"(f) On or before January 1, 1968, the Authority shall submit to the Congress a full report of operations under this section, together with its recommendations with respect thereto."

(b) The last sentence of section 2(1) of such Act is amended by striking out "Income limits for occupancy and rents" and inserting in lieu thereof "Except as otherwise provided in section 23, income limits for occupancy and rents".

(c) The provisions of sections 10(h) and 15(7) of the United States Housing Act of 1937, and the workable program requirement in section 10(e) of such Act and section 101(c) of the Housing Act of 1949, shall not apply to low-rent housing in private accom-

modations provided under section 23 of the United States Housing Act of 1937.

Low-rent public housing

SEC. 104. (a) Section 10(e) of the United States Housing Act of 1937 is amended by inserting after "per annum," the following: "which limit shall be increased by \$47,000,000 on the date of the enactment of the Housing and Urban Development Act of 1965, and by further amounts of \$47,000,000 on July 1 in each of the years 1966, 1967, and 1968, respectively."

(b) Section 10(c) of such Act is amended by striking out "And provided further" and inserting in lieu thereof "Provided further", and by inserting before the period at the end thereof the following: "And provided further, That the amount of the fixed annual contribution which would be established under this Act for a newly constructed project by a public housing agency designed to accommodate a number of families of a given size and kind may be established, as a maximum annual contribution in lieu of any other guaranteed contribution authorized under this section, for a project by such public housing agency which would provide housing for the comparable number, sizes, and kinds of families through the acquisition, acquisition and rehabilitation, or use under lease of existing structures which are suitable for low-rent housing use and obtainable in the local market".

(c) Section 2(2) of such Act is amended to read as follows:

"(2) The term 'families of low income' means families (including elderly and displaced families) who are in the lowest income group and who cannot afford to pay enough to cause private enterprise in their locality or metropolitan area to build an adequate supply of decent, safe, and sanitary dwellings for their use. The term 'families' includes families consisting of a single person in the case of elderly families and displaced families, and includes the remaining member of a tenant family. The term 'elderly families' means families whose heads (or their spouses), or whose sole members, have attained the age at which an individual may elect to receive an old-age benefit under title II of the Social Security Act, or are under a disability as defined in section 223 of that Act, or are handicapped within the meaning of section 202 of the Housing Act of 1959. The term 'displaced families' means families displaced by urban renewal or other governmental action."

(d) Section 15(7)(b) of such Act is amended by striking out "(ii)" and all that follows down through "and (iii)", and by inserting in lieu thereof "and (ii)".

Direct loans to provide housing for the elderly or handicapped

SEC. 105. (a) Section 202(a)(4) of the Housing Act of 1959 is amended by striking out "not to exceed \$350,000,000" and inserting in lieu thereof "such sums as may be necessary for purposes of this section."

(b) Effective with respect to loans made on or after the date of the enactment of this Act, section 202(a)(3) of such Act is amended by striking out "the higher of (A) 2¾ per centum per annum, or" and inserting in lieu thereof "the lower of (A) 3 per centum per annum, or".

(c) Section (202)a of such Act is further amended by adding at the end thereof the following new paragraph:

"(5) No loan shall be made under this section after October 1, 1969, except pursuant to a commitment entered into on or before such date."

Rehabilitation grants to homeowners in urban renewal areas

SEC. 106. (a) Title I of the Housing Act of 1949 is amended by adding at the end thereof the following new section:

"Rehabilitation grants"

"SEC. 115. (a) Notwithstanding any other provision of this title, the Administrator may authorize a local public agency to make grants (and the urban renewal project may include the making of such grants) as prescribed in this section. Any such grant may be made only to an individual or family, as described in subsection (b), who owns and occupies a structure in an urban renewal area, and only for the purpose of covering the cost of repairs and improvements necessary to make such structure conform to public standards for decent, safe, and sanitary housing as required by applicable codes or other requirements of the urban renewal plan for the area. Any contract for financial assistance under this title shall provide that the capital grant otherwise payable for the project shall be increased by an amount equal to the total amount of the grants under this section and that no part of the total amount of such grants shall be required to be contributed as part of the local grant-in-aid.

"(b) A grant authorized by this section may be made to an individual or family whose income does not exceed \$2,000 a year, and such grant may be in an amount which does not exceed the lesser of (1) the actual (and approved) cost of the repairs and improvements involved, or (2) \$1,500. In case the income of the individual or family exceeds \$2,000 a year, a grant may be made under this section, subject to the limitations specified in clauses (1) and (2) of the preceding sentence, but only in an amount not to exceed that portion of the cost of the repairs and improvements which cannot be paid for with any available loan that can be amortized as part of such individual's or family's monthly housing expense without requiring such monthly housing expense to exceed 25 per centum of such individual's or family's monthly income."

(b) Any contract with a local public agency which was executed under title I of the Housing Act of 1949 before the date of enactment of this Act may be amended to provide for grants authorized by section 115 of the Housing Act of 1949.

TITLE II—FHA INSURANCE OPERATIONS

Land development

SEC. 201. (a) The National Housing Act is amended by adding at the end thereof the following new title:

"TITLE X—MORTGAGE INSURANCE FOR LAND DEVELOPMENT

"Definitions

"SEC. 1001. As used in this title—

"(a) the term 'mortgage' means a lien or liens on real estate in fee simple, or on a leasehold (1) under a lease for not less than ninety-nine years which is renewable or (2) under a lease having a period of not less than fifty years to run from the date the mortgage was executed;

"(b) the term 'first mortgage' includes such classes of first liens as are commonly given to secure advances (including but not limited to advances during construction) on, or the unpaid purchase price of, real estate under the laws of the State in which the real estate is located, together with the credit instrument or instruments, if any, secured thereby, and may be in the form of trust mortgages or mortgage indentures or deeds of trusts securing notes, bonds, or other credit instruments;

"(c) the terms 'mortgagee', 'mortgagor', and 'State' have the same meaning as in section 207 of this Act;

"(d) the term 'improvements' means waterlines and water supply installations, sewerlines and sewage disposal installations, roads, streets, curbs, gutters, sidewalks, storm drainage facilities, and other installations or work, whether on or off the site, which the

Commissioner deems necessary or desirable to prepare land primarily for residential and related uses or to provide, for public or common use, facilities which (1) shall include only such buildings as are needed in connection with water supply or sewage disposal installations and such buildings, other than schools, as the Commissioner considers appropriate, and (2) are to be owned and maintained jointly by the property owners; and

"(e) the term 'land development' means the process of making, installing, or constructing improvements.

"Basic conditions for insurance"

"SEC. 1002. The Commissioner is authorized (1) to insure, upon such terms and conditions as he may prescribe, any first mortgage (including advances on such mortgage) in accordance with the provisions of this title and (2) to make a commitment for the insurance of such mortgage prior to the date of execution of such mortgage or prior to the date of disbursement of the mortgage proceeds. No mortgage shall be insured under this title after October 1, 1969, except pursuant to a commitment to insure issued before such date.

"SEC. 1003. The mortgage shall—

"(a) be executed by a mortgagor, other than a public body, approved by the Commissioner;

"(b) be made to and held by a mortgage approved by the Commissioner; and

"(c) cover the land to be developed and the improvements to be made with the assistance of the mortgage insurance under this title, except facilities intended for public use and in public ownership.

"SEC. 1004. The principal obligation of the mortgage shall (1) not exceed 75 per centum of the Commissioner's estimate of the value of the property upon completion of the land development, and (2) not exceed the sum of 50 per centum of the Commissioner's estimate of the value of the land before development and 90 per centum of his estimate of the cost of such development. The outstanding principal obligations of mortgages involving a single land development undertaking, as defined by the Commissioner, shall at no time exceed \$12,500,000.

"SEC. 1005. The mortgage shall—

"(a) have a maturity, not to exceed seven years, and contain repayment provisions satisfactory to the Commissioner;

"(b) bear interest at a rate satisfactory to the Commissioner, and such interest shall be exclusive of premium charges for mortgage insurance and such service charges and fees as may be approved by the Commissioner; and

"(c) contain such terms and provisions with respect to protection of the security, payment of taxes, delinquency charges, prepayment, additional and secondary liens, and other matters as the Commissioner may in his discretion prescribe.

"SEC. 1006. A property or project to be financed by a mortgage insured under this title shall—

"(a) represent a good mortgage insurance risk; and

"(b) involve improvements that comply with all applicable State and local governmental requirements and with minimum standards approved by the Commissioner.

"Land planning"

"SEC. 1007. (a) The land development covered by a mortgage insured under this title shall be undertaken pursuant to a schedule, conforming to such requirements and procedures as the Commissioner may prescribe, that will assure the use of the land for the purposes for which it is to be developed within the shortest reasonable period consistent with the objectives of sound and economic community growth or urban development.

"(b) The land development shall be undertaken in accordance with an overall development plan, appropriate to the scope and character of the undertaking, which—

"(1) has received all governmental approvals required by State or local law or by the Commissioner;

"(2) is acceptable to the Commissioner as providing reasonable assurance that the land development will contribute to good living conditions in the area being developed, which area (i) will have a sound economic base and a long economic life, (ii) will be characterized by sound land-use patterns, and (iii) will include or be served by such shopping, school, recreational, transportation, and other facilities as the Commissioner deems adequate or necessary; and

"(3) is consistent with a comprehensive plan which covers, or with comprehensive planning being carried on for, the area in which the land is situated, and which meets criteria established by the Housing and Home Finance Administrator for such plans or planning.

"Encouragement of small builders and moderate cost housing"

"SEC. 1008. The Commissioner shall adopt such requirements as he deems necessary in land development covered by mortgages insured under this title to encourage the maintenance of a diversified local homebuilding industry, broad participation by builders, and the inclusion of a proper balance of housing for families of moderate or low income.

"Water and sewerage facilities"

"SEC. 1009. After development of the land it shall be served by public systems for water and sewerage which are consistent with other existing or prospective systems within the area. If the Commissioner determines that public ownership of such a system is not feasible, he may approve an adequate privately or cooperatively owned system which will be regulated, during the period of such ownership, in a manner acceptable to him with respect to user rates and charges, capital structure, methods of operation, and rate of return. Approval of such system shall be given only where the Commissioner receives assurances, satisfactory to him, with respect to eventual public ownership and operation of the system and with respect to the conditions and terms of any sale or transfer.

"Releases"

"SEC. 1010. The Commissioner may, on such terms and conditions as he may prescribe, consent to the release or subordination of a part or parts of the mortgaged property from the lien of the mortgage.

"Premiums and fees"

"SEC. 1010. The Commissioner may, on lect reasonable premiums for the insurance of any mortgage under this title and make such charges as he determines are reasonable for the analysis of the land development plan and the appraisal and inspection of the property and improvements. On or before January 1, 1967, the Commissioner shall make a report to the Congress concerning the premium rates and other charges under this title that he estimates will be adequate to provide income sufficient for a self-supporting program.

"Insurance benefits"

"SEC. 1012. The provisions of subsections (e), (g), (h), (i), (j), (k), (l), and (n) of section 207 of this Act shall be applicable to mortgages insured under this title, except that as applied to such mortgages (1) any reference therein to section 207 shall be deemed to refer to this title, and (2) any reference to an annual premium shall be deemed to refer to such premiums as the Commissioner may designate under this title.

"Incontestability provisions"

"SEC. 1013. Any contract of insurance executed by the Commissioner under this title shall be conclusive evidence of the eligibility of the mortgage for insurance, and the validity of any contract of insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of such contract, except for fraud or material misrepresentation on the part of such approved mortgagee.

"Rules and regulations"

"SEC. 1014. The Commissioner is authorized to make such rules and regulations and to require such agreements as he may deem necessary or desirable to carry out the provisions of this title.

"Taxation provisions"

"SEC. 1015. Nothing in this title shall be construed to exempt any real property acquired and held by the Commissioner under this title from taxation by any State or political subdivision thereof to the same extent, according to its value, as other real property is taxed.

"Cost certification"

"SEC. 1016. (a) The Commissioner shall adopt such requirements as he determines necessary to assure, at reasonable intervals of time during land development and upon completion of such development, that the amount of the mortgage loan outstanding at each such interval does not exceed with respect to that portion of the land remaining under the lien of the mortgage (1) 50 per centum of the Commissioner's estimate of the value of such remaining land before development, plus (2) 90 per centum of the actual costs of the development allocated by the Commissioner to such remaining land.

"(b) From time to time during, and upon completion of, the development, the Commissioner shall require the mortgagor to certify as to the actual costs of development of the land.

"(c) Certifications required pursuant to this section shall be accompanied by such data and records as the Commissioner shall prescribe.

"(d) A mortgagor's certification approved by the Commissioner shall be final and incontestable except for fraud or material misrepresentation on the part of the mortgagor.

"(e) As used in this section, the term 'actual costs' means the costs (exclusive of kickbacks, rebates, or trade discounts) to the mortgagor of the improvements involved. These costs may include amounts paid for labor, materials, construction contracts, land planning, engineers' and architects' fees, surveys, taxes, and interest during development, organizational and legal expenses, such allocation of general overhead expenses as are acceptable to the Commissioner, and other items of expense incidental to development which may be approved by the Commissioner. If the Commissioner determines there is an identity of interest between the mortgagor and the contractor, there may be included an allowance for contractor's profit in an amount deemed reasonable by the Commissioner."

(b) (1) Section 302(b) of the National Housing Act is amended by striking out "the term 'mortgages'" in the last sentence and inserting in lieu thereof "the terms 'mortgages' and 'home mortgages'".

(2) The first paragraph of section 24 of the Federal Reserve Act is amended by inserting before the next to last sentence the following new sentence: "Notwithstanding the foregoing limitations and restrictions in this section, any national banking association may make loans for land development which are secured by mortgages insured under title X of the National Housing Act."

(3) Section 5(c) of the Home Owners Loan Act of 1933 is amended by adding at the end thereof the following new paragraph:

"Without regard to any other provision of this subsection, any such association may, to such extent as the Federal Home Loan Bank Board may by regulation permit, invest in loans, and interests in loans, secured by mortgages as to which the association has the benefit of insurance under title X of the National Housing Act or of a commitment or agreement for such insurance, and investments under this sentence shall not be included in any percentage of assets or other percentage referred to in this subsection."

Extension of insurance authorizations

SEC. 202. (a) Section 2(a) of the National Housing Act is amended by striking out "October 1, 1965" and inserting in lieu thereof "October 1, 1969".

(b) Section 217 of such Act is amended—

(1) by striking out "title VIII" and inserting in lieu thereof "title VIII, or title X", and

(2) by striking out "October 1, 1965" and inserting in lieu thereof "October 1, 1969".

(c) The second sentences of sections 809 (f) and 810(k) of such Act are each amended by striking out "October 1, 1965" and inserting in lieu thereof "October 1, 1969".

Multifamily mortgage limits for four or more bedroom units

SEC. 203. (a) Section 207(c)(3) of the National Housing Act is amended—

(1) by striking out "and \$18,500 per family unit with three or more bedrooms" and inserting in lieu thereof "\$18,500 per family unit with three bedrooms, and \$21,000 per family unit with four or more bedrooms"; and

(2) by striking out "and \$22,500 per family unit with three or more bedrooms" and inserting in lieu thereof "\$22,500 per family unit with three bedrooms, and \$25,500 per family unit with four or more bedrooms".

(b)(1) Section 213(b)(2) of such Act is amended—

(A) by striking out "and \$18,500 per family unit with three or more bedrooms" and inserting in lieu thereof "\$18,500 per family unit with three bedrooms, and \$21,000 per family unit with four or more bedrooms"; and

(B) by striking out "and \$22,500 per family unit with three or more bedrooms" and inserting in lieu thereof "\$22,500 per family unit with three bedrooms, and \$25,500 per family unit with four or more bedrooms".

(2) Section 213(c) of such Act is amended by striking out "and not to exceed" and all that follows and inserting in lieu thereof the following: "and not to exceed a sum computed on the basis of a separate mortgage for each single-family dwelling (irrespective of whether such dwelling has a party wall or is otherwise physically connected with another dwelling or dwellings) comprising the property or project, equal to the total of each of the maximum principal obligations of such mortgages which would meet the requirements of section 203(b)(2) if the mortgagor were the owner and occupant who had made any required payment on account of the property prescribed in such paragraph."

(c) Section 220(d)(3)(B)(iii) of such Act is amended—

(1) by striking out "and \$18,500 per family unit with three or more bedrooms" and inserting in lieu thereof "\$18,500 per family unit with three bedrooms, and \$21,000 per family unit with four or more bedrooms"; and

(2) by striking out "and \$22,500 per family unit with three or more bedrooms" and inserting in lieu thereof "\$22,500 per family unit with three bedrooms, and \$25,500 per family unit with four or more bedrooms".

(d) Section 221(d) of such Act is amended—

(1) by striking out "and \$17,000 per family unit with three or more bedrooms" in

paragraphs (3)(ii) and (4)(ii) and inserting in lieu thereof "\$17,000 per family unit with three bedrooms, and \$19,250 per family unit with four or more bedrooms"; and

(2) by striking out "and \$20,000 per family unit with three or more bedrooms" in paragraphs (3)(ii) and (4)(ii) and inserting in lieu thereof "\$20,000 per family unit with three bedrooms, and \$22,750 per family unit with four or more bedrooms".

(e) Section 231(c)(2) of such Act is amended—

(1) by striking out "and \$17,000 per family unit with three or more bedrooms" and inserting in lieu thereof "\$17,000 per family unit with three bedrooms, and \$19,250 per family unit with four or more bedrooms"; and

(2) by striking out "and \$20,000 per family unit with three or more bedrooms" and inserting in lieu thereof "\$20,000 per family unit with three bedrooms, and \$22,750 per family unit with four or more bedrooms".

(f) Section 234(e)(3) of such Act is amended—

(1) by striking out "and \$18,500 per family unit with three or more bedrooms" and inserting in lieu thereof "\$18,500 per family unit with three bedrooms, and \$21,000 per family unit with four or more bedrooms"; and

(2) by striking out "and \$22,500 per family unit with three or more bedrooms" and inserting in lieu thereof "\$22,500 per family unit with three bedrooms, and \$25,500 per family unit with four or more bedrooms".

Rehabilitation in urban renewal areas

SEC. 204. Section 220(d)(3)(A) of the National Housing Act is amended—

(1) by striking out the second proviso in clause (i); and

(2) by striking out clause (ii) and inserting in lieu thereof the following:

"(i) in a case where the mortgagor is not the occupant of the property and intends to hold the property for rental purposes, have a principal obligation in an amount not to exceed 93 per centum of the amount computed under the provisions of clause (1);

"(iii) in a case where the mortgagor is not the occupant of the property and intends to hold the property for the purpose of sale, have a principal obligation in an amount not to exceed 85 per centum of the amount computed under the provisions of clause (1), or in the alternative, in an amount equal to the amount computed under the provisions of clause (f) if the mortgagor and mortgagee assume responsibility in a manner satisfactory to the Commissioner for the reduction of the mortgage by an amount not less than 15 per centum of the outstanding principal amount thereof, or by such greater amount as may be required to meet the limitations of clause (iv), in the event the mortgaged property is not, prior to the due date of the eighteenth amortization payment of the mortgage, sold to a purchaser acceptable to the Commissioner who is the occupant of the property and who assumes and agrees to pay the mortgage indebtedness; and

"(iv) in no case involving refinancing (except as provided in clause (iii)) have a principal obligation in an amount exceeding the sum of the estimated cost of repair and rehabilitation and the amount (as determined by the Commissioner) required to refinance existing indebtedness secured by the property or project, plus any existing indebtedness incurred in connection with improving, repairing, or rehabilitating the property; or".

Nondwelling facilities for urban renewal housing

SEC. 205. Section 220(d)(3)(B) of the National Housing Act is amended by striking out clause (iv) and inserting in lieu thereof the following:

"(iv) include such nondwelling facilities as the Commissioner deems desirable and consistent with the urban renewal plan: *Provided*, That the project shall be predominantly residential and any nondwelling facility included in the mortgage shall be found by the Commissioner to contribute to the economic feasibility of the project."

Larger insured mortgages for servicemen

SEC. 206. Section 222(b) of the National Housing Act is amended—

(1) by striking out "\$20,000" in paragraph (2) and inserting in lieu thereof "\$30,000"; and

(2) by striking out paragraph (3) and inserting in lieu thereof the following:

"(3) have a principal obligation not in excess of the amount derived by applying the maximum ratio of loan to value prescribed in the first sentence of section 203 (b)(2); and".

Refinancing of insured mortgages

SEC. 207. Section 223(a)(7) of the National Housing Act is amended by striking out "section 608 of title VI prior to the effective date of the Housing Act of 1954 or under section 220, 221, 903, or section 908" and inserting in lieu thereof "this Act".

Consolidation of FHA insurance funds

SEC. 208. Title V of the National Housing Act is amended by adding at the end thereof the following new section:

"Establishment of general insurance fund"

"SEC. 519. (a) There is hereby created a General Insurance Fund which shall be used by the Commissioner, on and after the date of the enactment of the Housing and Urban Development Act of 1965, as a revolving fund for carrying out all the insurance provisions of this Act with the exception of those specified in subsection (e). All mortgages or loans insured under this Act pursuant to commitments issued on or after the date of the enactment of the Housing and Urban Development Act of 1965, except those specified in subsection (e), and all loans reported for insurance under section 2 on or after the date of the enactment of the Housing and Urban Development Act of 1965, shall be insured under the General Insurance Fund. The Commissioner shall transfer to the General Insurance Fund—

"(1) the assets and liabilities of all insurance accounts and funds, except the Mutual Mortgage Insurance Fund, existing under this Act immediately prior to the enactment of the Housing and Urban Development Act of 1965;

"(2) all outstanding commitments for insurance issued prior to the date of the enactment of the Housing and Urban Development Act of 1965, except those specified in subsection (e);

"(3) the insurance on all mortgages and loans insured prior to the date of the enactment of the Housing and Urban Development Act of 1965, except insurance specified in subsection (e); and

"(4) the insurance of all loans made by approved financial institutions pursuant to section 2 prior to the date of the enactment of the Housing and Urban Development Act of 1965.

"(b) The general expenses of the operations of the Federal Housing Administration relating to mortgages and loans which are the obligation of the General Insurance Fund may be charged to the General Insurance Fund.

"(c) Moneys in the General Insurance Fund not needed for the current operations of the Federal Housing Administration with respect to mortgages and loans which are the obligation of the General Insurance Fund shall be deposited with the Treasurer of the United States to the credit of such Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may,

with the approval of the Secretary of the Treasury, purchase in the open market debentures issued as obligations of the General Insurance Fund or issued prior to the enactment of the Housing and Urban Development Act of 1965 under other provisions of this Act, except debentures issued under the Mutual Mortgage Insurance Fund. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

"(d) Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage or loan which is the obligation of the General Insurance Fund, the receipts derived from the property covered by such mortgages and loans and from the claims, debts, contracts, property, and security assigned to the Commissioner in connection therewith, and all earnings on the assets of the Fund shall be credited to the General Insurance Fund. The principal of, and interest paid and to be paid on, debentures which are the obligation of such Fund, and cash insurance payments and adjustments, and expenses incurred in the handling, management, renovation, and disposal of properties acquired, in connection with mortgages and loans which are the obligation of such Fund, shall be charged to such Fund.

"(e) The General Insurance Fund shall not be used for carrying out the provisions of sections 203(b), 203(h), and 203(i), or the provisions of section 213 to the extent that they involve mortgages the insurance for which is the obligation of the Cooperative Management Housing Insurance Fund created by section 213(k); and nothing in this section shall apply to or affect any mortgages, loans, commitments, or insurance under such provisions."

Mutuality for management-type cooperatives

SEC. 209. (a) Section 213 of the National Housing Act is amended by adding at the end thereof the following new subsections:

"(k) There is hereby created a Cooperative Management Housing Insurance Fund (hereinafter referred to as the 'Management Fund'). The Management Fund shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section with respect to mortgages or loans insured, on or after the date of the enactment of this subsection, under subsections (a)(1), (a)(3) (if the project is acquired by a cooperative corporation), (i), and (j). The Management Fund shall also be used as a revolving fund for mortgages, loans, and commitments transferred to it pursuant to subsection (m). The Commissioner is directed to transfer to the Management Fund from the General Insurance Fund established pursuant to section 519 such amount as the Commissioner determines to be necessary and appropriate. General expenses of operation of the Federal Housing Administration relating to mortgages or loans which are the obligation of the Management Fund may be charged to the Management Fund.

"(l) The Commissioner shall establish in the Management Fund, as of the date of the enactment of this subsection, a General Surplus Account and a Participating Reserve Account. The aggregate net income thereafter received or any net loss thereafter sustained by the Management Fund, in any semiannual period, shall be credited or charged to the General Surplus Account or the Participating Reserve Account or both in such manner and amounts as the Commissioner may determine to be in accord with sound actuarial and accounting practice. Upon termination of the insurance obligation of the Management Fund by payment of any mortgage or loan insured under this section, and at such time or times prior to

such termination as the Commissioner may determine, the Commissioner is authorized to distribute to the mortgagor or borrower a share of the Participating Reserve Account in such manner and amount as the Commissioner shall determine to be equitable and in accordance with sound actuarial and accounting practice: *Provided*, That in no event shall the amount of the distributable share exceed the aggregate scheduled annual premiums of the mortgagor or borrower to the year of payment of the share less the total amount of any share or shares previously distributed by the Commissioner to the mortgagor or borrower: *And provided further*, That in no event may a distributable share be distributed until any funds transferred from the General Insurance Fund to the Management Fund pursuant to subsection (k) or (o) have been repaid in full to the General Insurance Fund. No mortgagor, mortgagee, borrower, or lender shall have any vested right in a credit balance in any such account or be subject to any liability arising out of the mutuality of the Management Fund. The determination of the Commissioner as to the amounts to be paid by him to any mortgagor or borrower shall be final and conclusive.

"(m) The Commissioner is authorized to transfer to the Management Fund commitments for insurance issued under subsections (a)(1), (i), and (j) prior to the date of the enactment of this subsection, and to transfer to the Management Fund the insurance of any mortgage or loan insured prior to the date of the enactment of this subsection under subsection (a)(1), (a)(3) (if the project is acquired by a cooperative corporation), (i), or (j), but only in cases where the consent of the mortgagee or lender to the transfer is obtained or a request by the mortgagee or lender for the transfer is received by the Commissioner within such period of time after the date of the enactment of this subsection as the Commissioner shall prescribe: *Provided*, That the insurance of any mortgage or loan shall not be transferred under the provisions of this subsection if on the date of the enactment of this subsection the mortgage or loan is in default and the mortgagee or lender has notified the Commissioner in writing of its intention to file an insurance claim. Any insurance or commitment not so transferred shall continue to be an obligation of the General Insurance Fund.

"(n) Notwithstanding the limitations contained in other provisions of this Act, premium charges for mortgages or loans insured under this section and sections 207, 231, and 232 may be payable in debentures issued in connection with mortgages or loans transferred to the Management Fund or in connection with mortgages or loans insured pursuant to commitments transferred to the Management Fund, as provided in subsection (m) of this section.

"(o) Notwithstanding any other provision of this Act, the Commissioner is authorized to transfer funds between the Cooperative Management Housing Insurance Fund and the General Insurance Fund in such amounts and at such times as he may determine, taking into consideration the requirements of each such Fund, to assist in carrying out effectively the insurance programs for which such Funds were respectively established."

(b) Section 213 of such Act is further amended—

(1) by inserting before the period at the end of subsection (a) the following: "*Provided*, That as applied to mortgages the mortgage insurance for which is the obligation of the Management Fund, the reference to the General Insurance Fund in section 207 (b)(2) shall be construed to refer to the Management Fund"; and

(2) by inserting before the period at the end of subsection (e) the following: "*Provided*, That as applied to mortgages or loans

the insurance for which is the obligation of the Management Fund (1) all references to the General Insurance Fund shall be construed to refer to the Management Fund, and (2) all references to section 207 shall be construed to refer to subsections (a)(1), (a)(3) (if the project involved is acquired by a cooperative corporation), (i), and (j) of this section".

Optional cash payment of insurance benefits

SEC. 210. Title V of the National Housing Act is amended by adding at the end thereof (after the new section added by section 208 of this Act) the following new section:

"Optional cash payment of insurance benefits"

"Sec. 520. (a) Notwithstanding any other provisions of this Act with respect to the payment of insurance benefits, the Commissioner is authorized, in his discretion, to pay in cash or in debentures any insurance claim or part thereof which is paid on or after the date of the enactment of the Housing and Urban Development Act of 1965 on a mortgage or a loan which was insured under any section of this Act either before or after such date. If payment is made in cash, it shall be in an amount equivalent to the face amount of the debentures that would otherwise be issued plus an amount equivalent to the interest which the debentures would have earned, computed to a date to be established pursuant to regulations issued by the Commissioner.

"(b) The Commissioner is authorized to borrow from the Treasury from time to time such amounts as the Commissioner shall determine are necessary to make payments in cash (in lieu of issuing debentures guaranteed by the United States, as provided in this Act) pursuant to the provisions of this section. Notes or other obligations issued by the Commissioner in borrowing under this subsection shall be subject to such terms and conditions as the Secretary of the Treasury may prescribe. Each sum borrowed pursuant to this subsection shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of such notes or other obligations."

FHA mortgage financing for veterans

SEC. 211. Section 203(b)(2) of the National Housing Act is amended—

(1) by striking out "and not to exceed" and inserting in lieu thereof "and (except as provided in the last sentence of this paragraph) not to exceed"; and

(2) by adding at the end thereof the following new sentence: "If the mortgagor is a veteran (as defined in section 101(2) of title 38, United States Code) who has not received any direct, guaranteed, or insured loan under laws administered by the Veterans' Administration for the purchase, construction, or repair of a dwelling (including a farm dwelling) which was to be owned and occupied by him as his home, and the mortgage to be insured under this section covers property upon which there is located a dwelling designed principally for a one-family residence, the principal obligation may be in an amount equal to the sum of (i) 100 per centum of \$20,000 of the appraised value of the property as of the date the mortgage is accepted for insurance, and (ii) 85 per centum of such value in excess of \$20,000."

Mortgage limit for homes in outlying areas under FHA section 203(i) program

SEC. 212. Section 203(i) of the National Housing Act is amended by striking out "\$11,000" and inserting in lieu thereof "\$12,500".

TITLE III—URBAN RENEWAL

Study of housing and building codes, zoning, tax policies, and development standards

SEC. 301. (a) The Congress finds that the general welfare of the Nation requires that local authorities be encouraged and aided to prevent slums, blight, and sprawl, preserve natural beauty, and provide for decent, durable housing so that the goal of a decent home and a suitable living environment for every American family may be realized as soon as feasible. The Congress further finds that there is a need to study housing and building codes, zoning, tax policies, and development standards in order to determine how (1) local property owners and private enterprise can be encouraged to serve as large a part as they can of the total housing and building need, and (2) Federal, State, and local governmental assistance can be so directed as to place greater reliance on local property owners and private enterprise and enable them to serve a greater share of the total housing and building need. The Housing and Home Finance Administrator is therefore directed to study the structure of (1) State and local urban and suburban housing and building laws, standards, codes, and regulations and their impact on housing and building costs, how they can be simplified, improved, and enforced, at the local level, and what methods might be adopted to promote more uniform building codes and the acceptance of technical innovations including new building practices and materials; (2) State and local zoning and land use laws, codes, and regulations, to find ways by which States and localities may improve and utilize them in order to obtain further growth and development; and (3) Federal, State, and local tax policies with respect to their effect on land and property cost and on incentives to build housing and make improvements in existing structures.

(b) The Administrator shall submit a report based on such study to the President and to the Congress within 18 months after the enactment of the Housing and Urban Development Act of 1965 or the appropriation of funds for the study, whichever is later.

(c) There are authorized to be appropriated such funds as may be necessary to carry out the purposes of this section. Any funds so appropriated shall remain available until expended.

General neighborhood renewal plans

SEC. 302. Section 102(d) of the Housing Act of 1949 is amended—

(1) by striking out the fifth sentence and inserting in lieu thereof the following:

"In order to facilitate proper preliminary planning for the attainment of the urban renewal objectives of this title, the Administrator may also make advances of funds (in addition to those authorized above) to local public agencies for the preparation of General Neighborhood Renewal Plans (as herein defined). A General Neighborhood Renewal Plan may be prepared for an area which consists of an urban renewal area or areas together with any adjoining areas, and which is of such size that the urban renewal activities in the urban renewal area or areas may have to be carried out in stages, consistent with the capacity and resources of the respective local public agency or agencies, over an estimated period of not more than ten years."; and

(2) by striking out clause (1) of the sixth sentence and inserting in lieu thereof the following:

"(1) in the interest of sound community planning it is desirable that the urban renewal activities proposed for the area be planned in their entirety";

Increase in authorization for capital grants

SEC. 303. (a) The first sentence of section 103(b) of the Housing Act of 1949 is

amended by striking out "\$4,725,000,000" and inserting in lieu thereof "\$4,700,000,000, which amount shall be increased by \$675,000,000 on the date of the enactment of the Housing and Urban Development Act of 1965, by \$725,000,000 on July 1, 1966, and by \$750,000,000 on July 1, in each of the years 1967 and 1968".

(b) The proviso in the first sentence of section 103(b) of such Act, and the second sentence of section 6(b) of the Urban Mass Transportation Act of 1964, are repealed.

Use of grant or loan funds in code enforcement and rehabilitation projects

SEC. 304. The unnumbered paragraph immediately following clause (8) in section 110(c) of the Housing Act of 1949 is amended—

(1) by inserting "(A)" before "no contract"; and

(2) by inserting before the period at the end of the paragraph the following: ", and (B) not less than 10 per centum of the aggregate amount of (i) grants authorized to be contracted for under this title by the Housing and Urban Development Act of 1965 and subsequent Acts, and (ii) loans authorized to be made under section 312 of the Housing Act of 1964, shall be available for projects assisted with such grants or loans which involve primarily code enforcement and rehabilitation".

Strengthened workable program requirement

SEC. 305. Section 101 of the Housing Act of 1949 is amended by adding at the end thereof the following new subsection:

"(e) No loan or grant contract may be entered into by the Administrator for an urban renewal project unless he determines that (A) the workable program for community improvement presented by the locality pursuant to subsection (c) is of sufficient scope and content to furnish a basis for evaluation of the need for the urban renewal project; and (B) such project is in accord with the program."

Rehabilitation loans

SEC. 306. (a) Section 312(d) of the Housing Act of 1964 is amended to read as follows:

"(d) In order to provide moneys for loans in accordance with this section, the Administrator is authorized to establish a revolving fund which shall comprise all moneys heretofore or hereafter appropriated pursuant to this section, together with all repayments and other receipts heretofore or hereafter received in connection with loans made under this section. There are authorized to be appropriated to such revolving fund, in addition to amounts authorized for the purposes of this section prior to the date of the enactment of the Housing and Urban Development Act of 1965, such funds as may be necessary to carry out the purposes of this section. All funds so appropriated shall remain available until expended."

(b) Section 312 of such Act is further amended by adding at the end thereof the following new subsection:

"(h) No loan shall be made under the authority of this section after October 1, 1969, except pursuant to a contract, commitment, or other obligation entered into pursuant to this section before that date."

Lease guaranties for small-business concerns displaced by urban renewal projects

SEC. 307. (a) Section 7 of the Small Business Act is amended by adding at the end thereof the following new subsection:

"(e)(1) The Administration also is empowered, in order to assist small-business concerns which have been displaced by urban renewal projects in obtaining leases of property for use in the conduct of their business operations, to insure the owner or lessor of any such property, or the lending institution

financing the construction thereof, against losses which such owner, lessor, or institution might sustain as a result of the failure of the small-business concern to perform the lease in accordance with its terms.

"(2) No insurance under this subsection shall be granted by the Administration with respect to any lease unless—

"(A) the lease is for a period of not more than ten years and contains or is subject to such other terms and conditions as the Administration may require in order to protect the interests of the small-business concern and to insure that the lease will assist in carrying out the purpose of this Act; and

"(B) the small-business concern is financially sound and efficiently managed, and has provided satisfactory assurances that it will comply with the terms of the lease and any related documents and with such additional terms and conditions as the Administration may specify.

"(3) There is hereby established an insurance fund for use by the Administration in carrying out this subsection. Each person granted insurance under this subsection shall be required to pay premiums for such insurance, at such times and in such manner as may be prescribed by the Administration, in amounts which shall be fixed by the Administration but which shall not exceed, in the case of any lease, an amount equivalent to 1 per centum of the annual rental (or minimum rental) payable under such lease. Such premiums, together with any other receipts under the insurance program established by this subsection, shall be placed in the insurance fund. Moneys in such fund not needed for the payment of current operating expenses of the insurance program or for the payment of claims arising thereunder may be invested in bonds or other obligations of, or bonds or other obligations guaranteed as to principal and interest by, the United States; except that moneys made available to provide initial capital for such fund under the sixth sentence of section 4(c) shall be returned to the revolving fund established by such section, in such amounts and at such times as the Administration determines to be appropriate, whenever the level of such insurance fund (by reason of premiums and receipts from other sources) is sufficiently high to permit the return of such moneys without danger to the solvency of the insurance program under this subsection.

"(4) The Administration is authorized and directed to prescribe such rules and regulations as may be necessary to carry out this subsection."

(b) Section 4(c) of such Act is amended—

(1) by inserting "7(e)," after "7(b)," in the first sentence; and

(2) by inserting after the fifth sentence the following new sentence: "Not to exceed \$5,000,000 shall be made available to provide initial capital for the insurance fund established by section 7(e) (3)."

(c) Section 5(b) of such Act is amended—

(1) by inserting after "loans granted" in paragraphs (2) and (3) the following: "or the performance of leases insured";

(2) by striking out "loans made" each place it appears in paragraphs (4) and (7) and inserting in lieu thereof "loans made or leases insured"; and

(3) by striking out "and 7(b)" in paragraph (5) and inserting in lieu thereof "7(b), and 7(e)".

Relocation of displacees from urban renewal areas

SEC. 308. (a) Section 105(c) of the Housing Act of 1949 is amended to read as follows:

"(c) There shall be a feasible method for the temporary relocation of individuals and families displaced from the urban renewal area, and there are or are being provided, in the urban renewal area or in other areas not

generally less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the individuals and families displaced from the urban renewal area, decent, safe, and sanitary dwellings equal in number to the number of and available to such displaced individuals and families and reasonably accessible to their places of employment. The Administrator shall issue rules and regulations to aid in implementing the requirements of this subsection and in otherwise achieving the objectives of this title. Such rules and regulations shall require that there be established, at the earliest practicable time, for each urban renewal project involving the displacement of individuals, families, and business concerns occupying property in the urban renewal area, a relocation assistance program which shall include such measures, facilities, and services as may be necessary or appropriate in order (A) to determine the needs of such individuals, families, and business concerns for relocation assistance; (B) to provide information and assistance to aid in relocation and otherwise minimize the hardships of displacement, including information as to real estate agencies, brokers, and boards in or near the urban renewal area which deal in residential or business property that might be appropriate for the relocating of displaced individuals, families, and business concerns; and (C) to assure the necessary coordination of relocation activities with other project activities and other planned or proposed governmental actions in the community which may affect the carrying out of the relocation program, particularly planned or proposed low-rent housing projects to be constructed in or near the urban renewal area. As a condition to further assistance after the enactment of this sentence with respect to each urban renewal project involving the displacement of individuals and families, the Administrator shall require, within a reasonable time prior to actual displacement, satisfactory assurance by the local public agency that decent, safe, and sanitary dwellings as required by the first sentence of this subsection are available for the relocation of each such individual or family."

(b) The requirements imposed by the amendment made by subsection (a) of this section shall not be applicable to any project receiving Federal recognition prior to the date of the enactment of this Act.

Redevelopment in accordance with urban renewal plan

SEC. 309. Section 106 of the Housing Act of 1949 is amended by adding at the end thereof the following new subsection:

"(h) Notwithstanding any other provision of this title, no contract shall be entered into for any loan or capital grant under this title with any local public agency unless the local public agency establishes, by evidence satisfactory to the Administrator, that any urban renewal project with respect to which such local public agency has received a loan or capital grant under this title has been, or will be, undertaken and carried out in substantial accordance with the urban renewal plan, and any amendments thereto, approved with respect to such project, and the terms of the contract for loan or capital grant covering such project."

Limitation on noncash grant-in-aid credit allowed for publicly owned parking facilities

SEC. 310. The parenthetical phrase in clause (3) of the first sentence of section 110(d) of the Housing Act of 1949 is amended by striking out "and" and inserting in lieu thereof a comma, and by inserting at the end thereof (within the parentheses) the following: ", and publicly owned parking facilities to the extent that the cost thereof is anticipated to be recovered from revenues".

Eligibility of communities in depressed areas for urban renewal assistance

SEC. 311. (a) Subparagraph (B) of section 103(a) (2) of the Housing Act of 1949 is amended to read as follows:

"(B) three-fourths of the aggregate net project costs of any such projects which are located in (i) a municipality having a population of fifty thousand or less according to the most recent decennial census, or (ii) a municipality situated in a labor market area which, at the time the contract or contracts involved are entered into or at such earlier time as the Administrator may specify in order to avoid hardship, is designated as a redevelopment area under the second sentence of section 5(a) of the Area Redevelopment Act or any other legislation enacted after the date of the enactment of the Housing and Urban Development Act of 1965 containing standards for designation as a redevelopment area generally comparable to those set forth in the second sentence of section 5(a) of the Area Redevelopment Act, and"

(b) The amendment made by subsection (a) shall apply only with respect to urban renewal projects placed under contract for capital grant on or after the date of the enactment of this Act; except that such amendment shall apply with respect to all urban renewal projects in the city of Providence, Rhode Island, placed under contract for capital grant during the period Providence was designated as a redevelopment area under section 5(a) of the Area Redevelopment Act (or at such earlier time as the Administrator may specify in order to avoid hardship) and not completed prior to the date of the enactment of this Act.

Local grants-in-aid for urban renewal project in Philadelphia

SEC. 312. Notwithstanding any other provision of law, moneys heretofore expended by the University of Pennsylvania for land included in the overall development plan proposed by the university and utilized, or to be utilized, in connection with new university facilities within one mile of urban renewal project Pennsylvania 5-3 (University City) shall (if otherwise eligible) be allowed as local grants-in-aid for such project.

TITLE IV—COMPENSATION OF CONDEMNNEES

Declaration of policy

SEC. 401. In order to encourage the acquisition of real property in a manner which affords fair and equitable treatment to owners and tenants of such property and on as nearly uniform a basis as practicable, the Congress hereby establishes a Federal policy of uniform land acquisition procedures for real property to be acquired in the course of Federally assisted development programs.

Definitions

SEC. 402. For the purposes of this title—

(1) the term "development program" means any program established by or conducted under any of the following provisions of law:

- (A) the United States Housing Act of 1937;
- (B) title I of the Housing Act of 1949;
- (C) title IV of the Housing Act of 1950;
- (D) title II of the Housing Amendments of 1955;
- (E) section 202 of the Housing Act of 1959; and

(F) title VII of the Housing Act of 1961;

(2) the term "Federal assistance" means a grant, loan, contract of guaranty, annual contribution, or other assistance provided by the United States:

(3) the term "applicant" means any public body or other agency or nonprofit institution authorized to receive Federal assistance under a development program;

(4) the term "interest" means any interest in real property and includes future, nonpossessory, and leasehold interests;

(5) the term "real property" means any

land, or any interest in land, and (A) any building, structure, or other improvements embedded in or affixed to land, and any article so affixed or attached to such building, structure, or improvement as to be an essential or integral part thereof; (B) any article affixed or attached to such real property in such manner that it cannot be removed without material injury to itself or the real property; and (C) any article so designed, constructed, or specially adapted to the purpose for which such real property is used that (i) it is an essential accessory or part of such real property, (ii) it is not capable of use elsewhere, and (iii) it would lose substantially all its value if removed from the real property; and

(6) the term "Administrator" means the Housing and Home Finance Administrator.

Land acquisition policy

SEC. 403. (a) As a condition of eligibility for Federal assistance pursuant to a development program, each applicant for such assistance shall satisfy the Administrator that the following policies will be followed in connection with the acquisition of real property by eminent domain in the course of such program—

(1) the applicant shall make every reasonable effort to acquire the real property by negotiated purchase;

(2) the real property shall be appraised before the initiation of negotiations, and the owner or his designated representative shall be given an opportunity to accompany the appraiser during his inspection of the property;

(3) before the initiation of negotiations for acquisition of real property, the applicant shall establish a price believed to be fair and reasonable and shall offer to acquire the property for the price so established;

(4) if only a part of or an interest less than a fee title to real property is to be acquired, the applicant shall provide the owner with a statement of its estimate of—

(A) the fair value of the entire property immediately before the acquisition,

(B) the fair value of the property remaining immediately after the acquisition,

(C) the fair value of the part of or interest in the property actually acquired,

(D) the damages, if any, resulting to the remaining property (or interest therein), and

(E) the benefits, if any, accruing to the remaining property (or interest therein);

(5) no owner shall be required to surrender possession of real property before the applicant pays to the owner (A) the agreed purchase price arrived at by negotiation, or (B) in any case where only the amount of the payment to the owner is in dispute, not less than 75 per centum of the most recent fair and reasonable price established under paragraph (3);

(6) the construction or development of any public improvements shall be so scheduled that no person lawfully occupying the real property shall be required to surrender possession on account of such construction or development without at least 90 days' written notice from the applicant of the date on which such construction or development is scheduled to begin;

(7) if the applicant does not require the use of a building, structure, or other improvement on the real property to be acquired, the applicant shall offer to permit its owner to remove it upon agreement that the fair value of the building, structure, or other improvement to be removed from the real property, as determined by the applicant, will be deducted from the compensation otherwise to be paid for the real property, or will be paid to the applicant by the owner;

(8) if the applicant permits an owner or tenant to rent acquired real property for a short term or for a period subject to termination by the applicant on short notice, the

amount of rent required shall not exceed the fair rental value of the property to the owner or tenant for such term or period, as determined by the applicant;

(9) the applicant shall not advance the time of eminent domain, nor defer eminent domain or the deposit of funds in court for the benefit of the owner, in order to compel an agreement on the price to be paid for the real property;

(10) if the acquisition of only a part of any real property would leave its owner with an uneconomic remnant, the applicant shall acquire the entire property; and

(11) in determining the boundaries of a proposed public improvement, the applicant shall take into account human considerations, including the economic and social effects of the proposed public improvement on owners and tenants of real property in the area, in addition to engineering and other factors.

(b) Nothing in this section shall be construed as superseding or otherwise affecting the provisions of any State or local law, or as affecting the validity of any property acquisition by purchase or eminent domain.

Relocation payments under federally assisted development programs

SEC. 404. (a) To the extent not otherwise authorized under any Federal law, financial assistance extended to an applicant under any federally assisted development program may include grants for relocation payments, as herein defined. Such grants may be in addition to other financial assistance under such federally assisted development programs, and may cover the full amount of such relocation payments. The term "relocation payments" means payments by the applicant which are (1) made to an individual, family, business concern, or nonprofit organization displaced by a project on or after the date of the enactment of the Housing and Urban Development Act of 1965, and (2) made on such terms and conditions and subject to such limitations (to the extent applicable, but not including the date of displacement) as are provided for relocation payments, at the time such payments are approved, by sections 114 (b), (c), and (d) of the Housing Act of 1949 with respect to projects assisted under title I thereof. Relocation payments authorized by this subsection shall be made subject to such rules and regulations as may be prescribed by the Administrator.

(b) Section 114(b) (2) of the Housing Act of 1949 is amended by striking out "\$1,500" and inserting in lieu thereof "\$2,500".

(c) (1) Section 114 of such Act is further amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new subsection:

"(d) In addition to payments authorized to be made under subsections (b) and (c), a local public agency may pay to any displaced individual, family, business concern, or nonprofit organization reasonable and necessary expenses incurred for (1) recording fees, transfer taxes, and similar expenses incidental to conveying real property to a project assisted under this title, (2) penalty costs for prepayment of any mortgage encumbering such real property, and (3) the pro rata portion of real property taxes allocable to a period subsequent to the date of vesting of title or the effective date of the acquisition of such real property by such agency, whichever is earlier."

(2) Section 15(8) of the United States Housing Act of 1937 is amended by striking out "section 114 (b) or (c)" and inserting in lieu thereof "section 114 (b), (c), and (d)".

(d) Subsection (a) shall not be applicable to any project receiving financial assistance under a development program prior to the date of the enactment of this Act.

Funds for certain payments in eminent domain

SEC. 405. Notwithstanding any other provision of law, financial assistance under any federally assisted development program may include amounts necessary for financing, in the same manner that other costs of a project assisted under such program are financed, the payments described in paragraph (5) (B) of section 403(a) of this Act.

TITLE V—COLLEGE HOUSING

Increase in authorization for college housing loans

SEC. 501. Section 401(d) of the Housing Act of 1950 is amended by striking out "through 1965" each place it appears and inserting in lieu thereof "through 1968".

Interest rate on college housing loans

SEC. 502. (a) Effective with respect to loan contracts entered into after the date of the enactment of this Act, section 401(c) of the Housing Act of 1950 is amended by striking out "the higher of (1) 2½ per centum per annum, or" and inserting in lieu thereof "the lower of (1) 3 per centum per annum, or".

(b) Effective with respect to notes or other obligations financing loan contracts entered into after the date of the enactment of this Act, section 401(e) of such Act is amended by striking out "the higher of (1) 2½ per centum per annum, or" and inserting in lieu thereof "the lower of (1) 2½ per centum per annum, or".

Parking facilities for colleges and universities

SEC. 503. Section 404(h) of the Housing Act of 1950 is amended by adding at the end thereof the following new sentence: "In addition, such term includes parking facilities primarily to serve the needs of students and faculty."

TITLE VI—COMMUNITY FACILITIES

Purpose

SEC. 601. The purpose of this title is to assist and encourage the communities of the Nation fully to meet the needs of their citizens by making it possible, with Federal grant assistance, for their governmental bodies (1) to construct adequate basic water and sewer facilities needed to promote the efficient and orderly growth and development of the communities; and (2) to construct neighborhood facilities needed to enable them to carry on programs of necessary social services.

Grants for basic water and sewer facilities

SEC. 602. (a) The Housing and Home Finance Administrator (hereinafter in this title referred to as the "Administrator") is authorized to make grants to local public bodies and agencies to finance specific projects for basic public water and sewer facilities (including works for the storage, treatment, purification, and distribution of water.)

(b) The amount of any grant made under the authority of this section shall not exceed 50 per centum of the development cost of the project.

(c) No grant shall be made under this section in connection with any project unless the Administrator determines that the project is necessary to provide adequate water or sewer facilities for, and will contribute to the improvement of the health or living standards of, the people in the community to be served, and that the project is (1) designed so that an adequate capacity will be available to serve the reasonably foreseeable growth needs of the area, (2) consistent with a program meeting criteria, established by the Administrator, for a unified or officially coordinated areawide water or sewer facilities system as part of the comprehensively planned development of the area, except that prior to July 1, 1968, grants may, in the dis-

cretion of the Administrator, be made under this section when such a program for an areawide water and sewer facilities system is under active preparation, although not yet completed, if the facility or facilities for which assistance is sought can reasonably be expected to be required as a part of such program, and there is urgent need for the facility or facilities, and (3) necessary to orderly community development.

Grants for neighborhood facilities

SEC. 603. (a) The Administrator is authorized to make grants, in accordance with the provisions of this section, to local public bodies and agencies to finance specific projects for neighborhood facilities.

(b) The amount of any grant made under the authority of this section shall not exceed 66⅔ per centum of the development cost of the project for which the grant is made (or 75 per centum of such cost in the case of a project located in an area which at the time the grant is made is designated as a redevelopment area under section 5 of the Area Redevelopment Act or under any other legislation enacted after the date of the enactment of this Act containing standards for designation as a redevelopment area generally comparable to those set forth in section 5 of the Area Redevelopment Act).

(c) No grant shall be made under this section for any project unless the Administrator determines that the project will provide a neighborhood facility which is (1) necessary for carrying out a program of health, recreational, social, or similar community service (including a community action program approved under title II of the Economic Opportunity Act of 1964) in the area, (2) consistent with comprehensive planning for the development of the community, and (3) so located as to be available for use by a significant portion (or number in the case of large urban places) of the area's low- or moderate-income residents.

(d) For a period of twenty years after a grant has been made under this section for a neighborhood facility, such facility shall not, without the approval of the Administrator, be converted to uses other than those proposed by the applicant in its application for the grant. The Administrator shall not approve any conversion in the use of such a neighborhood facility during such twenty-year period unless he finds that such conversion is in accord with the then applicable program of health, recreational, social, or similar community services in the area and consistent with comprehensive planning for the development of the community in which the facility is located. In approving any such conversion, the Administrator may impose such additional conditions and requirements as he deems necessary.

(e) The Administrator shall give priority to applications for projects designed primarily to benefit members of low-income families or otherwise substantially further the objectives of a community action program approved under title II of the Economic Opportunity Act of 1964.

General provisions

SEC. 604. (a) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Administrator shall (in addition to any authority otherwise vested in him) have the functions, powers, and duties set forth in section 402, except subsections (a), (c) (2), and (f) of the Housing Act of 1950.

(b) The Administrator is authorized, notwithstanding the provisions of section 3648 of the Revised Statutes, to make advance or progress payments on account of any grant made pursuant to this title. No part of any grant authorized to be made by the provisions of this title shall be used for the payment of ordinary governmental operating expenses.

Definitions

SEC. 605. As used in this title—

(a) The term "State" means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

(b) The term "local public bodies and agencies" includes public corporate bodies and political subdivisions; public agencies or instrumentalities of one or more States, municipalities, or political subdivisions of one or more States (including public agencies and instrumentalities of one or more municipalities or other political subdivisions of one or more States); Indian tribes; and boards or commissions established under the laws of any State to finance specific capital improvement projects.

(c) The term "development cost", with respect to any facility, means costs of the construction of the facility and the land on which it is located, including necessary site improvements to permit its use as a site for the facility.

Labor standards

SEC. 606. All laborers and mechanics employed by contractors or subcontractors on projects assisted under sections 602 and 603 shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5). No such project shall be approved without first obtaining adequate assurance that these labor standards will be maintained upon the construction work. The Secretary of Labor shall have, with respect to the labor standards specified in this section, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C. 276c).

Appropriations; termination of program

SEC. 607. (a) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this title. All funds so appropriated shall remain available until expended.

(b) No grant shall be made under this title after October 1, 1969, except pursuant to a contract or commitment entered into on or before such date.

TITLE VII—FEDERAL NATIONAL MORTGAGE ASSOCIATION

Increase in FNMA special assistance authority

SEC. 701. (a) Section 305(c) of the National Housing Act is amended by inserting before the period at the end thereof the following: "which limit shall be increased by \$100,000,000 on the date of the enactment of the Housing and Urban Development Act of 1965, by \$450,000,000 on July 1, 1966, by \$550,000,000 on July 1, 1967, and by \$525,000,000 on July 1, 1968".

(b) Section 305(f) of such Act is amended by inserting before the period at the end thereof the following: "Provided further, That any portion of the total amount of authority set forth in the first proviso of this subsection which, on the date of the enactment of the Housing and Urban Development Act of 1965 and on each July 1 thereafter, would otherwise be available for making purchases and commitments pursuant to this subsection, shall be transferred to and merged with the authority granted by subsection (a) and added to the amount of such authority as set forth in subsection (c); and the total amount of authority set forth in the first proviso of this subsection shall progressively be reduced by the amount of each such transfer".

Increase in limitation on mortgages for dwelling units having four or more bedrooms

SEC. 702. Section 302(b) of the National Housing Act is amended by inserting before

the period at the end of the first sentence the following: "(plus an additional \$2,500 for each such family residence or dwelling unit which has four or more bedrooms)".

TITLE VIII—OPEN-SPACE LAND AND URBAN BEAUTIFICATION AND IMPROVEMENT

Change in name of program; findings and purpose

SEC. 801. (a) The heading of title VII of the Housing Act of 1961 is amended to read as follows: "TITLE VII—OPEN-SPACE LAND AND URBAN BEAUTIFICATION AND IMPROVEMENT".

(b) Section 701 of such Act is amended by redesignating subsection (b) as subsection (c) and by inserting after subsection (a) the following new subsection:

"(b) The Congress further finds that there is an urgent need both for the additional provision of parks and other open-space areas in the developed portions of the Nation's urban areas and for greater and better coordinated local efforts to beautify and improve open space and other public land throughout urban areas, to facilitate their increased use and enjoyment by the Nation's urban population."

(c) The subsection of section 701 of such Act redesignated as subsection (c) by subsection (b) of this section is amended—

(1) by inserting "(1) provide and" before "preserve open-space land", and

(2) by inserting before the period at the end thereof the following: "and (2) beautify and improve open-space and other public urban land, in accordance with programs to encourage and coordinate local public and private efforts toward this end".

Increased grant level for preservation of open-space land

SEC. 802. Section 702(a) of the Housing Act of 1961 is amended by striking out "20 per centum" and "30 per centum" and inserting in lieu thereof "30 per centum" and "40 per centum", respectively.

Substitution of appropriation authority for grant contract authority

SEC. 803. (a) Section 702(a) of the Housing Act of 1961 is amended—

(1) by striking out "enter into contracts to" in the first sentence, and

(2) by striking out all of the third sentence.

(b) Section 702(b) of such Act is amended by striking out the first two sentences and inserting in lieu thereof the following: "There are hereby authorized to be appropriated such amounts as may be necessary to carry out the purposes of this title."

(c) Section 702 of such Act is further amended by adding at the end thereof the following new subsection:

"(f) No grant shall be made under this title after October 1, 1969, except pursuant to a contract or commitment entered into on or before such date."

(d) Section 703(a) of such Act is amended by striking out "enter into contracts to".

Grants for provision of open-space land in built-up urban areas

SEC. 804. Title VII of the Housing Act of 1961 is amended by redesignating sections 705 and 706 as sections 708 and 709 respectively, and by inserting after section 704 the following new section:

"Grants for provision of open-space land in built-up urban areas"

"SEC. 705. (a) The Administrator is further authorized to make grants to States and local public bodies to help finance the acquisition of title to, or other permanent interests in, developed land in built-up portions of urban areas to be cleared and used as permanent open-space land, as defined herein. The Administrator shall make such grants only where the local governing body determines that adequate open-space land cannot effectively be provided through the use of existing undeveloped or predominantly undeveloped land and the Admin-

istrator determines that the proposed acquisition is important to the comprehensively planned development of the locality. Grants under this section shall not exceed the lesser of (1) \$500,000 or (2) 40 per centum of the cost of acquiring such title or other interests and of necessary demolition and removal of improvements.

"(b) Financial assistance extended to any project under this title may include grants for relocation payments, as herein defined. Such grants may be in addition to other financial assistance under this title, and no part of the amount of such relocation payments shall be required to be contributed as a local grant. The term 'relocation payments' means payments by the applicant which are (1) made to an individual, family, business concern, or nonprofit organization displaced, after March 4, 1965, by a project assisted under this title, (2) not otherwise authorized under any Federal law, and (3) made only on such terms and conditions and subject to such limitations (to the extent applicable, but not including the date of displacement) as are provided for relocation payments, at the time such payments are approved, by sections 114 (b), (c), and (d) of the Housing Act of 1949. Relocation payments authorized by this subsection shall be made subject to such rules and regulations as may be prescribed by the Administrator."

Grants for urban beautification and improvement

SEC. 850. (a) Title VII of the Housing Act of 1961 is further amended by inserting after section 705 (as added by section 804 of this Act) the following new section:

"Grants for urban beautification and improvement"

"SEC. 706. The Administrator is authorized to make grants, as herein provided, to States and local public bodies to assist in carrying out local programs for the greater use and enjoyment of open-space and other public land in urban areas. The Administrator shall establish criteria for such programs to assure that each (1) represents significant and effective efforts, involving all available public and private resources, for the beautification of such land and its improvement for open-space uses, and (2) is important to the comprehensively planned development of the locality. Grants made under this section shall not exceed 40 per centum of the amount by which the cost of the activities carried on by an applicant during a fiscal year under an approved program exceeds its usual expenditures for comparable activities: *Provided*, That, notwithstanding any other provision of this section, the Administrator may use not to exceed \$5,000,000 of the funds available for grants under this section to make grants in amounts up to the full cost of activities which he determines to have special value in developing and demonstrating new and improved methods and materials for use in carrying out the purposes of this section."

(b) Section 702(c) of such Act is amended by inserting after "development costs" the following: "(except as authorized under section 706), or the additional price which is attributable to improvements to be retained on open-space land which are not incidental to the proposed open-space uses."

Labor standards

SEC. 806. Title VII of the Housing Act of 1961 is further amended by inserting after section 706 (as added by section 805 of this Act) the following new section:

"Labor standards"

"SEC. 707. (a) The Administrator shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors or subcontractors in the performance of construction work financed with the assistance of grants under this title shall be paid wages at rates not less than those prevailing on similar construc-

tion in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended. The Administrator shall not approve any such grant without first obtaining adequate assurance that these labor standards will be maintained upon the construction work.

"(b) The Secretary of Labor shall have, with respect to the labor standards specified in subsection (a), the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 1332-15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C. 276c)."

Use of funds for studies and publication

SEC. 807. The second sentence of the section of the Housing Act of 1961 redesignated as section 708 by section 804 of this Act is amended to read as follows: "The Administrator is authorized to use during any fiscal year not to exceed \$100,000 of the funds available for grants under this title to undertake such studies and publish such information."

Conforming amendments

SEC. 808. (a) The heading of section 702 of the Housing Act of 1961 is amended to read as follows: "GRANTS FOR PRESERVATION OF OPEN-SPACE LAND".

(b) Section 702(a) of such Act is amended by striking out "provisions of this title" and "purposes of this title" and inserting in lieu thereof "provisions of this section" and "purposes of this section", respectively.

(c) Section 702(e) of such Act is amended by striking out "served by the open-space land acquired" in the second sentence and inserting in lieu thereof "assisted".

(d) Section 703(a) of such Act is amended by striking out "this title" and inserting in lieu thereof "section 702(a)".

(e) Section 704 of such Act is amended by striking out "for which" in the first sentence and inserting in lieu thereof "for the acquisition of which".

TITLE IX—RURAL HOUSING

Loans for previously occupied buildings and minimum site acquisition

SEC. 901. (a) Section 501(a) of the Housing Act of 1949 is amended—

(1) by inserting after "their farms," in clause (1) the following: "and to purchase previously occupied buildings and land constituting a minimum adequate site, in order"; and

(2) by inserting after "rural areas" in clause (2) the following: "for the construction, improvement, alteration, or repair of dwellings, related facilities, and farm buildings and to rural residents for such purposes and for the purchase of previously occupied buildings and the purchase of land constituting a minimum adequate site, in order".

(b) Section 501(c) of such Act is amended by inserting "or a rural resident" in clause (1) after "or that he is the owner of other real estate in a rural area."

Interest rate on direct rural housing loans

SEC. 902. Section 502(a) of the Housing Act of 1949 is amended by striking out "with interest at a rate not to exceed 4 per centum per annum on the unpaid balance of principal," and inserting in lieu thereof the following: "with interest in the case of loans under this section pursuant to clauses (1) and (2) of section 501(a) at a rate not to exceed 5 per centum per annum on the unpaid balance of principal and in the case of loans under this section pursuant to clause (3) of section 501(a) and under sections 503 and 504 at a rate not to exceed 4 per centum per annum on such unpaid balance. Borrowers with loans made or insured under this title shall pay such fees and other charges as the Secretary may require."

Insured rural housing loans

SEC. 903. (a) Title V of the Housing Act of 1949 is amended by adding at the end thereof the following new sections:

"Insurance of loans"

"SEC. 517. (a) The Secretary is authorized to insure and to make loans to be sold and insured in accordance with the provisions of sections 501, 502, 514, and 515, and this section, other than the provisions of section 514(a) (3) and (5) and (b) and section 515 (a) and (b) (4), except that such loans in accordance with sections 501 and 502—

"(1) to persons of low or moderate income as defined by the Secretary shall not exceed amounts necessary to provide adequate housing modest in size, design, and cost, as determined by the Secretary, and shall bear interest at a rate not to exceed 5 per centum per annum; and the aggregate of such loans made and insured in any one fiscal year shall not exceed \$300,000,000; and

"(2) to persons other than those of low or moderate income shall bear interest and provide for insurance or service charges (at rates determined by the Secretary) comparable to the combined rate of interest and premium charges then in effect under section 203 of the National Housing Act.

"(b) The Secretary may use the Rural Housing Insurance Fund created by this section for the purpose of making loans to be sold and insured under this section, provided that the aggregate of such loans made and not disposed of at any one time shall not exceed \$100,000,000.

"(c) The Secretary may insure loans advanced by lenders other than the United States, and may sell and insure loans made from or held in the Rural Housing Insurance Fund by the Secretary, for the payment of principal and interest thereon as it becomes due. The Secretary is authorized to make agreements with respect to servicing loans held by or insured by the Secretary under this section and purchasing such insured loans on such terms and conditions as he may prescribe: *Provided*, That no purchase agreement shall obligate the Secretary to purchase such an insured loan before the expiration of an initial period of five years from the date of the note. Any contract of insurance executed by the Secretary shall be an obligation supported by the full faith and credit of the United States and incontestable except for fraud or material misrepresentation of which the holder has actual knowledge. In connection with loans insured under this section the Secretary may take liens running to the United States notwithstanding the fact that the notes evidencing such loans may be held by lenders other than the United States. Notes evidencing such loans shall be freely assignable but the Secretary shall not be bound by any assignment until notice thereof is given to and acknowledged by the Secretary.

"(d) After ninety days after the original capitalization of the Rural Housing Insurance Fund, no loans, other than loans then held or insured by the Secretary pursuant to section 514 or 515(b), shall be made or insured under section 514 or 515(b) except in accordance with this section.

"(e) There is hereby created the Rural Housing Insurance Fund (hereinafter in this section referred to as the 'Fund') which shall be used by the Secretary as a revolving fund for carrying out the provisions of this section. There are authorized to be appropriated to the Secretary such sums as may be necessary for the purposes of the Fund.

"(f) Money in the Fund not needed for current operations shall be invested in direct obligations of the United States or obligations guaranteed by the United States.

"(g) All funds, claims, notes, mortgages, contracts, and property acquired by the Secretary under this section, and all collections and proceeds therefrom, shall constitute assets of the Fund; and all liabilities and obligations of such assets shall be liabilities and obligations of the Fund. Loans may be held in the Fund and collected in accordance with their terms or may be sold by the Secretary with or without agreements for in-

sureance thereof. Loans may be sold by the Secretary at prices within the range of market prices for the particular class or classes of loans involved, as determined by the Secretary from time to time. The aggregate of (1) any amount by which the balance outstanding on loans at the time of sale exceeds the price at which the loans are sold and (2) the amount of any fees and charges paid in connection with any sales of loans shall be reimbursed to the Fund by annual appropriations.

"(h) The Secretary is authorized to issue notes to the Secretary of the Treasury to obtain funds necessary for discharging obligations under this section and for authorized expenditures out of the Fund, but, except as may be authorized in appropriation Acts, not for the original capital or any additional capital of the Fund or to reimburse the Fund for losses from any sales of loans at less than par value. Such notes shall be in such form and denominations and have such maturities and be subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Each note shall bear interest at such rate as may be determined by the Secretary of the Treasury, taking into consideration the current average market yields on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of the loans held by the Secretary in the Fund, adjusted to the nearest one-eighth of 1 per centum, during the month of June preceding the fiscal year in which the loans were made. The Secretary of the Treasury is authorized and directed to purchase any notes of the Secretary issued hereunder, and for that purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, and the purposes for which such securities may be issued under such Act are extended to include purchases of notes issued by the Secretary under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes shall be treated as public debt transactions of the United States. The notes issued by the Secretary to the Secretary of the Treasury shall constitute obligations of the Fund.

"(i) The Secretary may retain out of interest payments by the borrower an annual charge in an amount specified in the insurance or sale agreement applicable to the loan. Of the charges retained by the Secretary, if any, not to exceed 1 per centum per annum of the unpaid balance of the loan shall be deposited in the Fund. Any retained charges not deposited in the Fund shall be available for administrative expenses in carrying out the provisions of this title, to be transferred annually and become merged with any appropriation for administrative expenses of the Farmers Home Administration, when and in such amounts as may be authorized in appropriation Acts.

"(j) The Secretary may also utilize the Fund—

"(1) to pay amounts to which the holder of a note is entitled in accordance with an insurance or sale agreement under this section accruing between the date of any prepayment by the borrower to the Secretary and the date of transmittal of such prepayment to the holder of the note; and, in the discretion of the Secretary, prepayments other than final payments need not be remitted to the holder until due;

"(2) to pay the holder of any note insured under this section any defaulted installment or, upon assignment of the note to the Secretary at the Secretary's request, the entire balance outstanding on the note;

"(3) to purchase notes in accordance with agreements previously entered into;

"(4) to pay taxes, insurance, prior liens, expenses necessary to make fiscal adjustments in connection with the application

and transmittal of collections, and other expenses and advances to protect the security for loans which are insured under this section or held in the Fund, and to acquire such security at foreclosure sale or otherwise; and

"(5) to pay fees and charges in connection with sales by the Secretary of loans insured under this section.

"Rural housing direct loan account"

"SEC. 518. (a) There is hereby created the Rural Housing Direct Loan Account (hereinafter in this section referred to as the 'Account') which shall be used by the Secretary for carrying out the provisions of this section. There are authorized to be appropriated to the Secretary such sums as may be necessary for the purposes of the Account.

"(b) There are hereby transferred to the Account (1) all funds, claims, notes, mortgages, contracts, and property, and all collections and proceeds therefrom, held by the Secretary under the direct loan provisions of this title, including those securing notes issued by the Secretary to the Secretary of the Treasury under section 511 and any unexpended balance of amounts borrowed upon such notes, and (2) all unexpended balances of appropriations for direct loans under this title, including the fund authorized by section 515(a). All amounts hereafter borrowed by the Secretary from the Secretary of the Treasury under section 511 shall be deposited in the Account. All collections and proceeds from assets acquired by the Account shall be deposited in the Account.

"(c) When and in such amounts as may be authorized in appropriation Acts, the Secretary may issue notes to the Secretary of the Treasury to obtain funds to be deposited in the Account. The form, denominations, maturities, and other terms and conditions of such notes shall be prescribed by the Secretary with the approval of the Secretary of the Treasury. Each note shall bear interest at such rate as may be determined by the Secretary of the Treasury, taking into consideration the current average market yields on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of the loans held by the Secretary in the Account, adjusted to the nearest one-eighth of 1 per centum, during the month of June preceding the fiscal year in which the loans were made. The Secretary of the Treasury is authorized and directed to purchase any notes of the Secretary issued hereunder, and for that purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, and the purposes for which such securities may be issued under such Act are extended to include the purchase of notes issued by the Secretary under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes shall be treated as public debt transactions of the United States.

"(d) The Account shall remain available to the Secretary for the payment of interest and principal on notes issued by the Secretary to the Secretary of the Treasury under section 511 or this section, and for direct loans and related advances under this title in such amounts as are now authorized by law and in such further amounts as shall be authorized in appropriation Acts. Amounts so authorized for such loans and advances shall remain available until expended."

(b) Section 511 of such Act is amended—

(1) by inserting "direct" after "making", and by striking out "(other than loans under section 504(b) or 515(a))", in the first sentence;

(2) by striking out ", of which \$50,000,000 shall be available exclusively for assistance to elderly persons as provided in clause (3)

of section 501(a)", and by striking out "September 30, 1965" and inserting in lieu thereof "October 1, 1969", in the second sentence; and

(3) by striking out "rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the notes or obligations by the Secretary" in the fifth sentence and inserting in lieu thereof the following: "yields on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of the loans held by the Secretary in the Rural Housing Direct Loan Account, adjusted to the nearest one-eighth of 1 per centum, during the month of June preceding the fiscal year in which the loans were made".

Federal National Mortgage Association secondary market operations for insured rural housing loans

SEC. 904. (a) Section 302(b) of the National Housing Act is amended—

(1) by inserting immediately after "which are insured under the National Housing Act" the following: "or title V of the Housing Act of 1949";

(2) by inserting after "any mortgage" in clause (2) of the proviso the following: ", except a mortgage insured under title V of the Housing Act of 1949"; and

(3) by inserting before the period in the last sentence the following: "or title V of the Housing Act of 1949".

(b) Section 303(b) of such Act is amended by inserting "and other" after "private" in the first sentence.

Extension of rural housing authorizations

SEC. 905. (a) Section 512 of the Housing Act of 1949 is amended by striking out "September 30, 1965" and inserting in lieu thereof "October 1, 1969".

(b) Section 513 of such Act is amended—

(1) by striking out "September 30, 1965" in clause (b) and inserting in lieu thereof "October 1, 1969";

(2) by striking out "\$10,000,000" in clause (c) and inserting in lieu thereof "\$50,000,000", and by striking out "September 30, 1965" in the same clause and inserting in lieu thereof "October 1, 1969"; and

(3) by striking out "September 30, 1965" in clause (d) and inserting in lieu thereof "October 1, 1969".

(c) Section 515(b)(5) of such Act is amended by striking out "September 30, 1965" and inserting in lieu thereof "October 1, 1969".

(d) Section 506(a) of such Act is amended by striking out "sections 501 to 504, inclusive, and sections 514-516", each place it occurs and inserting in lieu thereof "this title".

Payment of interest to the Treasury on appropriations for rural housing loans

SEC. 906. Title V of the Housing Act of 1949 is amended by adding at the end thereof (after the new sections added by section 903 of this Act) the following new section:

"Interest on appropriations for rural housing loans"

"SEC. 519. (a) The Secretary shall pay to the Secretary of the Treasury interest at a rate determined under the formula contained in section 517(h) or 518(c) (as may be applicable) on any portion of any future appropriations deposited in the Rural Housing Insurance Fund or the Rural Housing Direct Loan Account for the purpose of making loans (as distinguished from appropriations for the purpose of restoring losses or expenditures from such Fund or Account). Such interest shall be payable annually upon any sum so deposited until an amount equal to such sum is paid from the Fund or Account to which it was deposited and returned to miscellaneous receipts of the Treasury.

"(b) Any sums in the Rural Housing In-

surance Fund or the Rural Housing Direct Loan Account which the Secretary determines are in excess of amounts needed to meet the obligations and carry out the purposes of such Fund or Account shall be returned to miscellaneous receipts of the Treasury."

TITLE X—MISCELLANEOUS

Authorization for urban planning grants

SEC. 1001. (a) Section 701(b) of the Housing Act of 1954 is amended by striking out "not exceeding \$105,000,000" in the fifth sentence and inserting in lieu thereof "such amounts as may be necessary".

(b) Section 701 of such Act is further amended by adding at the end thereof the following new subsection:

"(g) No grant shall be made under this section after October 1, 1969, except pursuant to a contract or commitment entered into on or before such date."

Authorization for Federal-State training programs

SEC. 1002. (a) Section 802(d) of the Housing Act of 1964 is amended (1) by striking out "for grants under this part", and (2) by striking out "not to exceed \$10,000,000" and inserting in lieu thereof "such amounts as may be necessary to carry out the purposes of this part".

(b) Section 802 of such Act is further amended by adding at the end thereof the following new subsection:

"(e) No grant shall be made under this part after October 1, 1969, except pursuant to a contract or commitment entered into on or before such date."

(c) Section 803 of such Act is amended (1) by striking out "authorized to be", and (2) by striking out "by section 802(d)" and inserting in lieu thereof "for the purposes of this part".

Authorization for Public Works Planning Advances

SEC. 1003. (a) The second sentence of section 702(e) of the Housing Act of 1954 is amended (1) by striking out "Housing Act of 1964" and inserting in lieu thereof "Housing and Urban Development Act of 1965", and (2) by striking out ", not to exceed \$20,000,000,".

(b) Section 702 of such Act is further amended by adding at the end thereof the following new subsection:

"(i) No advance shall be made under this section after October 1, 1969, except pursuant to a contract or commitment entered into on or before such date."

Advisory committees—technical provision

SEC. 1004. Section 601 of the Housing Act of 1949 is amended by striking out the second sentence.

Public facility loans to nonprofit corporations

SEC. 1005. Section 202(c) of the Housing Amendments of 1955 is amended by adding at the end thereof the following new sentence: "Notwithstanding any other provision of this title, the Administrator may extend financial assistance, as otherwise authorized by clause (1) of subsection (a) of this section, to private nonprofit corporations to finance the construction of works for the storage, treatment, purification, or distribution of water or the construction of sewage, sewerage treatment, and sewer facilities, if needed to serve such smaller municipalities, upon a determination that no existing public body is able to construct and operate such facilities."

FHA conforming amendments

SEC. 1006. (a) Section 2(f) of the National Housing Act is amended by striking out all that follows the first sentence.

(b) Section 8 of such Act is amended—

(1) by striking out "Title I Housing Insurance Fund" in subsection (g) and inserting in lieu thereof "General Insurance Fund"; and

(2) by striking out subsections (h) and (i).

(c) Section 203(k) of such Act is amended—

(1) by striking out "a separate section 203 Home Improvement Account to be maintained as hereinafter provided under the Mutual Mortgage Insurance Fund" in clause (3) of the first sentence and inserting in lieu thereof "the General Insurance Fund";

(2) by striking out "the section 203 Home Improvement Account or in debentures executed in the name of such Account" in clause (4) of the first sentence and inserting in lieu thereof "the General Insurance Fund or in debentures executed in the name of such Fund";

(3) by striking out all of the third sentence which follows "refer to this section 203(k)" and inserting in lieu thereof a period; and

(4) by striking out the fourth, fifth, and sixth sentences.

(d) Section 204 of such Act is amended—

(1) by striking out "or section 210" in the first sentence of subsection (a);

(2) by striking out all of the second sentence of subsection (c) after "the mortgagee" and inserting in lieu thereof "from the Mutual Mortgage Insurance Fund";

(3) by striking out all of the first sentence of subsection (d) after "shall be negotiable" the first place it appears and inserting in lieu thereof a period;

(4) by striking out "the Fund" each place it appears in subsection (d) and inserting in lieu thereof "the Mutual Mortgage Insurance Fund";

(5) by striking out "or the Housing Fund, as the case may be," in the fifth sentence of subsection (d);

(6) by striking out "or the Housing Fund" in the sixth sentence of subsection (d); and

(7) by striking out the matter in subsection (f)(1)(i) which follows "section 203" and precedes the colon.

(e) Section 207 of such Act is amended—

(1) by striking out "and section 210" in the first sentence of subsection (d);

(2) by striking out "of the Housing Insurance Fund issued by the Commissioner under this title" in the first sentence of subsection (d) and inserting in lieu thereof the following: "Issued by the Commissioner under any title and section of this Act, except debentures of the Mutual Mortgage Insurance Fund";

(3) by striking out subsections (f), (m), and (p); and

(4) by striking out "the Housing Insurance Fund" and "the Housing Fund" each place they appear in subsections (b), (h), (i), (j), (k), and (l) and inserting in lieu thereof "the General Insurance Fund".

(f) Section 209 of such Act is amended by striking out "or account or accounts," in the second sentence.

(g) Section 213 of such Act is amended—

(1) by striking out "the Housing Fund" in subsection (a)(3) and inserting in lieu thereof "the General Insurance Fund"; and

(2) by striking out "(l), (m), (n), and (p)" in subsection (e) and inserting in lieu thereof "(l), and (n)".

(h) Section 220 of such Act is amended—

(1) by striking out "the section 220 Housing Insurance Fund" each place it appears in subsections (d)(2) and (f) and inserting in lieu thereof "the General Insurance Fund";

(2) by inserting "and" immediately before "(B)" in the second full sentence in subsection (f)(3), and by striking out ", and (C)" and all that follows in such sentence and inserting in lieu thereof a period;

(3) by striking out subsections (g) and (h)(4); and

(4) by striking out "the section 220 Home Improvement Account" each place it appears in subsections (h)(5) and (h)(7) and inserting in lieu thereof "the General Insurance Fund".

(1) Section 221 of such Act is amended—

(1) by striking out "the section 221 Housing Insurance Fund" each place it appears in subsections (d)(4), (f), (g)(1), and (g)(3) and inserting in lieu thereof "the General Insurance Fund";

(2) by striking out all of subsection (g)(2) after "mortgages insured under this section" and inserting in lieu thereof "; or";

(3) by inserting "and" immediately before "(B)" in the first full sentence in subsection (g)(3), and by striking out ", and (C)" and all that follows in such sentence and inserting in lieu thereof a period; and

(4) by striking out subsection (h).

(j) Section 222 of such Act is amended—

(1) by striking out "Servicemen's Mortgage Insurance Fund" in subsection (e) and inserting in lieu thereof "General Insurance Fund"; and

(2) by striking out subsection (f).

(k) Section 229 of such Act is amended by striking out "and Accounts" in the first sentence.

(1) Section 231 of such Act is amended—

(1) by striking out "the section 207 Housing Insurance Fund" in subsection (c)(4) and inserting in lieu thereof "the General Insurance Fund"; and

(2) by striking out "(f), (g), (h), (i), (j), (k), (l), (m), (n), and (p)" in subsection (e) and inserting in lieu thereof "(g), (h), (i), (j), (k), (l), and (n)".

(m) Section 232 of such Act is amended—

(1) by striking out "the section 207 Housing Insurance Fund" in subsection (d)(1) and inserting in lieu thereof "the General Insurance Fund"; and

(2) by striking out "(f), (g), (h), (i), (j), (k), (l), (m), (n), and (p)" in subsection (f) and inserting in lieu thereof "(g), (h), (i), (j), (k), (l), and (n)".

(n) Section 233 of such Act is amended—

(1) by striking out "the Experimental Housing Insurance Fund" in clause (1) of the third sentence of subsection (f) and inserting in lieu thereof "the General Insurance Fund";

(2) by inserting "and" immediately before "(2)" in the third sentence of subsection (f), and by striking out ", and (3)" and all that follows and inserting in lieu thereof a period; and

(3) by striking out subsection (g).

(o) Section 234 of such Act is amended—

(1) by striking out "the Apartment Unit Insurance Fund" in subsections (d)(2) and (g) and inserting in lieu thereof "the General Insurance Fund";

(2) by striking out subsection (h) and inserting in lieu thereof the following:

"(h) The provisions of subsections (d), (e), (g), (h), (i), (j), (k), (l), and (n) of section 207 shall be applicable to mortgages insured under subsection (d) of this section."; and

(3) by striking out subsection (i) and redesignating subsection (j) as subsection (i).

(p) Section 604 of such Act is amended by striking out "the War Housing Insurance Fund" each place it appears in subsections (c), (d) and (f)(1)(i) and inserting in lieu thereof "the General Insurance Fund".

(q) Section 608 of such Act is amended—

(1) by striking out "the War Housing Insurance Fund" each place it appears in subsections (b)(1) and (d) and inserting in lieu thereof "the General Insurance Fund"; and

(2) by striking out subsection (f) and inserting in lieu thereof the following:

"(f) The provisions of section 207(k) of this Act shall be applicable to mortgages insured under this section, except that, as applied to such mortgages, the reference therein to subsection (g) shall be construed to refer to subsection (c) of this section."

(r) The first sentence of section 609(f) of such Act is amended by striking out clause (1) and redesignating clauses (2), (3), and (4) as clauses (1), (2), and (3), respectively.

(s) Section 707 of such Act is amended by striking out "the Housing Investment Insurance Fund" and inserting in lieu thereof "the General Insurance Fund".

(t) Section 708 of such Act is amended by striking out "the Housing Investment Insurance Fund" each place it appears in subsections (c), (e), (g), and (h) and inserting in lieu thereof "the General Insurance Fund".

(u) Section 803 of such Act is amended—

(1) by striking out "the Armed Services Housing Mortgage Insurance Fund" each place it appears in subsections (b)(1), (b)(2), (e), (f), and (g) and inserting in lieu thereof "the General Insurance Fund"; and

(2) by striking out subsection (h) and inserting in lieu thereof the following:

"(h) The provisions of section 207(k) and section 207(l) of this Act shall be applicable to mortgages insured under this title and to property acquired by the Commissioner hereunder, except that, as applied to such mortgages and property, the reference in section 207(k) to subsection (g) shall be construed to refer to subsection (d) of this section."

(v) Section 809 of such Act is amended by striking out "the Armed Services Housing Mortgage Insurance Fund" each place it appears in subsections (b), (e), and (g) and inserting in lieu thereof "the General Insurance Fund".

(w) Section 810 of such Act is amended—

(1) by striking out "the Armed Services Housing Mortgage Insurance Fund" in subsection (e) and inserting in lieu thereof "the General Insurance Fund";

(2) by striking out "(l), (m), (n), and (p)" in subsection (j) and inserting in lieu thereof "(l), and (n)"; and

(3) by striking out the proviso in subsection (j) and inserting in lieu thereof the following: "Provided, That wherever the words 'Fund' or 'Mutual Mortgage Insurance Fund' appear in section 204, such reference shall refer to the General Insurance Fund with respect to mortgages insured under this section".

(x) Section 903 of such Act is amended by striking out "the National Defense Housing Insurance Fund" each place it appears in subsection (a) and inserting in lieu thereof "the General Insurance Fund".

(y) Section 904 of such Act is amended—

(1) by striking out "the National Defense Housing Insurance Fund" each place it appears in subsections (c) and (d) and inserting in lieu thereof "the General Insurance Fund"; and

(2) by striking out all of subsection (e) which follows "of this Act" and inserting in lieu thereof a period.

(z) Section 908 of such Act is amended—

(1) by striking out "the National Defense Housing Insurance Fund" in subsection (b)(1) and inserting in lieu thereof "the General Insurance Fund";

(2) by striking out all of subsection (d) which follows "of this Act" and inserting in lieu thereof a period; and

(3) by striking out subsection (f) and inserting in lieu thereof the following:

"(f) The provisions of section 207(k) and section 207(l) of this Act shall be applicable to mortgages insured under this section and to property acquired by the Commissioner hereunder, except that, as applied to such mortgages and property, the reference therein to subsection (g) shall be construed to refer to subsection (c) of this section."

(aa) Sections 219, 602, 605, 710, 802, 804, 902, and 905 of such Act are repealed.

Savings and loan associations

Sec. 1007. Section 5(c) of the Home Owners' Loan Act of 1933 is amended—

(1) by adding at the end of the first paragraph the following new sentence: "Loans on the security of buildings substantially all of which are used or are to be used after

completion for college dormitories, fraternity houses, or sorority houses, or for residential purposes by the staffs of community hospitals, shall be considered as loans on 'other dwelling units' for the purposes of this subsection."

(2) by inserting before the period at the end of the next to last paragraph (as determined without regard to the new paragraphs added by this Act) the following: "Provided, That in any State or area within a State where the Board shall find that a substantial part of the land occupied by or suitable for residential structures is available for purchase only on a leasehold basis, any such association may make a loan on the security of a first lien on the remainder of the term of any such leasehold which extends or is renewable for at least ten years beyond the maturity of such loan"; and

(3) by adding at the end thereof (after the new paragraph added by section 201(b) (3) of this Act) the following new paragraph:

"Any building association, building and loan association, or savings and loan association organized and operating under the laws of the District of Columbia shall have the same powers with respect to the investment of its assets as are authorized for Federal savings and loan associations under this subsection, and shall be governed by such regulations as the Board may prescribe in relation to the exercise of such powers by Federal savings and loan associations."

Urban renewal project in Johnson City, Tennessee

Sec. 1008. Notwithstanding the date of commencement of the installation of certain underground electrical wiring in Johnson City, Tennessee, expenditures made in connection with such installation shall, to the extent otherwise eligible, be counted as a local grant-in-aid to Johnson City's proposed downtown urban renewal project (Tennessee R-80) in accordance with the provisions of title I of the Housing Act of 1949.

Repayment of certain planning grants

Sec. 1009. Notwithstanding any other provision of law, no advance made under section 501 of Public Law 458, Seventy-eighth Congress; Public Law 352, Eighty-first Congress; or section 707, Housing Act of 1954, Public Law 560, Eighty-third Congress, for the planning of any public works project shall be required to be repaid if construction of such project has been heretofore or is hereafter initiated as a result of a grant-in-aid made from an allocation made by the President under the Public Works Acceleration Act.

Mr. PATMAN (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the bill be considered as read and open for amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

AMENDMENT OFFERED BY MR. FARBSTEIN

Mr. FARBSTEIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FARBSTEIN: Page 53, after line 11, add the following new section:

"REQUIREMENT OF LOW- AND MIDDLE-INCOME HOUSING IN REDEVELOPMENT OF URBAN RENEWAL AREAS

"Sec. 308. (a) Section 105(b) of the Housing Act of 1949 is amended by striking out 'and (iii)' and inserting in lieu thereof the following: '(iii) to give satisfactory assurances that any rental housing or cooperative housing which may be constructed on such

property in the redevelopment of the area will be designed for occupancy by persons from the low- and middle-income segments of the population (as determined by the local public agency), and that the rentals (or, in the case of cooperative housing, the purchase price) to be established for living accommodations in such housing will not exceed the level (as determined by such agency) which such persons can reasonably be expected to pay; and (iv)'.

"(b) Paragraph (4) of section 110(c) of such Act is amended by striking out 'for uses in accordance with the urban renewal plan' and inserting in lieu thereof 'for uses in accordance with (A) the urban renewal plan, and (B) the applicable contract made with the local public agency as provided in section 105,'.

"(c) The amendments made by this section shall apply only with respect to contracts for loan or capital grant entered into under title I of the Housing Act of 1949 on or after the date of the enactment of this Act; except that such amendments shall not apply in the case of any developer who has made a proposal to or has entered into negotiations or discussions with the local public agency involved, prior to the date of the enactment of this Act, with respect to the possible development by him within the urban renewal area of housing other than housing described in clause (iii) of section 105(b) of the Housing Act of 1949 as amended by subsection (a) of this section."

And redesignate the succeeding sections accordingly.

(Mr. FARBSTEIN asked and was given permission to revise and extend his remarks.)

Mr. FARBSTEIN. Mr. Chairman, this amendment would prohibit the Federal Government from providing any subsidy for the construction of luxury housing. The amendment would restrict all federally aided rental or cooperative housing in urban renewal projects to occupancy by middle- or low-income families, as determined by the local public agency.

The only exception I would make is that the applications of developers for Government loans or capital grants for the construction of urban renewal projects filed prior to the date of enactment of this act should not be barred from consideration.

This amendment which I have offered, Mr. Chairman, is designed to make available to the inhabitants of our cities more low- and middle-income housing. It is a simple matter of economics. Our resources permit only so much Federal aid to housing developers. And since our resources are limited, are we to permit Federal money to be squandered where it is not needed?

Mr. Chairman, I represent a heavily populated district in the very heart of New York City, and as a result no one is more painfully aware than I of the critical shortage of low- and middle-income housing in our urban areas today.

I emphasize low- and middle-income housing, Mr. Chairman, not luxury housing. In my home district, there are 68,000 families with incomes of less than \$6,000. There are 67,000 deteriorating or dilapidated housing units, and only 55.5 percent of the total housing stock is sound with all plumbing facilities. Of our existing housing stock, 172,000 units were built before 1940. And my district is not atypical, Mr. Chairman. It is, in fact, representative of many of the urban

concentrations across our Nation. The problems of my constituents are identical with the problems of millions of people in Chicago, Philadelphia, Baltimore, and right here in the District of Columbia.

The people in my district do not want luxury housing, Mr. Chairman, and they cannot afford it. All they want is a decent place to live and bring up their children. If the Federal Government is to participate in the eradication of slums from our cities, it must provide alternative housing for the families which have been displaced. These families will not be able to afford to move into a luxury apartment building. Thus, they will have to live either in a reasonably priced attractive, modern, low- or middle-income housing development or else they will have to relocate into another miserable and degrading slum.

In other words, Mr. Chairman, any money this Congress permits to be spent on luxury housing developments is money wasted, money poured down the drain. We will have lined the pockets of the developers of luxury housing—they will have had Federal aid, and certainly they will have no shortage of tenants who can afford high rents in this booming economy of ours. But we will have betrayed the people of this Nation who desperately need housing. We will have played Robin Hood in reverse—taking from the poor to give to the rich. I hope my colleagues in this Chamber will see fit to incorporate my amendment to H.R. 7984, which would prevent this eventuality from occurring.

Now, Mr. Chairman, last year I offered the same amendment. The objection to the amendment at that time was that those people who had already filed applications would be precluded from the benefits thereof. Well, Mr. Chairman, I added language today to the amendment to afford those who have already filed their applications for luxury housing to be permitted to be considered as valid. However, from now on, no Federal money or no taxpayer moneys should be used for the purpose of building luxury housing. I do not think it is right. I think all public moneys should be restricted to low- and middle-income housing.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. FARBSTEIN. I yield to the gentleman from Ohio.

Mr. ASHLEY. Is it not true that each local community and the local government of that community passes on the plans, the Federal urban renewal plan, and what is going to go into that urban renewal project? Is it not true that at the present time the people of the community are able to answer for themselves as to whether they want to go into an urban renewal project and what they want in that project?

Mr. FARBSTEIN. Well, let me tell the gentleman what has occurred in my district. Some years ago under an urban renewal project the Federal Government paid two-thirds of the cost and the municipality paid one-third and undertook a project to clean up some slums. Thereupon, the area was sold to a developer and that developer agreed, or it

was so understood, that he would build medium-income houses.

The CHAIRMAN. The time of the gentleman from New York has expired. (Mr. FARBSTEIN asked and was given permission to proceed for 1 additional minute.)

Mr. FARBSTEIN. What happened was that instead of building medium-income housing, they built luxury housing. That development is now known as the Washington Square development and you have to pay at least \$70 a room in order to secure an apartment there.

Mr. Chairman, I believe this is wrong and I do not think this should be permitted. I think it should be written into the law that no Federal moneys under urban renewal development can be used for anything except low- and medium-income housing.

Mr. Chairman, I hope this amendment will be adopted.

Mr. BARRETT. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I do want to say to the gentleman from New York that he works inexhaustibly for his constituents. I believe that fact has been demonstrated here this afternoon.

However well intentioned, this would be a highly destructive amendment and would strike a body blow to the urban renewal program. Low-cost housing must be built but not necessarily on extremely high-cost land. The local officials and local experts must have a free hand in determining the type of buildings which would be compatible to the urban renewal project.

On the subject I would like to quote from our distinguished former colleague, Robert Taft, Jr., who spoke on a similar amendment in last year's housing bill. He knows the urban renewal program well, both in Cincinnati and country-wide. He opposed the amendment as being impractical because it would call for, and I quote, "Radical changes in some plans already underway for urban renewal."

I hope the amendment will be defeated.

Mr. FARBSTEIN. Mr. Chairman, will the gentleman yield?

Mr. BARRETT. I would be glad to yield to the gentleman from New York.

Mr. FARBSTEIN. Let me remind the gentleman from Pennsylvania that I state in here, in talking about my amendment, that one of the objections raised was that there were those who had filed applications who would be excluded.

The former Member of this House whom you mentioned, the gentleman from Ohio [Mr. Taft], was the gentleman who raised that objection. However, I cover that very objection in my amendment when I say, "All those applications that have already been filed will not be restricted." They will be continued but from here on in there will not be any moneys provided for luxury housing.

Mr. BARRETT. Mr. Chairman, I do hope we can move along on this. There are Members on both sides of the aisle who have a very important engagement

later this evening and therefore I ask for an immediate vote and hope this amendment is voted down.

Mr. RYAN. Mr. Chairman, I move to strike the requisite number of words.

(Mr. RYAN asked and was given permission to revise and extend his remarks.)

Mr. RYAN. Mr. Chairman and Members of the Committee, we have heard a great deal of talk this afternoon particularly from the other side of the aisle about the subsidy of poor people in public housing. And there has been a great reluctance on the part of some Members to adopt a program of rent supplements.

This amendment is directed at subsidies which are intended for the rich. I would think anyone who opposes subsidies for the poor would certainly oppose subsidies for the rich. The use of title I funds for luxury housing is a question that has been before this House on previous occasions. It has been before the Subcommittee on Housing. It has been one of the fundamental questions involved in the application of urban renewal programs in every city in the country. For a number of years I have been concerned about the fact that luxury housing has been subsidized and that Congress has not insisted on limiting urban renewal write-downs to low- and middle-income housing.

There have been a whole series of programs in New York where the rents have been set at \$60, \$75, and, in one instance, as high as \$246 a room. Time and again high-cost housing has been constructed, displacing site tenants who cannot afford the rents in the new apartments. As long as there is a critical shortage of housing for low- and middle-income people, they must have priority.

Unfortunately, the bill only provides for 35,000 units a year of new public housing and with the 15-percent limitation which the Congress has not seen fit to remove, this means only 5,250 new units for the State of New York.

We should concentrate our attention, our energies, and our resources on the great need which we face in this country, and that is to build houses for the million and a half people in New York City and for some 6 million people in all parts of the country who are now living under substandard conditions.

When the Housing Act of 1961 was on the floor I offered an amendment at that time to prohibit the construction of luxury housing with urban renewal funds. I have testified before the subcommittee on this matter, and I have introduced legislation (H.R. 3964) to accomplish this purpose.

The argument that high-priced urban land should be used for luxury housing is simply wrong. It is necessary to provide houses for people who need them.

As a matter of public policy, we should make fundamentally clear the sense of the Congress there shall be no further construction in any city in the country of high-priced housing under the title I program.

I urge that all Members support the pending amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. FARBSTEIN].

The amendment was rejected.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that all debate on the pending bill and all amendments thereto close at 4:40.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. DOWDY. Mr. Chairman, I object.

Mr. PATMAN. Mr. Chairman, I move that all debate on the bill and all amendments thereto close at 4:45.

The motion was agreed to.

The CHAIRMAN. For what purpose does the gentleman from Ohio [Mr. ASHLEY], a member of the committee, rise?

AMENDMENT OFFERED BY MR. ASHLEY

Mr. ASHLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ASHLEY: Page 65, strike out line 20, and all that follows down through page 66, line 8.

And redesignate the succeeding section accordingly.

Mr. ASHLEY. Mr. Chairman, the purpose of this amendment is to keep the college housing loan program as it is presently operating.

This program authorizes the HHFA to make loans to finance college dormitories and related facilities at an interest rate formula determined annually by the average market yield on all interest-bearing obligations of the United States, plus a quarter of 1 percent—the present rate being 3¾ percent. The program also requires that financing is not available from other sources on equally favorable terms.

The administration's housing bill called for \$300 million additional authority for these loans for each of the next 4 years but it did not request any change in the interest rate for these loans—that is to say, it did not request a reduction to the 3 percent which we find in the bill.

My reason for introducing this amendment is that the private investment market has supplied very substantial sums of money for college housing and would be precluded from doing so with the 3-percent rate.

College housing bonds sold on the private market in 1964 totaled over \$222 million and from February to May of 1965 the amount was almost \$100 million. All of these bonds are sold at interest rates above 3 percent but below 4 percent—so it is clear that if the proposed 3-percent rate had been in effect all of these bonds would have been eligible for purchase by the Federal Government, although the fact is that they were sold in the private market.

The only reasons set forth in the report on H.R. 7984 for the proposed reduction to 3 percent are that, first, the assistance intended by Congress has been greatly reduced; and, second, dormitory quarters financed with money at 3 percent can be rented to a student for

\$380 a year while the same housing at 4 percent must be rented at \$430 a year.

Neither of these reasons seem to me valid. There is considerable evidence that many additional hundreds of millions of dollars will be needed for expanded college housing facilities in the years ahead and there is also positive evidence that in many instances annual dormitory rental fees range between \$200 and \$300 although the dormitories are financed at net interest costs ranging from 3.4 to 3.7 percent.

I urge adoption of this amendment to strike section 502 because I feel strongly that the proposed 3 percent rate would actually delay construction of needed college dormitories—many institutions which otherwise would obtain financing promptly in the private market will wait to obtain 3-percent funds and the proposed authorization will not satisfy this increased demand—because the proposed 3-percent rate would completely preempt college dormitory financing by the Federal Government—despite the fact that the present program has worked effectively—and because there is no evidence of need for the subsidy 3-percent rate.

Mr. WIDNALL. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this was my amendment and it was the result of hearings before our committee where we were told a very, very successful program, the college housing program, was being phased out because of an increase in the interest rate. The current interest rate was going up as of June 30 to 4 percent or over. The 3 percent rate will be in recognition of what is needed in this program to keep it going and provide low rental housing in college dormitories.

It is a program that I know all of the colleges of the country are very much interested in and they heartily support it. The program has been successful with a much lower interest rate. It started out at 2½ percent and it has gradually climbed up with the market. This is a small subsidy but the alternative would be coming in here and requesting hundreds of millions of dollars by way of grants to the colleges for their college dormitories.

Mr. Chairman, I think this is a far more suitable approach, to provide the 3 percent rate in this bill which is realistic and which is the same as we are proposing in the housing for the elderly program and also the 221(d)(3) program.

Mr. Chairman, it is with great reluctance that I oppose the amendment, because the gentleman is a member of the committee, and a very valuable and able one. I cannot agree with this amendment. I do agree with the ranking minority Member, the gentleman from New Jersey [Mr. WIDNALL].

This amendment, if adopted, would force colleges to charge higher dormitory room rates to college students and that is something I do not think the Congress wants to do. We all know about the tremendous problems facing our institutions of higher learning and we all know that the advanced education of our youth is one of the highest objectives of national welfare and security.

The facts are that most private colleges and many State colleges and universities are dependent on the college housing loan program for their borrowings. The flat 3-percent rate fixed in this bill will help lower costs to students in all types of colleges, public and private, and is particularly needed to keep down spiralling college costs.

I ask that the amendment be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. ASHLEY].

The amendment was rejected.

AMENDMENT OFFERED BY MR. MULTER

Mr. MULTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MULTER: Page 106, strike out "and" in line 9, "; and" at the end of line 20, and after line 20 insert the following:

"(4) by adding at the end thereof (after all other additions made by this Act) the following new paragraph:

"No building and loan association incorporated under the laws of the District of Columbia or organized in said District or doing business in said District shall establish any branch or move its principal office or any branch without the prior written approval of the Federal Home Loan Bank Board, and no other building and loan association shall establish any branch in said District or move its principal office or any branch in said District without such approval. As used in the sentence next preceding, "branch" means any office, place of business, or facility, other than the principal office as defined by said Board, of a building and loan association at which accounts are opened or payments thereon are received or withdrawals therefrom are paid, or any other office, place of business, or facility of a building and loan association defined by said Board as a branch within the meaning of said sentence, and as used in said sentence and in this sentence "building and loan association" means any incorporated or unincorporated building, building or loan, building and loan, savings and loan, or homestead association or cooperative bank."

Mr. MULTER (interrupting the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD. I understand it is acceptable to both sides.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. PATMAN. Mr. Chairman, the majority members of the committee are willing to accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. MULTER].

Mr. HALL. Mr. Chairman, a point of order. We do not know what the amendment is.

Mr. MULTER. Mr. Chairman, I will explain the amendment.

This amendment was considered in the committee and found acceptable. It merely provides that the Home Loan Bank Board shall exercise the same jurisdiction in the District of Columbia over all savings and loan associations, as to their right to establish a branch, or to move the home office or a branch office, as it now exercises with reference to sav-

ings and loan associations outside the District of Columbia. This would merely give the Board the right which it does not now have to require an application to be filed with it and to obtain the consent of the Home Loan Bank Board to establish a branch, to move a branch or to move a head office in the District of Columbia.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. MULTER].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. MOORHEAD

Mr. MOORHEAD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MOORHEAD: On page 57, strike out line 21 and all that follows down through page 58, line 5, and insert the following:

"Local grants-in-aid for urban renewal projects in Philadelphia and Wilkes-Barre, Pa.

"SEC. 312. Notwithstanding any other provision of law, moneys heretofore expended by the University of Pennsylvania and Wilkes College for land (and related expenditures for demolition and relocation) included in the overall development plans proposed by such institutions and utilized, or to be utilized, in connection with new facilities of such institutions within one mile of urban renewal projects Pennsylvania 5-3 (University City) and Pennsylvania R-149 (Wright Street), respectively, shall, if otherwise eligible be allowed as local grants-in-aid for such projects."

(Mr. MOORHEAD asked and was given permission to revise and extend his remarks.)

Mr. MOORHEAD. Mr. Chairman, this amendment to section 312 of H.R. 7984 will rectify a situation that has arisen in connection with Wilkes-Barre's Wright Street urban renewal project that is similar to the one being provided for in the section with respect to Philadelphia's University City urban renewal project. The Wilkes-Barre project was undertaken in conjunction with the expansion of the campus facilities of Wilkes College. Because of the long and narrow nature of this campus, some of the land acquired in accordance with the college's development plan is more than one-quarter mile from the urban renewal project boundaries, the limit for grant-in-aid credit determined by the Housing and Home Finance Agency to be required by section 112 of the Housing Act of 1949. This amendment would permit grant-in-aid credit to be obtained for those acquisitions and any related demolition and relocation expenditures.

I have discussed this amendment with the ranking minority member of the committee and I understand there is no objection.

If there is no objection I ask for immediate action on the amendment.

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. MOORHEAD. I am glad to yield to the chairman of the subcommittee.

Mr. BARRETT. I rise in support of the gentleman's amendment. It will correct the unfair situation in Wilkes-Barre. I understand the administration has no objection to the amendment. I

believe that the minority members will also agree.

Mr. WIDNALL. Mr. Chairman, will the gentleman yield?

Mr. MOORHEAD. I am glad to yield to the gentleman from New Jersey.

Mr. WIDNALL. Mr. Chairman, we on this side will accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. MOORHEAD].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. FINO

Mr. FINO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FINO: On page 28, following line 6, add the following:

"(4) Section 212(a) of the National Housing Act is amended by inserting at the end thereof the following new sentence: 'The provisions of this section shall also apply to insurance under title X with respect to laborers or mechanics employed in land development financed with the proceeds of any mortgage insured under that title.'"

Mr. FINO. Mr. Chairman, this amendment that has been offered is a Davis-Bacon Act amendment. It is applicable to a new title which has been added to the housing bill.

Mr. PATMAN. Mr. Chairman, if the gentleman will yield, we are willing on the majority side to accept the gentleman's amendment.

(Mr. PATMAN asked and was given permission to revise and extend his remarks.)

Mr. PATMAN. Mr. Chairman, I rise in support of the amendment of the gentleman from New York. The prevailing wage requirements of the Davis-Bacon Act were, as a matter of fact, inadvertently omitted in committee, which is understandable in view of the many titles and sections of the bill. We all want to see the American worker receive a fair wage and I am happy to support the gentleman's amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. FINO].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. WIDNALL

Mr. WIDNALL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WIDNALL: Page 44, in line 2, insert "(a)" after "SEC. 211," and after line 22 insert the following:

"(b) Section 203(b)(9) of such Act is amended by inserting after 'on account of the property' the following: '(except in a case to which the last sentence of paragraph (2) applies)'."

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I will be glad to yield to the chairman of the committee.

Mr. PATMAN. Mr. Chairman, we have discussed the amendment of the gentleman from New Jersey on the majority side, and we are willing to accept his amendment.

Mr. WIDNALL. Mr. Chairman, this is a technical and perfecting amendment. Without it, the amendment made by section 211 could not operate. The intent was to permit veterans a no-downpayment mortgage program.

Section 211 increases the maximum mortgage amount for veterans from 97 to 100 percent on the first \$20,000. It inadvertently does not eliminate the 3-percent requirement of FHA. This perfecting amendment does this.

Mr. Chairman, a number of outstanding provisions of this year's housing bill, reported with bipartisan backing from the Banking and Currency Committee, have been largely ignored as the result of the controversy over one particular section of the proposed legislation. One such provision is a new mortgage insurance program for veterans under the Federal Housing Administration, which I proposed, and which was cosponsored by the three other minority members of the Housing Subcommittee, the gentleman from New York [Mr. FINO], the gentlewoman from New Jersey [Mrs. DWYER], and the gentleman from Michigan [Mr. HARVEY].

The new program applies to any veteran having had active military service, and who was discharged or released from service under conditions other than dishonorable. It would not apply, however, to any veteran who has received any direct, guaranteed, or insured loan under any Veterans' Administration program for the purchase, construction, or repair of his residential property. Those who have not used up their eligibility under any Veterans' Administration loan program would also be eligible for the FHA program.

Under the new program, the FHA would insure 100 percent of the first \$20,000 value of a home mortgage, and 85 percent of any additional value to the present FHA maximum of \$30,000. In other words, a veteran would have a no-downpayment, insured mortgage for the first \$20,000, and need only a 5-percent downpayment for a \$30,000 home. A mortgagee would pay the standard FHA interest rate of 5¼ percent, which is the same rate as the VA programs require, plus an additional one-half of 1 percent to cover the cost of insurance.

By enacting this program, Congress, for the first time, will take major recognition of the sacrifices of America's cold war veterans who have served their country and the defense of freedom. The Veterans' Administration estimates that there are 3,503,000 post-Korea ex-servicemen, alone. These are the Americans in uniform who have landed on the beaches of Lebanon, patrolled the Formosa Strait, guarded the truce line in Korea, and manned the Checkpoint Charlies of the free world wherever they might be.

Nor should we ignore the efforts of those men and women presently serving on active duty within our Military Establishment. The Defense Department preliminary estimate for May 1965 shows 2,639,296 Americans in uniform. They, and the millions to follow in the crucial decades ahead, will be called upon whenever and wherever the prospect of armed hostility threatening the security of the Nation occurs. They are the veterans of tomorrow, fully deserving recognition by the country they serve. And they include thousands of servicemen with wartime

experience, who, by choosing the service as a career could well serve past the expiration dates for the VA program.

Over the past 20 years, 6,334,479 veterans of World War II and the Korean conflict have taken advantage of the loan guarantee program administered by the Veterans' Administration. A total of \$60.2 billion in mortgage loans has been guaranteed, with a remarkable record of payment by our veterans. Only 2.5 percent of the loans guaranteed have resulted in defaults. I am particularly pleased to note that in my own State of New Jersey, the figure has been even lower, at 1.9 percent. Some 34.8 percent of the eligible veterans under the program have taken advantage of this special opportunity to become homeowners. The program has done an outstanding job, both for our veterans and the homebuilding industry, but it has reached a plateau from which a slow decline in activity has already begun.

Furthermore, although 12,765,000 veterans still remain eligible for the program, their eligibility under the law is phasing out. The law provides for a 10-year eligibility from the date of discharge, plus 1 year of eligibility for each 3 months of active duty. No one's eligibility could expire, however, until July 5, 1962, in the case of World War II veterans, and January 31, 1965, for veterans of the Korean conflict. As can be noted from these dates, the phasing out process has begun, and will be completed, in the case of World War II veterans, by July of 1967, and, in the case of Korean veterans, by January 31, 1975. The new program, then, will not only cover those who have never been eligible for VA benefits, but those who have not had reason to use their eligibility as yet, but are faced with eventual cutoff dates, if their dates have not already arrived.

I do not see how anyone could argue against the idea of benefiting and recognizing our cold war veterans, particularly in light of recent activity by our military forces in combat conditions in South Vietnam and the Dominican Republic. There is, however, another important element to the proposal. Many of our servicemen are unable to afford the down payments necessary to begin homeownership, once they have been released from the service. Considering the inadequate pay scales of the Armed Forces, the ability to save toward this goal is often negligible. Yet they represent a potential market for homes that could do a great deal for the homebuilding industry, a vitally important segment of our national economic picture. By providing opportunities and assistance to our veterans through this new program, we are also strengthening the country's economic position as a whole.

This potential can clearly be seen in the following figures. I have already noted 12,765,000 veterans who have not used their eligibility under present programs, 3.5 million post-Korean ex-servicemen, and 2.6 million servicemen on active duty. If to these we add the 2.6 million war veterans prior to World War II, we have a potential of over 21 million eligible veterans under the new FHA mortgage insurance program I have pro-

posed. Should only 35 percent of these veterans make use of the new program, which is the percentage of eligibles who have made use of their VA opportunities, it would stimulate 6.4 million new housing starts, or more than the entire VA program has produced to date. I cannot think of a more valuable built-in stabilizer for our economy.

(Mr. WIDNALL asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey [Mr. WIDNALL].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. BARRETT

Mr. BARRETT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BARRETT: Page 7, after line 20, insert the following new subsection:

"(c) The third sentence of section 212(a) of such Act is amended by striking out 'described in subsection (d)(3)' and all that follows and inserting in lieu thereof 'described in subsection (d)(3) or (d)(4).'"

Page 7, line 21, strike out "(c)" and insert "(d)".

Mr. BARRETT. Mr. Chairman, in the 1961 act the prevailing wage requirements of the Davis-Bacon Act were omitted inadvertently for the nonprofit corporations under section 221(d)(3). This amendment corrects that and should be adopted. I am sure the gentleman from New Jersey would be willing to accept it.

Mr. WIDNALL. Mr. Chairman, if the gentleman will yield, the minority side is willing to accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. BARRETT].

The amendment was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia [Mr. FLYNT].

AMENDMENT OFFERED BY MR. FLYNT

Mr. FLYNT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FLYNT: On page 107, after line 14, add the following new section:

"TRANSFER OF LAND FOR URBAN RENEWAL PURPOSES BY HOUSING AUTHORITY OF THE CITY OF MACON, GEORGIA

"SEC. 1010. (a) Notwithstanding the provisions of title I of the Housing Act of 1949 and the United States Housing Act of 1937, the Housing and Home Finance Administrator and the Public Housing Commissioner are authorized and directed to consent to the transfer by the Housing Authority of the City of Macon, Georgia, to the Urban Renewal Department of the City of Macon, Georgia of all property acquired by the Housing Authority for low-rent housing project numbered Georgia 7-8, on condition that (1) an amount which, together with any funds of the Housing Authority available for the purpose, is sufficient to pay and discharge all obligations incurred by the Housing Authority in connection with such low-rent housing project and owing at the time of transfer, will be paid by the Urban Renewal Department of the City of Macon to the Public Housing Administration to be applied in satisfaction of the Housing Authority's obligations which it cannot meet

with its own funds available for the purpose, and (2) the total amount so paid by the Urban Renewal Department of the City of Macon will be included in the gross project cost of its Coliseum Urban Renewal Project, Georgia R-95.

"(b) The Housing and Home Finance Administrator and the Public Housing Commissioner are authorized to modify any contracts heretofore entered into and to take any other appropriate action necessary to carry out the provisions of subsection (a)."

Mr. FLYNT. Mr. Chairman, I ask unanimous consent to dispense with further reading of the amendment and that it be printed in full in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. STEPHENS. Mr. Chairman, will the gentleman yield?

Mr. FLYNT. I yield to my colleague from Georgia.

Mr. STEPHENS. I should like to ask the gentleman if this is the amendment we talked about yesterday.

Mr. FLYNT. This is the amendment which was placed in the RECORD on Monday, June 28, 1965, at page 14350. It appears there in full. Copies have been presented to the majority and minority of the committee. As I understand, it meets their approval.

Mr. STEPHENS. There is no money involved in this?

Mr. FLYNT. That is correct.

Mr. STEPHENS. It authorizes a swap of land; is that correct?

Mr. FLYNT. Exactly.

Mr. STEPHENS. Mr. Chairman, I recommend the approval of the amendment. Since it has been cleared, I recommend that we adopt it as a committee amendment.

Mr. PATMAN. Mr. Chairman, we are willing to accept the amendment.

Mr. WIDNALL. Mr. Chairman, there is no objection to the amendment on the part of the minority.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia [Mr. FLYNT].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. PELLY

The CHAIRMAN. The Chair recognizes the gentleman from Washington [Mr. PELLY].

Mr. PELLY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PELLY: On page 42, line 23, strike out "(a)".

On page 43, line 10, insert quotation marks after the period.

On page 43, strike out lines 11 through 25.

Mr. PELLY. Mr. Chairman, my amendment is very simple. It would strike out the paragraph that has been included in H.R. 7984 which gives the Housing Commissioner authority to borrow from the Treasury in order to pay cash under the FHA guarantee fund. In other words, my amendment would cut out the so-called back-door spending authority that has been added by the bill and which is completely superfluous and unnecessary.

Mr. Chairman, it is now 2 years since the once frequently heard and conten-

tious term "back-door spending" has entered into the debate in this Chamber. It is really longer than that, because the last time a proposal for financing a new program by authorizing expenditures from public debt receipts was in connection with the extension of the Export-Import Bank in 1963, and at that time, as I recall, the chairman of the Banking and Currency Committee, the gentleman from Texas [Mr. PATMAN], himself offered an amendment to eliminate the back-door provision.

Mr. Chairman, at one time back-door spending—thereby avoiding the necessity of representatives of Government agencies coming before the Committees on Appropriations each year to justify their budget request—was a hot issue in this House. Back in 1960, with the help of some friends, I organized a bipartisan anti-back-door spending committee. As I recall, about 175 Members of both political parties signed up in support of a change in the House rules so as to require all bills carrying spending authority to come from the Committee on Appropriations. We had the votes in the House in support of our resolution but we could not muster a majority in the Rules Committee to report it.

For new Members who are not familiar with the history of appropriations jurisdiction in the House I might just mention that originally the House had one committee—the Committee on Ways and Means—which had jurisdiction over both taxes and expenditures. This system contributed to fiscal responsibility because spending and revenue raising were under the same people.

But the workload as the Government and the Nation grew became too heavy and about the time of the Civil War, or shortly thereafter, certain legislative committees were given the power to report their own appropriation bills. However, this system provided little in the way of overall control. Spending got out of hand in relation to Government income.

In 1916 both the Democratic and Republican Party platforms called for expenditure reform and promised reorganization with a single committee to scrutinize all appropriations and to weigh the urgency and need of one program as against another in relation to the condition of the Treasury.

That was the way the Committee on Appropriations was established in 1920 and for the ensuing decade the single committee plan worked. In fact, the Government averaged about \$1 billion surplus each year for the next 10 years.

In due course, however, the device known as back-door spending, so legislative committees could bypass the Committee on Appropriations, became popular, and since that time Congress has authorized in excess of \$150 billion of back-door borrowing authority and some \$16 billion of such borrowing has had to be forgiven.

But, fortunately of late years this House has come to frown on this method of financing new programs. I think the issue that turned the tide was when the proposal came from downtown to finance foreign aid by borrowing from public

debt receipts. Congress rejected this plan whereby it would have abdicated its control and annual scrutiny of foreign aid expenditures.

So, as I say, for the past 2 years, since that issue was resolved, there have been no new back-door programs.

Meanwhile, the bipartisan anti-back-door spending committee, which I was instrumental in organizing, has been inactive and, of course, many of its one time members are no longer in Congress.

However, the other day when I suddenly woke up to the fact that the new omnibus housing bill reported by the Committee on Banking and Currency contained a provision to authorize the Housing Commissioner to use this method of funding the purchase of defaulted mortgages under FHA guarantees, I thought it advisable to get busy lest this crack open up the old floodgates. I got in touch with some of the former opponents of back-door spending and today I am joined by 57 of our colleagues in opposing this provision in the bill which my amendment would strike out.

After all, as I should explain, there is more than \$1 billion in the insurance guarantee fund, invested in Government bonds, to take up defaults, and furthermore should there ever reoccur a major depression such as in the 1930s, the Commissioner would have the authority to use debentures as was done successfully by FHA's predecessor organization, the old Home Owners Loan Corporation.

There is no need or justification for this back-door spending authority. In 1964, the Committee on Banking and Currency itself deleted this language.

Under permission granted by the House I include at this point a copy of a letter to the gentleman from Pennsylvania [Mr. BARRETT], who is floor manager of this legislation. It contains the names of our colleagues who support my amendment:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., June 22, 1965.

HON. WILLIAM A. BARRETT,
Rayburn House Office Building,
House of Representatives.

DEAR BILL: As you know for years I have been opposing back-door spending and on learning that this type of financing was included in H.R. 7984 I asked a few of our colleagues to join me in trying to eliminate its provision which gives borrowing authority to the Housing Commissioner to make insurance payments in cash.

Herewith is a list of 57 Members of the House of both parties who have authorized me to use their names in this connection.

The purpose of this letter is to ask you, on behalf of the undersigned, to consider accepting an amendment which I will offer to strike section 520(b) and leave the insurance as in the past, to be paid from the guarantee fund or if necessary by debentures.

We don't see the justification of adding borrowing authority and apparently your committee in the past felt the same way.

Sincerely,

THOMAS M. PELLY.

LIST OF MEMBERS IN SUPPORT

JOHN B. ANDERSON.
WALTER S. BARING.
WILLIAM H. BATES.
JAMES F. BATTIN.
WILLIAM E. BROCK.
JAMES BROYHILL.

ELFORD A. CEDERBERG.
GLENN CUNNINGHAM.
PAUL B. DAGUE.
SAMUEL L. DEVINE.
ROBERT DOLE.
WILLIAM J. DORN.
JOHN DOWDY.
THOMAS N. DOWNING.
ROBERT ELLSWORTH.
PAUL FINDLEY.
GERALD FORD.
JAMES FULTON.
ROBERT P. GRIFFIN.
H. R. GROSS.
EDWARD GURNEY.
JAMES HALEY.
DURWARD HALL.
WILLIAM HARSHA.
RALPH HARVEY.
A. SYDNEY HERLONG.
FRANK HORTON.
CRAIG HOSMER.
EDWARD HUTCHINSON.
CHARLES JONAS.
CARLETON KING.
JOHN KUNKEL.
GLENARD LIPSCOMB.
ROBERT MCCLORY.
CLARK MACGREGOR.
WILLIAM MAILLIARD.
CATHERINE MAY.
ROBERT H. MICHEL.
ARCH A. MOORE.
ANCHER NELSEN.
ALBERT QUIE.
CHARLOTTE REID.
BENJAMIN REIFEL.
JOHN J. RHODES.
HOWARD ROBISON.
RICHARD ROUDEBUSH.
GARNER E. SHRIVER.
VERNON THOMSON.
WILLIAM TUCK.
JAMES UTT.
JOHN WILLIAMS.
BOB WILSON.
JOHN W. WYDLER.
J. ARTHUR YOUNGER.
MELVIN R. LAIRD.
EDWARD DERWINSKI.
BURT L. TALCOTT.

In conclusion, Mr. Chairman, I wish to reiterate our strong opposition to including back-door spending under FHA guarantee program.

Let us not revive this old controversy. The FHA has a sound insurance plan. There is no need or justification for changing or adding to it. Let us keep it the way it is.

I urge support of my amendment.

Mr. PATMAN. Mr. Chairman, this amendment comes up every time there is opposition to a bill, particularly for the small business people or the poor people. Now, of course, "back-door spending" is a misleading and emotional phrase and is not truthful or genuine as used in this instance. There is no reason why we should approve this amendment and handicap the housing program, because it will handicap it. What good will it do? It should be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Washington [Mr. PELLY].

The question was taken; and on a division (demanded by Mr. PELLY) there were—ayes 37, noes 92.

So the amendment was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. PUCINSKI].

(Mr. PUCINSKI asked and was given permission to revise and extend his remarks.)

Mr. PUCINSKI. Mr. Chairman, it had been my hope to offer an amendment to section 101. However, I have been advised by the Chairman and by the Parliamentarian that when the House adopted the substitute amendment to section 101 earlier today, no further amendments would be possible.

Mr. Chairman, it should be a source of concern to all of us that we are passing a bill which will make the Federal Public Housing Administrator a virtual czar over every single community in this country.

I had hoped that the Committee would at least give a municipality some voice in selecting the "housing owners" under section 101.

Under the present language of the bill any organization can work out an arrangement for a housing project with the Housing Administrator in Washington, and neither the mayor nor the city council, nor the city alderman, nor any local alderman, nor the Governor, no one has any veto power over anything or any say about the projects that are going into a city or community. I am unequivocally opposed to such a procedure and shall vote against section 101.

It seems to me that this House is really putting the Federal Government into the backyard of every single American community in this country. This proposal is just another move to dilute the powers of local government and superimpose the Federal Government on our people. The erosion of autonomy by local governments in some of these Federal programs is a growing trend which should alarm all of us.

The whole concept of rent subsidies, in my opinion, is a most dangerous precedent. Where do you intend to stop? How do you intend to justify to a middle-income American that he should continue to sweat in meeting his obligations for rent or payment on his house, while the less fortunate have the Federal Government pay part of their rent for the same housing.

Mr. Chairman, I believe the proposal needs a great deal more study. It is my hope that if we cannot write some safeguards into the provision here in the House then the Senate certainly should do it when the measure comes up there.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. McDADE].

(Mr. McDADE asked and was given permission to revise and extend his remarks.)

AMENDMENT OFFERED BY MR. McDADE

Mr. McDADE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. McDADE: On page 58 after line 5 insert the following new section:

"LOCAL GRANT-IN-AID CREDIT FOR CERTAIN COAL ROYALTIES

"SEC. 313. (a) Section 110(d) of the Housing Act of 1949 is amended by adding at the end thereof the following new paragraph:

"Where a project in any municipality includes an area affected by an underground mine fire or by a coal mine subsidence and where it is necessary in such project to remove any underlying coal deposits in order to stabilize the soil or to control the under-

ground mine fire, then any royalties received by the project from the removal and sale of such coal deposits shall be credited to the project as a local grant-in-aid made by such municipality.

"(b) Any contract under title I of the Housing Act of 1949 executed prior to the date of the enactment of this Act shall, at the request of the municipality involved, be amended to reflect the amendment made by subsection (a)."

Mr. McDADE. Mr. Chairman and gentlemen of the Committee, the purpose of this amendment is to attempt to rectify a situation which literally threatens 10,000 people in my district in northeast Pennsylvania. They are threatened by a raging underground mine fire. This city, the city of Carbondale, is right smack dab in the heart of Appalachia. It has for many years faced the problem of unemployment and all the privations that go with it.

Mr. Chairman, all this amendment proposes to do is to permit the city, instead of paying a coal royalty which is now paid when the coal is extracted to fight this fire to the local redevelopment authority, that this be paid to the local municipality and thus reduce the amount which the city must contribute as part of its redevelopment cost.

Mr. Chairman, all this amendment will do is say to the city of Carbondale, you may now use the 22 cents a ton which you have been getting as a royalty for the use of the local redevelopment authority as a part of the project cost and use it as a part of the local contribution.

This amendment will permit this vital project to continue. This amendment will enable this fire to be extinguished. This amendment, Mr. Chairman, will save a city of 10,000 people.

I urge its adoption.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

The question is on the amendment offered by the gentleman from Pennsylvania [Mr. McDADE].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. ROGERS OF COLORADO

Mr. ROGERS of Colorado. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROGERS of Colorado: On page 58, add the following after line 5:

"LOCAL GRANTS-IN-AID FOR URBAN RENEWAL PROJECT IN DENVER

"SEC. 313. Notwithstanding the extent to which the cultural and convention center proposed to be built adjacent to urban renewal project Colorado R-15 (Skyline) in Denver, Colorado, may benefit areas other than the urban renewal area, expenses incurred by the city of Denver in constructing such center shall, to the extent otherwise eligible, be counted as a grant-in-aid toward such project."

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Colorado. I yield to the gentleman from Texas.

Mr. PATMAN. We have considered this amendment on the majority side, and we are willing to accept the gentleman's amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Colorado [Mr. ROGERS].

The amendment was agreed to.

Mr. LINDSAY. Mr. Chairman, I rise in support of this legislation and I urge the House to support it.

Mr. Chairman, not too many weeks ago I had occasion to state that "cities are for people and for living." I believe very deeply in the truth of that statement. Yet our cities are in an age of crisis, and for too many of our people they offer no place in which to live.

Too many of our people inhabit substandard housing. Too many of our people cannot find decent housing at a rental they can afford. Too many of our people want to leave our cities because they cannot find housing.

New York City suffers from a housing shortage more acutely than any city in the Nation.

The bill before us is not a cure-all for the diverse and complex housing ills which plague our cities. But it is an important bill that will help. It is deserving of our support.

Certain portions of the bill deserve particular comment.

The bill will increase by \$2.9 billion the capital grant authorization for urban renewal over the next 4 years. The committee recognized, in its report, that a serious problem of urban blight remains, which can be solved only with the aid of the Federal Government. I have maintained for some time that conquest of these slum conditions requires the mobilization of all resources—Federal, State, and local.

We have benefited from our experience by updating the general neighborhood renewal program to permit spot renewal of areas which are in partly good condition. We have also learned that it is often preferable to rehabilitate rather than destroy existing housing.

The neighborhood facilities grants authorized under title VI, and liberalization of the urban beautification and improvement programs of title VIII, can be of great benefit to New York and other cities with high density population concentrations. The cost to society of providing treatment for illness, making welfare payments, combating crime, and meeting the problems of the aged can be greatly reduced by the type of preventive measures which the neighborhood facilities will provide. The concept of acquiring and clearing developed land for small parks, squares, playgrounds, pedestrian malls, and the like is one which I have long favored. In built-up urban areas such as New York, where all too little thought has been given to such facilities, it is a way of providing needed recreational and breathing space.

The use of existing private housing in addition to new public housing to provide greater numbers of low-rent accommodations is one of the most important and constructive parts of this bill. The rent certificate program can, in many areas, provide badly needed additional units immediately at a cost to the taxpayer well below that of new public

housing. I commend our colleague from New Jersey [Mr. WIDNALL], on this important contribution he has made to the bill. The gentleman has significantly contributed to the whole bill, but this portion carries his special mark.

Direct housing loans to our elderly and handicapped citizens represent a partial answer to one of our most pressing needs. Our senior citizens are often living on fixed incomes substantially lower than those required to meet the increasing cost of adequate housing. These loans will enable many of them to continue to live near their families, in those areas in which they have made their homes for most of their lives. Of great help along these lines will also be the grants authorized to permit low-income homeowners to finance necessary repairs and improvements to avoid displacement in urban renewal areas.

The most important, as well as the most controversial, section in this bill is the rent supplement provision. This program would provide Federal assistance to low and moderate income families and individuals for partial rental of nonpublic housing. The persons benefiting from this section would be limited to those displaced by governmental action, such as urban renewal, 62 years of age or older, physically handicapped, or living in substandard housing.

These groups need and deserve more help than our present public housing programs can provide. There simply is not enough public housing now in existence, underway, or contemplated for the foreseeable future to shelter our low-income families. Furthermore, many of those with very moderate incomes are caught betwixt and between. They earn too much to qualify for public housing, yet not enough to afford decent private housing.

Our cities will be what we make of them. Unless we make it possible for our skilled low and middle income groups to find decent housing, we will drive them and their economic talents from our cities. This is as good a way to weaken the economy of our cities as anything I can think of; and weaken them in every other way too, most especially in human values.

The rent supplement program should not be regarded by anyone as a radical proposal. It is, in fact, far less "radical," as long as that word is being used by some, than straight public housing. Public housing includes rent supplements; it is also bricks and mortar; it is total government. The proposal before us on rent supplements is partial government and, together with the rent certificate program authored by Mr. WIDNALL, will make immediately available decent, safe, and sanitary shelter to those who badly need it.

Furthermore, public housing too often has been stereotyped and has resulted in an unhealthy economic segregation. The rent certificate and rent supplement programs avoid this.

I intend to vote for this bill and all its provisions and I ask for its support.

(Mr. LINDSAY asked and was given permission to revise and extend his remarks.)

Mr. KUNKEL. Mr. Chairman, I offer two amendments.

The Clerk read as follows:

Amendments offered by Mr. KUNKEL: After line 4 on page 24, insert two new sections, as follows:

"ACQUISITION OF CERTAIN PROPERTIES SITUATED AT OR NEAR MILITARY BASES WHICH HAVE BEEN ORDERED TO BE CLOSED

"SEC. 1009. (a) The Secretary of Defense is authorized to acquire title to any property, improved with a one- or two-family dwelling, which is situated at or near a military base or installation which the Department of Defense has, subsequent to November 1, 1964, ordered to be closed in whole or in part, if he determines—

"(1) that the owner of such property is, or has been, employed or performing military service at such base or installation;

"(2) that the closing of such base or installation, in whole or in part, has required or will require the termination of such owner's employment or service at such base or installation; and

"(3) that as the result of the actual or pending closing of such base or installation there is no present market for the sale of such property upon reasonable terms and conditions.

"(b) The purchase price of any property which is situated at or near a military base or installation and is acquired under this section shall be equal to an amount determined by the Secretary of Defense to be the average price at which properties, similar in size, construction, condition, and location to that of the property to be acquired, were sold during a representative period, as determined by the Secretary, prior to the announcement of the intention of the Department of Defense to close all or part of such base or installation.

"(c) The title to any property acquired under this section shall be free and clear of any outstanding liens or encumbrances and shall conform to such requirements as the Secretary of Defense shall by regulation require. Such regulations shall also prescribe the terms and conditions under which payments may be made under this section, and decisions by the Secretary regarding such payments, and the terms and conditions under which the same are approved or disapproved, shall be final and conclusive and shall not be subject to judicial review.

"(d) Properties acquired under this section shall be transferred to the Federal Housing Commissioner, and the Federal Housing Commissioner shall have the power to deal with, rent, renovate, or sell for cash or credit any properties so transferred. Receipts from the management or sale of any such properties may be utilized by the Commissioner to defray expenses arising in connection with the management of such properties, and any part of such receipts not required for such expenses shall be covered into the Treasury as miscellaneous receipts.

"(e) Section 223(a) of the National Housing Act is amended—

"(1) by striking out the period at the end of paragraph (7) and inserting in lieu thereof "; or"; and

"(2) by inserting after paragraph (7) a new paragraph as follows:

"(a) executed in connection with the sale by the Commissioner of any housing acquired pursuant to section 108 of the Housing and Urban Development Act of 1965."

"(f) Such sums as may be necessary to carry out the provisions of this section are hereby authorized to be appropriated, and any sums so appropriated shall remain available until expended.

"MORTGAGE RELIEF FOR HOMEOWNERS WHO ARE UNEMPLOYED AS THE RESULT OF THE CLOSING OF A FEDERAL INSTALLATION

"SEC. 1010. (a) For the purposes of this section—

"(1) The term 'mortgage' means a mortgage which (A) is insured under the National Housing Act, or (B) secures a home loan guaranteed or insured under the Serviceman's Readjustment Act of 1944 or chapter 37 of title 38, United States Code.

"(2) The term 'Federal mortgage agency' means—(A) the Federal Housing Commissioner when used in connection with mortgages insured under the National Housing Act, and (B) the Administrator of Veterans' Affairs when used in connection with mortgages securing home loans guaranteed or insured under the Servicemen's Readjustment Act of 1944 or chapter 37 of title 38, United States Code.

"(3) The term 'distressed mortgagor' means an individual who (A) is unemployed, although willing to work, as the result of the closing (in whole or in part) of a Federal installation, and (B) is the owner-occupant of a dwelling upon which there is a mortgage securing a loan which is in default because of the inability of such individual to make payments of principal and/or interest under such mortgage.

"(b) (1) Any distressed mortgagor, for the purpose of avoiding foreclosure of his mortgage, may apply to the appropriate Federal mortgage agency for a determination that suspension of his obligation to make payments of principal and/or interest under such mortgage during a temporary period is necessary in order to avoid such foreclosure.

"(2) Upon receipt of an application made under this subsection by a distressed mortgagor, the Federal mortgage agency shall issue to such mortgagor a certificate of moratorium if it determines, after consultation with the interested mortgagee, that (A) the mortgagor is not in default with respect to any condition or covenant of the mortgage other than that requiring the payment of installments of principal and/or interest under the mortgage, and (B) such action is the only available means whereby a foreclosure of such mortgage can be avoided.

"(3) Prior to the issuance to any distressed mortgagor of a certificate of moratorium under paragraph (2), the Federal mortgage agency shall require such mortgagor to enter into a binding agreement under which he will be required to make payments to such agency, after the expiration of such certificate, in an aggregate amount equal to the amount paid by such agency in behalf of such mortgagor as provided in subsection (c). The manner and time in which such payments shall be made shall be determined by the Federal mortgage agency having due regard to the purposes sought to be achieved by this section.

"(4) Any certificate of moratorium issued under this subsection shall expire on whichever of the following dates is the earliest (A) three years from the date on which such certificate is issued; (B) thirty days after the date on which the mortgagor to whom such certificate is issued ceases to be a distressed mortgagor as defined in subsection (a); or (C) the date on which such mortgagor becomes in default with respect to any condition or covenant in his mortgage other than that requiring the payment by him of installments of principal and/or interest under the mortgage.

"(c) (1) Whenever a Federal mortgage agency issued a certificate of moratorium to any distressed mortgagor with respect to any mortgage, it shall transmit to the mortgagee a copy of such certificate, together with a notice stating that, while such certificate is in effect, such agency will assume the obligation of such mortgagor to make payments

of principal, and if so specified in the certificate, of interest, under the mortgage.

"(2) Payments made by any Federal mortgage agency pursuant to a certificate of moratorium issued under this section with respect to the mortgage of any distressed mortgagor shall include, in addition to the payments referred to in paragraph (1), an amount equal to the unpaid principal and interest charges which had accrued under such mortgage prior to the issuance of such certificate and subsequent to the date on which such mortgagor became a distressed mortgagor as defined in subsection (a).

"(3) While any certificate of moratorium issued under this section is in effect with respect to the mortgage of any distressed mortgagor, no further payments of principal, and if so specified in the certificate, of interest, under the mortgage shall be required of such mortgagor, and no action (legal or otherwise) shall be taken or maintained by the mortgagee to enforce or collect such payments. Upon the expiration of such certificate, the mortgagor shall again be liable for the payment of all amounts due under the mortgage in accordance with its terms.

"(4) Each Federal mortgage agency shall give prompt notice in writing to the interested mortgagor and mortgagee of the expiration of any certificate of moratorium issued by it under this section.

"(d) The Federal mortgage agencies are authorized to issue such individual and joint regulations as may be necessary to carry out this section and to insure the uniform administration thereof.

"(e) There shall be in the Treasury (1) a fund which shall be available to the Federal Housing Commissioner for the purpose of extending financial assistance in behalf of distressed mortgagors as provided in subsection (c), and (2) a fund which shall be available to the Administrator of Veterans' Affairs for the same purpose. The capital of each such fund shall consist of such sums as may, from time to time, be appropriated thereto, and any sums so appropriated shall remain available until expended. Receipts arising from the programs of assistance under subsection (c) shall be credited to the fund from which such assistance was extended. Moneys in either of such funds not needed for current operations, as determined by the Federal Housing Commissioner, or the Administrator of Veterans' Affairs, as the case may be, shall be invested in bonds or other obligations of the United States, or paid into the Treasury as miscellaneous receipts.

"(f) Section 1816 of title 38, United States Code, is amended by inserting '(a)' before the text of such section, and by adding at the end thereof a new subsection as follows:

"(b) With respect to any loan made under section 1811 which has not been sold as provided in subsection (g) of such section, if the Administrator finds after there has been a default in the payment of any installment of principal or interest owing on such a loan, that the default was due to the fact that the veteran who is obligated under the loan has become unemployed as the result of the closing (in whole or in part) of a Federal installation, he shall (1) extend the time for curing the default to such time as he determines is necessary and desirable to enable such veteran to complete payments on such loan, including an extension of time beyond the stated maturity thereof, or (2) modify the terms of such loan for the purpose of changing the amortization provisions thereof by recasting, over the remaining term of the loan, or over such longer period as he may determine, the total unpaid amount then due with the modification to become effective currently or upon the termination of an agreed-upon extension of the period for curing the default."

Mr. KUNKEL. Mr. Chairman, one of these amendments provides for people who are unemployed as a result of the closing of a Federal installation.

This amendment has already been included in the Senate bill. The second amendment provides for the acquisition of certain property situated at or near military bases which have been ordered to be closed and it will protect those who are forced to sell their houses at a low price when they have to move to a far-off installation.

Mr. BARRETT. Mr. Chairman, the majority side has no objection to the amendment.

Mr. WIDNALL. Mr. Chairman, the minority has no objection to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. KUNKEL].

The amendment was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia [Mr. HAGAN].

AMENDMENT OFFERED BY MR. HAGAN
OF GEORGIA

Mr. HAGAN of Georgia. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HAGAN of Georgia: On page 107, after line 14, add the following new section:

"URBAN RENEWAL PROJECT IN SAVANNAH, GA.

"Sec. 1010. (a) Notwithstanding any provision of the Housing Act of 1949 or any other provision of law, the urban renewal project in Savannah, Ga., known as Project 'J' in the General Neighborhood Renewal Plan for the Broad Street-Canal Urban Renewal Area adopted by resolution of the mayor and aldermen of the city of Savannah on November 18, 1958, may include the donation by housing authority of Savannah, by a suitable instrument of conveyance, of the right, title, and interest of the authority in and to all or any portion of the land included within the boundaries of such Project 'J' in the city of Savannah, Chatham County, Ga., the area of such Project 'J' being generally bounded on the north by properties of the Central of Georgia Railway Co., on the east by West Broad Street, in the south by the right-of-way for Interstate Highway No. I-16, and on the west by the Savannah and Ogeechee Canal and West Boundary Street.

"(b) The conveyance authorized to be included in the urban renewal project under subsection (a) of this section shall be made only if the donee represents, and furnishes such assurances as may be required by housing authority of Savannah, that such donee will develop, preserve, and operate such property on a nonprofit basis as a historical site or monument."

Mr. STEPHENS. Mr. Chairman, will the gentleman yield?

Mr. HAGAN of Georgia. I am delighted to yield to my colleague, the gentleman from Georgia.

Mr. STEPHENS. As I understand this amendment, this will provide for authority only for the housing authority of the city of Savannah to set aside a parcel of land to be used as a part to commemorate the valiant service of that great Polish count, Count Pulaski, in the American Revolution.

Mr. HAGAN of Georgia. That is correct.

Mr. STEPHENS. And there is no money involved here at the present time?

Mr. HAGAN of Georgia. None whatsoever.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia [Mr. HAGAN].

The amendment was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. SAYLOR].

AMENDMENT OFFERED BY MR. SAYLOR

Mr. SAYLOR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SAYLOR: On page 24, line 3, add the following new sentence to section 1009:

"For the purpose of this section, public ownership and public systems are defined to include investor-owned enterprises rendering water, or sewer services as public utilities and subject to regulation by State regulatory authorities with respect to user rates and charges, capital structure, methods of operation, and rate of return."

Mr. SAYLOR. Mr. Chairman, the purpose of this amendment is to make sure that organizations which are now regulated by the State are given the same authority as other bodies.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. SAYLOR. I am happy to yield to the gentleman.

Mr. PATMAN. I would like to ask the gentleman a question. This amendment says "to include investor-owned enterprises rendering water, or sewer service as public utilities and subject to regulation by State regulatory authorities." This does not exclude any entity such as the REA; does it?

Mr. SAYLOR. It does not.

Mr. PATMAN. It does not exclude them. It includes them. Why do you think an amendment is necessary to include them? Does the language specifically exclude them?

Mr. SAYLOR. Because the people in Pennsylvania who are in the Pennsylvania Utility Commission have said if the language remains as it is in the bill at the present time, they will be excluded.

Mr. PATMAN. What is the language that would cause them to be excluded?

Mr. SAYLOR. It is the whole section.

Mr. PATMAN. I have read the language there and I am only trying to help the gentleman, but I do not see the language that would exclude them.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. SAYLOR].

The amendment was rejected.

AMENDMENT OFFERED BY MR. HAGAN OF
CALIFORNIA

Mr. HAGAN of California. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HAGAN of California: On page 93, after line 20, insert the following new section:

"DEFINITION OF A RURAL AREA

"Sec. 907. Title V of the Housing Act of 1949 is amended by adding at the end thereof (after the new section added by section 906 of this Act) the following new section:

"Sec. 520. The terms 'rural' and 'rural area' as used in this title mean any area, open country, place, town, village, or city having a population of 5,500 inhabitants or

less than is not part of or associated with an urban area.'"

(Mr. HAGAN of California asked and was given permission to revise and extend his remarks.)

Mr. HAGAN of California. Mr. Chairman and Members of the committee, we have been washed by a beneficent flood all afternoon, and I do not wish to disturb the spirit of this occasion.

I have a very fine amendment, which establishes a statutory definition of a "rural area" for the Farmers Home Administration's nonfarm rural loan program.

The general impetus for services for the low-income groups in any housing and urban development program, must also, equally include services for those of the rural areas under deprivation, and in particular, the seasonal farmworker.

One of the most viable tools for a sustained attack on the deficiencies of seasonal farm labor housing has been self-help housing. Self-help housing is a technique whereby the farm laborer adds his own "sweat equity" with that of his neighbors in concert, in building his own home during the period of the dearth of harvest winter work. A project in self-help housing, sponsored by the American Friends Service Committee in Tulare County, Calif., over the past 3 years has been a signal success in farm labor housing as well as reshaping the lives of its participants. Finding that one can creatively contribute to the shelter for one's family has given confidence to scores of people in realizing success in other endeavors, such as better jobs and better education for one's self and one's children.

These successes in the self-help housing have led to the expansion of the program in California by two grants from the Office of Economic Opportunity for technical assistance. Similar projects are either in operation or in the planning stages in such diversely scattered States as New Jersey, Texas, Arizona and Pennsylvania.

Without the cooperation of the Farmers Home Administration, and in particular its rural home loan program, self-help housing could never be a success.

The long-term 33 year loans, at an interest rate of 4 percent, now available from Farmers Home Administration are a necessary component of any program that will sensibly coincide with the ability of farmworkers to meet the financial obligations of a regular, monthly payment.

If the interest rates were raised over the 4 percent by Farmers Home, it is certain that this would preclude a large number of farm laborers from ever owning their own homes, since it is the low interest rate, coupled with the 1,000 man-hours average of work contributed by the owner-builder, that makes this program financially feasible.

Woodlake, Calif., is an agricultural community of about 3,000, in the heart of the citrus-olive and grape belt, couched in the foothills of the Sierra, in the east side of Tulare County. Two years ago, the City Council of Woodlake, realizing that some of the housing in the area

violated every normal code of health, safety, and decency, instituted a program whereby they condemn at least two "shacks" a month.

They realize that the concern that caused them to condemn these structures would eventually lead to the situation where they would, in fact, be "throwing away the baby with the wash water," unless the dilapidated housing in Woodlake was replaced, as the bulk of its seasonal farmworker residents use this community as a "home base," harvesting the diverse crops in the region.

Groups of farmworkers, as well as township officials, were eager to involve themselves of the self-help technique through the use of Farmers Home rural home loans. This was denied them, since it is a policy that loans are only forthcoming for communities of 2,500 population or under.

Restrictions of loans to communities of 2,500 in population precludes participation of much of the bulk of seasonal or migratory farmworkers in California. The majority of these workers do not live in ranch-based camps but in fringe complexes or clumps attached to the towns and cities of rural California, and the more agriculturally diversified the area, the more the farmworker has become an integrated part of the community in which he lives.

This strong stabilizing force also depends so much on home ownership, and with it, the pride and commitment of which it entails. Easier access to health and educational facilities available to residents of community based housing is itself an impetus to self-betterment.

The 2,500 population base, used by the USDA census tract to delineate non-rural from rural, therefore penalizes a seasonal farmworker who lives in a labor intensive agricultural area from realizing the fruits of the Farmers Home rural home loan program. The California sister counties of Tulare, Kern, and Fresno, and the communities within them, are certainly not "urban" communities of as defined by an arbitrary, outmoded census delineation. These three counties are, in fact, the most productive agricultural counties from the viewpoint of crop value in all of the United States, and have been so for more than a decade.

I realize that the Farmers Home use of the 2,500 population policy limitation on rural home loans stems mainly from a lack of loan funds to broaden their program. I therefore urge the following:

First. That the Farmers Home Administration consider broadening their administrative policy to include agriculturally dependent communities of 5,500 or less population, instead of 2,500.

Second. And that added and sufficient loan funds be made available to the rural home loan program coincident to the broadened policy of servicing communities of 5,500 in population.

When the seasonal or migrant farmworker section of the Economic Opportunity Act of 1964—Section 3B—included "housing" as an area for succor, it

was expected that the existing rural home loan programs of Farmers Home Administration would be the primary vehicle for implementation of a program for satisfying this need.

It was felt the prime need for family housing for seasonal farmworkers would also encourage those individuals so motivated to help build their own, and the growing thrust of self-help and self-betterment would not be blunted by program limitations.

I have discussed the amendment with the Chairman of the committee and the chairman of the subcommittee and presented it to the gentleman from New Jersey. I believe it is acceptable.

Mr. PATMAN. Mr. Chairman, we are willing to accept the amendment on this side.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. HAGEN].

The amendment was agreed to.

The CHAIRMAN. Under the motion of the gentleman from Texas, all time having expired, amendments at the Clerk's desk can be read but cannot be debated.

AMENDMENT OFFERED BY MR. DINGELL

Mr. DINGELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DINGELL: On page 67, before the period in line 7, insert the following:

"Provided, That no grant shall be made under this section for any sewer facilities unless the Secretary of Health, Education, and Welfare certifies to the Administrator that any waste material carried by such facilities will be adequately treated before it is discharged into any public waterway, so as to meet applicable Federal, State, interstate, or local water quality standards".

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. DINGELL].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. BANDSTRA

Mr. BANDSTRA. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BANDSTRA: On page 107, after line 14, add the following:

"URBAN RENEWAL PROJECT IN OTTUMWA, IOWA
"SEC. 1010. Notwithstanding the June 1956 commencement of certain flood control work in Ottumwa, Iowa, local expenditures in connection with such flood control work shall, to the extent otherwise eligible, be counted as a local grant-in-aid to the Marina Gateway urban renewal project (Iowa R-12) in accordance with the provisions of title I of the Housing Act of 1949."

Mr. BANDSTRA. Mr. Chairman, I rise to offer an amendment to the Housing and Urban Development Act of 1965. This amendment deals only with the city of Ottumwa, in south-central Iowa, and it is designed to clear up a problem in connection with the city's urban renewal program.

The city is moving ahead with plans for the Marina Gateway urban renewal project, directly adjacent to the Des Moines River as it flows through Ottumwa. The city already has con-

structed a flood control project, financed almost entirely by local funds, which serves to protect the urban renewal area.

Normally, under title I of the Housing Act of 1949, Ottumwa would be eligible to receive Federal grant-in-aid credit for the flood control project which would offset, in large measure, the local cost for urban renewal work.

The Housing Act of 1949 provides for such grant-in-aid credit if a city-financed project, such as the flood prevention work, is of direct and substantial benefit to the urban renewal program. This is clearly the case in Ottumwa, for the Marina Gateway project is in a low-lying area that would be subject to flooding if it were not for the levees constructed by the city.

Ottumwa, however, is faced with a problem stemming from another provision in the Housing Act. This requires that, for a city to be eligible for grant-in-aid credit toward the local share of the urban renewal cost, work on the urban renewal project must start within 3 years from the completion of a related project, such as Ottumwa's flood prevention work.

In Ottumwa's case, this 3-year limit ran out on May 15. The purpose of the amendment I am offering, therefore, is to waive this 3-year limit, as it applies to the Marina Gateway project in Ottumwa, and thereby make the city eligible to receive grant-in-aid credit.

It should be pointed out that in 1947 Ottumwa was subjected to severe flooding. About one-third of the city, including what is now the Marina Gateway urban renewal area, was under water. In all, the flood caused an estimated \$22 million in damage.

Because of the severity of the 1947 flood, the city proceeded as quickly as possible to avoid a similar disaster in the future. Ottumwa decided to finance the flood control project almost entirely from local funds, rather than wait to receive substantial Federal aid for the flood prevention work.

Since a heavy financial obligation was involved, the city could proceed on only one large undertaking at a time. Ottumwa went ahead with the flood control project, and waited until that was finished before starting its urban renewal planning. Hence there was an unavoidable time-lag between the flood control and urban renewal projects.

If Ottumwa does not receive grant-in-aid credit for the flood control work, the city and its citizens would, in effect, be penalized for going ahead on the flood prevention work at local expense. The amendment I am offering would remove that inequity, and I strongly urge its passage.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. BANDSTRA].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. DUNCAN OF OREGON

Mr. DUNCAN of Oregon. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DUNCAN of Oregon: On page 45, line 6, after section 212 of H.R. 7984, insert:

"REFINANCING OF HOUSING FOR ELDERLY PROJECTS"

"SEC. 213. Section 231(c)(7) of the National Housing Act is amended by striking out 'with 50 per centum' and inserting in lieu thereof 'or involves the refinancing of a mortgage covering an existing property or project in which it has been determined by the Commissioner that such refinancing is necessary or desirable in order to avoid hardship for elderly or handicapped persons or families who are tenants or prospective tenants of such project: *Provided*, That in either case, such property or project shall contain 50 per centum.'"

Mr. DUNCAN of Oregon. Mr. Chairman, the amendment would authorize FHA mortgage insurance for refinancing existing housing for the elderly where it is determined by the commissioner that such refinancing is necessary or desirable to avoid hardship for elderly or handicapped persons.

Briefly, the circumstances which occasioned the need for this amendment involve the Rouge Valley Manor, a retirement home in Medford, Ore., with just under 400 units. At the time of construction, this nonprofit corporation, and others in Oregon, justifiably assumed that they would be exempt from real property taxes under Oregon law as are similar projects in many other States. Their financing was, therefore, planned accordingly. A subsequent Oregon Supreme Court decision disabused them of this assumption and held that they would have to pay real property taxes. They are now faced with a back tax liability of just under \$500,000 in addition to payment of a short-term loan and mortgage and are facing a tax foreclosure proceeding in August.

While this amendment would not add any new units, it provides the tool which will prevent the loss of almost 400 units already in existence. With long-term financing and the renegotiation of care contracts and loans from residents, it appears that all of their obligations can be met. An FHA guarantee is available for new construction and for refinancing housing for the elderly where the initial financing was through FHA. It seems incongruous not to make the FHA guarantee available to prevent the loss of housing where the project is otherwise sound and the loan has a reasonable chance of repayment simply because the institution was originally funded privately. This amendment closes this gap and I urge its adoption.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oregon [Mr. DUNCAN].

The amendment was agreed to.

AMENDMENTS OFFERED BY MR. DOWDY

Mr. DOWDY. Mr. Chairman, I offer three amendments.

The CHAIRMAN. Without objection, the amendments will be considered en bloc. The Clerk will state the amendments.

The Clerk read as follows:

Amendment offered by Mr. Dowdy: At page 55, following line 13, insert the following new section:

"REHABILITATION OF STRUCTURES IN URBAN RENEWAL AREAS"

"SEC. 309. Section 105 of the Housing Act of 1949 is amended by adding at the end thereof the following new subsection:

"(f) Unless the owner thereof consents thereto, no privately owned structure within an urban renewal area shall be acquired if (1) such structure, and the property on which it is located, can be economically improved or modified for use in conformity with the project plan approved for redevelopment or rehabilitation of a project area, and (2) the owner (or lessee, with the approval of the owner) of such structure promptly presents satisfactory evidence that he is willing and able to make the necessary improvements or modifications to conform such structure and property to the approved project plan for the project area in a reasonable period of time."

And redesignate the succeeding sections accordingly.

Mr. DOWDY. Mr. Chairman, the amendment to H.R. 7984, which I have presented to the House, is a very sound and very simple one. It will save needless expenditure of Federal funds. It will save needless expenditure of funds in local communities which have or may have urban renewal projects. It will enable every Member of this body to face his local homeowners and the owners of local business and commercial structures to tell his constituents honestly that he supported provisions in the law which would permit them to retain ownership of their property if they were ready and willing to improve and rehabilitate it for use in accordance with an approved project plan. I do not believe Members of the House would stand before their constituents and state publicly that they favored a procedure under which the private property of one person can be condemned and then sold to another private person to be used for the identical purposes under the same renewal plan.

The amendment simply provides that any privately-owned building or structure, which can be rehabilitated to conform to a project plan, cannot be condemned if the owner or lessee, on agreement with the owner, is ready, willing, and able to make the necessary changes to comply with the approved project plan. In the event the owner is agreeable to the acquisition of his property, the Agency may acquire it. Under the amendment a structure will not remain in an urban renewal project area unless it harmonizes with the design and the uses which are provided in the project plan.

The amendment would apply to residential structures as well as business and commercial structures.

Not only will the amendment save Federal and local taxpayers' funds, but it supports and augments the basic purposes and the intent of Congress in the concept of urban renewal, namely, the conservation and rehabilitation of property, and the redevelopment of substandard and blighted areas. Nothing in the amendment, in any way, diminishes the power of removal of slum or blight in any urban renewal area.

Further, the amendment is in complete harmony with the views expressed

by the President of the United States. In his message to Congress on "The Problems and Future of the Central City," on March 2, 1965, the President stated:

We have concentrated on almost all our past efforts on building new units, when it is often possible to improve, rebuild, and rehabilitate existing homes with less cost and less human dislocation. Even some areas now classed as slums can be made decent places to live with intensive rehabilitation. In this way it may often be possible to meet our housing objectives without tearing people away from their familiar neighborhoods and friends.

The amendment which I have presented would merely require that the President's objectives, which I have just stated, are actually carried out in the course of urban renewal redevelopment.

At the time he signed the Housing Act of 1964 on September 2, 1964, the President stated:

The plight of property owners in urban renewal areas is recognized in this measure. Provision is made so that they can rehabilitate their homes and businesses instead of having to move from the path of the bulldozer. Looking ahead, this measure assists local communities in enforcing housing codes so blight does not develop or persist in the future.

While the President's comment was directed to the matter of assisting communities and property owners by maintaining housing code standards so as to prevent blight, the amendment I have offered supplements to the President's recognition of the plight of property owners in urban renewal areas by giving to the owners of homes and business properties the full right to retain their ownership and be relieved from the process of condemnation where they are willing and able to improve, rehabilitate, or repair structures in harmony with the design and the uses contained in an urban renewal area project plan.

This amendment preserves the basic concept and right of citizens in the United States to the ownership and enjoyment of their property. The entire urban renewal program is based on the concept that the condemnation of privately-owned property is necessary and desirable for a public purpose and a public use. The property owner, under this amendment, does the same thing that would be accomplished after condemnation of his property, and there is no public use of public purpose to be served by taking his property from him. Without the approval of this amendment the Members of this House in substance and in legal effect will be saying to every property owner of the Nation that it is proper to use the public power of condemnation to take private property of one person for the sole purpose of turning the ownership of that property over to another person, for the same purpose, and using the taxes paid by the property owner in the process of doing it. Any such idea is utterly alien to any concept in our Constitution or any purpose or need in any community in the Nation.

In connection with the question of savings to the Federal and local governments, I call attention to studies which

have been made by the Comptroller General of the United States. I am sure that his findings would be supplemented greatly if there were any comprehensive study made in urban renewal projects throughout the United States regarding the present practice of acquisition of and, in many instances, the demolition of sound usable structures which could have been retained within the project plan for use in harmony with the program.

The review of the Erie View project in Cleveland, Ohio, by the Comptroller General showed that millions of dollars in needless expenditures to the public had been accrued by the acquisition of sound structures which could have been used in connection with a program. Some of these structures were valued at amounts approaching a million dollars and the deficiencies in those structures, on the basis of which they were declared substandard, were no more than items which could be taken care of in normal annual maintenance. Yet the Comptroller General found in structure after structure this kind of arbitrary assessment of deficiencies had been used to characterize a building as substandard paving the way for acquisition and demolition.

The Clerk read as follows:

Amendment offered by Mr. Dowdy: At page 56, after line 13, insert the following new section:

"RELOCATION PAYMENTS

"SEC. 311. Section 114(b) is amended to read as follows:

"(b) a local public agency—

"(1) shall pay to any displaced business concern or nonprofit organization, its reasonable and necessary moving expenses and any actual direct losses of property, except goodwill or profit: provided, that such payment shall not exceed \$3,000 (or if greater, the total certified actual moving expenses); and

"(2) may pay to any displaced business concern or nonprofit organization, an additional \$1,500 in the case of a private business concern with annual net earnings of less than \$10,000 per year which (A) was doing business in a location in an urban renewal area on the date of local approval of the urban renewal plan (or of acquisition of real property under the third sentence of sec. 102(a)), (B) is displaced on or after January 27, 1964, and (C) is not a part of an enterprise having establishments outside the urban renewal area.

"Notwithstanding the provisions of clause (1) of the preceding sentence, a business concern which is not being displaced from an urban renewal area shall be eligible for payments under such clause (1) of its certified moving expenses with respect to its outdoor advertising displays being removed from the urban renewal area in the same manner as though such business concern were being displaced."

And redesignate the succeeding sections accordingly.

Mr. DOWDY. Mr. Chairman, the amendment which I have offered is essential if thousands of small businesses are to be treated with justice and fairness under the urban renewal program. The amendment provides that within urban renewal areas there shall be paid to displaced businesses the total amount of actual certified moving expenses, regardless of the amount of those expenses. There is no intent in this amendment that any person receive any

special benefits or privileges, but that businesses merely be made whole for their out-of-pocket costs when they are forced to move because of urban renewal. At the present time, under regulation, a displaced business cannot be reimbursed more than \$25,000, regardless of what amount he must spend to move his business.

The purpose of this amendment is to assure that displacees will be reimbursed for their actual certified moving costs when they are compelled, by reason of an urban renewal plan, to move to another location. There is no justifiable basis on which, as a part of a public program, some businesses may receive the full amount of their moving costs, and other businesses likewise compelled to move, are reimbursed only part of their actual moving costs. If the program is for the benefit of the public, those who are displaced should not be compelled to pay a subsidy to urban renewal over and above that paid by others. Their losses from disruption of business can be staggering enough without being forced to bear additional costs for benefit of the program.

It may be noted that some businesses have been forced or will be forced to move the second time with allowance of only part of their actual moving costs. I do not believe that any Member of this body would go before the public and advocate that such a procedure of urban renewal has any of the elements of fairness and justice. In hearings before the subcommittee of which I was chairman, one displacee, had moving costs far in excess of the allowance paid by the renewal agency. After the costs of the first move, the loss of business, inconvenience, and the expenditure of thousands of dollars for the erection of a new structure, he is threatened with a second dislocation by urban renewal. He stated that if he were forced to move again he thought he would go to New Zealand.

The economic shock of urban renewal on small businesses cannot be denied. The facts are too well documented. In testimony before the House Small Business Committee, the Administrator of the Small Business Administration stated that 3 out of each 10 businesses displaced by urban renewal do not survive. He estimated that 30,000 businesses might be put out by urban renewal between now and 1972.

It is not uncommon to find that 40 percent or more of the businesses displaced by urban renewal in a community do not survive. Those who do continue often have serious business losses. Small Business Administrator Foley cited the experience of the businesses displaced by urban renewal in Providence, R.I. There 40 percent did not survive. Very small businesses which did relocate experienced a 60-percent drop in income. Medium small businesses had a loss of 32 percent in income. Larger small businesses suffered income losses of 34.7 percent.

In hearings before my subcommittee of the House District Committee, wit-

nesses were confronted with similar facts about local displaced businesses. A remedy suggested was legislation providing for the payment of subsidies to businesses displaced by urban renewal. This means on one hand you operate a federally subsidized program to put small businesses out of business and then apply more subsidies to put them back in business.

The amendment I have presented does no such thing. All this amendment says is that whatever cost a business is compelled to pay because of the urban renewal program will be repaid to the displaced business in full. That is the only honest, just and fair thing to do.

The executive director of the District of Columbia Redevelopment Land Agency testified on business problems under urban renewal on June 8 this month before the House Small Business Committee. He stated—and I quote:

In my opinion the greatest deficiency in redevelopment regulations—as they are now administered—is the \$25,000 limitation on business relocation payments.

The amendment which I have presented will remedy this situation. On the ground of plain American fair play, it should be approved overwhelmingly by the House.

The Clerk read as follows:

Amendment offered by Mr. Dowdy: at page 56, following line 4, insert the following new section:

"STANDARDS OF ELIGIBILITY FOR URBAN RENEWAL AREAS

"SEC. 310. Section 106 of the Housing Act of 1949 is amended by adding at the end thereof (after the new subsection added by section 309 of this Act) the following new subsection:

"Notwithstanding any other provision of this title, no new contract for a loan or capital grant under this title with respect to any project in an urban renewal area shall be entered into with any local public agency unless the local public agency shall have furnished satisfactory evidence to the Administrator that the standards used for finding and declaring such area suitable for urban renewal shall, in the case of housing, building, health, and public safety codes and regulations, be in accordance with the housing, building, health, and public safety codes and regulations of the locality."

And redesignate the succeeding sections accordingly.

Mr. DOWDY. Mr. Chairman, this amendment would make sure that urban renewal planners would not overrule city codes and regulations; thus, homeowners on opposite sides of the same street, dividing a project area from another area, would all be governed by the same codes. Unfortunately, this Congress will be in session only 5 or 6 months longer this year, so we must be limited to only 45 minutes for consideration of amendments to the last 100 pages of this bill containing dozens of sections.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Texas [Mr. Dowdy].

The amendments were rejected.

H.R. 7984

Mr. McGRATH. Mr. Chairman, I am in favor of this bill—all of it. I voted for it in Committee and expect to vote for its passage.

I would like to call attention to the provisions in the bill which I consider of special importance. These are the new aids to housing for the elderly.

The older age group is growing more rapidly than the population as a whole. Many retired people live in my district—especially in Atlantic City. I am well acquainted with their problems. Many of them live in housing that is far from adequate for their needs.

Generally speaking, their incomes are substantially lower than those of other families. These elderly people do not have the ways and means of increasing their incomes that younger families have. Many cannot afford decent housing. Most of them have made substantial contributions to their country during their productive years. They deserve to have adequate housing during their autumn years.

Of most significance are the provisions in the bill to provide rent supplements for elderly persons of low or moderate incomes. Over 100,000 elderly with incomes of \$3,000 to \$5,000 would be provided with decent housing under the rent supplement provisions. They would have to pay one-fourth of their incomes as rent. The Federal Government would make up what is required over that amount to pay the fair market rental for the housing. Without this help, many of these elderly will continue to live in substandard housing.

The direct loan program for housing for the elderly would be continued for 4 years. The limit on the amount of appropriations that can be made for loans under this program would be lifted, in order to assure that there is ample authority for appropriations for loans.

Most important, however, is the reduction of the interest rate on these loans to not more than 3 percent per annum. Under the present law, the interest rate on the loans is 3½ percent and is expected to rise to 4 percent at the beginning of the new fiscal year.

This lower interest rate would reduce the monthly debt service on a typical \$12,000 dwelling unit by around \$6. A corresponding reduction could be made in the monthly rents charged for these dwelling units. Compared to conventionally financed projects this program can reduce rents by \$20 a month.

The bill also provides additional public housing for the low-income elderly families. Somewhere between 20 and 25 percent of the present low-rent public housing is occupied by the elderly.

These dwelling units for the elderly are specially designed for them. For example, they are provided with nonskid floors and levers instead of knobs on doors and faucets. Kitchens and baths are planned for more safe use by the elderly. Many of the projects have space for activities and entertainment of the tenants. This leads to a happier and fuller life for our senior citizens.

The bill would continue for 4 years the mortgage insurance programs administered by the Federal Housing Administration and the Farmers Home Administration for rental housing for the elderly. These too are important tools for providing housing for our elders—both in

town and in rural areas. They are means of encouraging private investment in elderly housing that would otherwise go into other investments.

Another provision in the bill of special interest to elderly would authorize grants to homeowners in urban renewal areas who are required to rehabilitate their homes to bring them up to the required standards.

Without these grants, many elderly people will be forced to move from their homes because they cannot afford to pay for the necessary repairs. The bill would remove a real hardship to elderly persons who have paid for their homes over the years with the expectation that they would have a place to live during the last years of their lives when their incomes are low.

Because of these provisions for the elderly, and because the bill does much more to provide decent homes and good communities, I urge that it be approved by the House.

Mr. BINGHAM. Mr. Chairman, I should like to address a question to the distinguished ranking minority member of the subcommittee with regard to subparagraph (1) of section 23(d), which appears on page 11 of the bill, beginning on line 13.

I am somewhat troubled by the fact that under this provision it will be up to the owner to select those tenants who will not be paying the full rental for their accommodations. Judging from the situation in my district, where there is a far greater demand for public housing accommodations than the available supply, there will be great pressure from potential tenants for admission to the private accommodations under this section, and consequently there may be abuses—kickbacks and the like—in the selection of tenants. I would like to know specifically whether, in the opinion of the minority member of the subcommittee, the selection of tenants under this subsection shall be carried on under the supervision of the public housing agency involved and whether the selections made would be subject to its approval.

Mr. WIDNALL. The answer is in the affirmative.

Mr. WATSON. Mr. Chairman, it is difficult for one to remain long in Washington and retain his sensibility to shock, particularly in view of some of the fantastic proposals made by the administration. But I daresay that even the wildest of dreamers could not have been prepared for some of the proposals in the pending bill, particularly the rent supplement provisions.

My first impression was to dismiss such a suggestion as ridiculous, little dreaming that a committee of this body would dare bring such a proposition to the floor for serious consideration. Yet here we are in that situation and my sensibility to shock has been lessened by a few more degrees.

Pray tell us what will next be proposed for subsidization? Will it be the house at the beach, or in the mountains? Will it be the family automobile, or perhaps the second family car? Or will it be the family TV set so that the occupant of

the White House can be assured that his message reach all the people all the time?

You know as well as I that this measure has stamped on it in bold letters, "I want votes." It is another poorly masked bid for guaranteed, everlasting success at the ballot box by the unfettered wasting of public funds. And, more importantly, it is designed to accomplish in sinister fashion many of the administration's goals in the field of "social reform." The minority report has used the term "across-the-board economic integration." I fully believe the objectives are more far reaching than that.

The rent supplement feature is not the only undesirable provision of this bill but that proposition has served as a smokescreen to divert close examination of other parts of the bill during this debate. With every fiber of my being, I urge you to eliminate this so-called experiment, this \$8 billion experiment, from the bill.

Mr. DANIELS. Mr. Chairman, I rise in support of H.R. 7984, the Housing and Urban Development Act of 1965.

I shall take only a few minutes time to go on record in support of this singularly worthwhile measure. The substance of this bill has been well explained by the gentleman from Texas [Mr. PATMAN] and the gentleman from Pennsylvania [Mr. BARRETT] who in his first attempt at presenting an omnibus housing bill has done a truly outstanding job.

I represent an area where almost all the features of this bill will be very popular but I am not supporting this bill merely because it is good for Hudson County—although it certainly is that—but rather because this bill is good for America.

Eight million Americans live in housing that is considered to be substandard and the reason in almost every case is the same—they cannot afford better housing. This bill proposes to do something about this situation.

The most controversial feature of this bill is contained in title I, section 101, the so-called rent supplement provision which President Johnson has called "the most crucial new instrument in our effort to improve the American city."

It is important for us to remember that this will apply to privately constructed housing. In this way, Mr. Chairman, we shall insure that decent housing is provided for millions of Americans who otherwise would be living in substandard homes without threatening the home building industry which provides some 5 percent of our gross national product.

It is significant to note in this bill that the tenant would pay 25 percent of his income for rent as contrasted with 20 percent or less in public housing.

In public housing, the average unit requires a subsidy of about \$58 a month. The distinguished chairman of the Banking and Currency Committee, Mr. PATMAN, has estimated that the average rent supplement will amount to \$40 per month per unit.

I would also like to point out that this bill also includes an adequate provision for the continuation of our programs for the construction of public housing units. This bill authorizes the construction of an additional 60,000 units a year for the next 4 years or a total of almost one-quarter million units.

This bill also provides for low interest loans to nonprofit groups for the construction of homes for the elderly; extends FHA insurance programs for 4 years; authorizes a new program for providing FHA mortgage insurance of private loans to private subdivision developers who may or may not be home builders and provides an additional \$2.9 billion over the next 4 years for the urban renewal program.

H.R. 7984 also provides for increased compensation for condemned property owners and for the construction of additional college housing to help ease the strain on our colleges and universities.

This bill also authorizes matching grants to local public bodies to finance 50 percent of construction costs of basic public water and sewage facilities and two-thirds of the construction cost of neighborhood facilities.

These are only some of the outstanding provisions of this bill which I heartily recommend for passage.

In his second inaugural address, President Franklin Delano Roosevelt called attention to the fact that one-third of the Nation was "ill fed, ill clad, ill housed: I would like it said of my second administration that these forces met their master." Thirty years later, we have a chance to help finish the task that this great man started. This bill gives every Member of this House an opportunity to strike a blow for a better America.

I commend all who have had a hand in drafting this bill which will do so much for those for whom we have done not nearly enough. We have spent billions to raise the standard of living for people around the globe. And I am not one to say that this is not a worthwhile endeavor. Today, however, we are going to do just a little something for those people who are literally the salt of the earth—the Americans in the middle and lower income brackets.

For a better life for all, I urge all Members to support H.R. 7984.

Mr. DERWINSKI. Mr. Chairman, this rent subsidy plan should properly be labeled as an "antihomewhore" program since it would frustrate middle-income families who are purchasing their homes and making mortgage payments without the benefit of a Federal subsidy.

One of the great phenomena of the post-World War II period has been the growth of homeownership. The dream of homeownership has motivated millions of Americans to purchase and pay for homes of their own. It is completely contradictory to embark on a massive, costly, unworkable rent subsidy program of the kind before us.

Of all the legislative hallucinations of the Great Society, this one takes the cake. It is an insult to the intelligence of the public, a direct thievery of the taxpayers, and makes a mockery of the thrifty

citizen who is purchasing his own home. It sets up a potential boondoggle of Federal funds that will rival the costly and ill-conceived farm subsidies.

As a former member of the House Banking and Currency Committee, I urge House Members to reject the rent subsidy proposal.

Mr. ASHLEY. Mr. Chairman, the minority views attacking the rent supplement program insist that the American public will not "buy" this program. It is charged that this program is foreign to American concepts.

Just which Americans do they mean will be against this new program?

They cannot mean our labor union members, for the supplement approach has been endorsed by housing spokesmen for the AFL-CIO.

They cannot mean our senior citizens, for the supplements have been endorsed by several groups representing the elderly, including the American Association of Homes for the Aging, the National Council on the Aging, and National Council of Senior Citizens.

They cannot mean those in the cooperative movement, because the supplements are strongly endorsed by the Cooperative League of the USA.

They cannot be referring to builders of new or rehabilitated housing because the program is endorsed by the General Improvement Contractors Association as well as by the National Association of Home Builders.

They cannot be referring to the Nation's bankers because the American Bankers Association has endorsed the program, as has the far-sighted National Association of Mutual Savings Banks, which reaffirmed its support in a telegram I received this morning.

They cannot mean the mayors of our cities, for the rent supplement program has been endorsed by mayors like Robert Wagner of New York, Theodore McKeldin of Baltimore, and others.

They cannot mean the social service people who know the problems of the poor, for the program has been supported by the National Federation of Settlements, the National Conference of Catholic Charities, the Community Service Society, and others.

I know of no testimony from any group or individuals who said this rent supplement program is contrary to American concepts.

I can recall no other new housing program which received such general support.

As a matter of fact, seldom does any housing proposal receive support from such a broad range of organizations and interests.

The minority report chose to ignore these facts. Small wonder that they describe their report as a minority view.

Mr. CLEVELAND. Mr. Chairman, with the exception of the curious and unfair rent supplement plan, H.R. 7984, the Housing and Urban Development Act of 1965, represents a fine bipartisan effort to help provide the means by which every American can acquire a decent home in wholesome surroundings. I firmly believe that when this goal is achieved, family life in America will be strength-

ened and this of itself may well cause the crime rate and even the disease rate to go down dramatically.

The rent supplement proposal is entirely the administration's. The Democrats are welcome to claim it for their own. Republicans had nothing to do with it and I oppose it vigorously. It makes no sense at all to me for the Federal Government to pay any part of the rent for persons whose incomes are more than triple the \$3,000 a year poverty level established by the administration. Yet this would be possible under the administration's original proposal. The Stevens amendment, which would modify the original plan to some degree, is still unsatisfactory. It is regrettable that this radical proposal should be lumped into this omnibus bill but, of course, it is clear this was done because the proposal could not probably live a life of its own. I hope the next Congress will undertake to knock out this feature.

It is unfortunate that the controversy over this section has obscured the rest of this bill. Although I am not a member of the Committee on Banking and Currency, which drafted the bill, I am proud of the work the Committee has done. In particular, I am proud of my party for the key role it has played in the formation of this bill.

Republican-originated features include:

First. A new FHA mortgage insurance program for all veterans who have not yet used their entitlements under existing Veterans' Administration loan programs. An estimated 21 million veterans would be eligible under the program, if it is accepted by the Senate. A veteran would need no down payment on housing up to \$20,000 in value and would pay only a 5-percent down payment on a house which is worth \$30,000, which is the FHA maximum.

Second. The first comprehensive program for uniform and fair "eminent domain" procedures where property is taken under a federally assisted urban renewal or housing program. This includes a very important provision for the immediate award to the property owner of 75 percent of the appraised value of the property taken, even if he goes on into court to contest the full award. This will protect many individuals from bankruptcy or from the necessity for going into heavy debt in order to relocate and protect their businesses.

Third. Additional funds for the low-interest urban renewal rehabilitation loan program begun last year to assist the tenant, homeowner and small businessman to upgrade his property instead of losing it to the bulldozer.

Fourth. A new, Republican approach to public housing, which would use existing private rental housing on a voluntary basis for those qualifying for public housing. Both income and rental levels would be confined to present public housing standards. This new approach avoids costly construction, keeps property at full value on the local tax rolls, and provides immediate relief in many areas for those now faced with long waiting lists for conventional public housing. As many as 100,000 units over the next 4

years could be made available under the bill.

Fifth. Three percent interest rates for the highly successful college and elderly housing loan programs, which enables these programs to continue serving areas of need at reasonable rental levels.

Sixth. Improvements in the urban renewal program, particularly through new relocation assistance provisions which feature a new small-business lease guarantee program for those forced to move as a result of an urban renewal project.

Seventh. Increases in mortgage limits for homes in rural outlying areas from \$11,000 to \$12,500 under the FHA program.

Eighth. Numerous other perfecting contributions to housing programs including elimination of the "new towns" proposal and encouraging greater participation by private enterprise.

This then, Mr. Chairman, truly can be called a major, bipartisan housing bill, with the reservation noted above. I am glad to support it.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. Flood, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 7984) to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities, pursuant to House Resolution 425, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment?

Mr. WIDNALL. Mr. Speaker, I demand a separate vote on section 101 as amended.

The SPEAKER. Is a separate vote demanded on any other of the amendments? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The Clerk will report the amendment on which a separate vote is demanded, the Stephens amendment.

The Clerk read as follows:

Strike out section 101 (beginning on page 2, line 3, and ending page 7, line 7) and insert the following:

"FINANCIAL ASSISTANCE TO ENABLE CERTAIN PRIVATE HOUSING TO BE AVAILABLE FOR LOWER INCOME FAMILIES WHO ARE ELDERLY, HANDICAPPED, DISPLACED, OR OCCUPANTS OF SUBSTANDARD HOUSING

"Sec. 101. (a) The Housing and Home Finance Administrator (hereinafter referred to as the 'Administrator') is authorized to make, and contract to make, annual payments to a 'housing owner' on behalf of 'qualified tenants', as those terms are defined herein, in such amounts and under such circumstances as are prescribed in or pursuant to this section. In no case shall a contract provide for such payments with respect to any housing for a period exceeding forty years. The aggregate amount of the con-

tracts to make such payments shall not exceed amounts approved in appropriation Acts and shall not exceed \$30,000,000 per annum prior to July 1, 1966, which maximum dollar amount shall be increased by \$35,000,000 on July 1, 1966, by \$40,000,000 on July 1, 1967, and by \$45,000,000 on July 1, 1968.

"(b) As used in this section, the term 'housing owner' means a private nonprofit corporation or other private nonprofit legal entity, a limited dividend corporation or other limited dividend legal entity, or a cooperative housing corporation, which is a mortgagor under section 221(d)(3) of the National Housing Act and which, after the enactment of this section, has been approved for mortgage insurance thereunder and has been approved for receiving the benefits of this section: *Provided*, That no payments under this section may be made with respect to any property financed with a mortgage receiving the benefits of the interest rate provided for in the proviso in section 221(d)(5) of that Act.

"(c) As used in this section, the term 'qualified tenant' means any individual or family who has, pursuant to criteria and procedures established by the Administrator, been determined—

"(1) to have an income below the maximum amount which can be established in the area, pursuant to the limitations prescribed in section 2(2) of the United States Housing Act of 1937, for occupancy in public housing dwellings; and

"(2) to be one of the following—

"(A) displaced by governmental action;

"(B) sixty-two years of age or older (or, in the case of a family, to have a head who is, or whose spouse is, sixty-two years of age or over);

"(C) physically handicapped (or, in the case of a family, to have a head who is, or whose spouse is, physically handicapped); or

"(D) occupying substandard housing.

"(d) The amount of the annual payment with respect to any dwelling unit shall not exceed the amount by which the fair market rental for such unit exceeds one-fourth of the tenant's income as determined by the Administrator pursuant to procedures and regulations established by him.

"(e) (1) For purposes of carrying out the provisions of this section, the Administrator shall establish criteria and procedures for determining the eligibility of occupants and rental charges, including criteria and procedures with respect to periodic review of tenant incomes and periodic adjustment of rental charges. The Administrator shall issue, upon the request of a housing owner, certificates as to the following facts concerning the individuals and families applying for admission to, or residing in, dwellings of such owner:

"(A) the income of the individual or family; and

"(B) whether the individual or family was displaced by governmental action, is elderly, is physically handicapped, or is (or was) occupying substandard housing.

"(2) Procedures adopted by the Administrator hereunder shall provide for recertifications of the incomes of occupants, except the elderly, at intervals of two years (or at shorter intervals in cases where the Administrator may deem it desirable) for the purpose of adjusting rental charges and annual payments on the basis of occupants' incomes, but in no event shall rental charges adjusted under this section for any dwelling exceed the fair market rental of the dwelling.

"(3) The Administrator may enter into agreements, or authorize housing owners to enter into agreements, with public or private agencies for services required in the selection of qualified tenants, including those who may be approved, on the basis of the probability of future increases in their incomes, as lessees under an option to purchase (which will give such approved qualified tenants an exclusive

right to purchase at a price established or determined as provided in the option) dwellings or cooperative ownership interests therein, and in the establishment of rentals. The Administrator is authorized (without limiting his authority under any other provision of law) to delegate to any such public or private agency his authority to issue certificates pursuant to this subsection.

"(f) Section 101(c) of the Housing Act of 1949 is amended by inserting '(i)' after 'a mortgage under' in the first proviso and by inserting immediately before the colon at the end of such proviso the following: ', or (ii) section 221(d)(3) of the National Housing Act if payments with respect to the mortgaged property are made or are to be made under section 101 of the Housing and Urban Development Act of 1965, except that no such mortgage shall be insured, and no commitment to insure such a mortgage shall be issued, with respect to property in any community for which a workable program for community improvement was required and in effect at the time a contract for a loan or capital grant was entered into under this title, or a contract for annual contributions or capital grants was entered into pursuant to the United States Housing Act of 1937, unless there is a workable program for community improvement which meets the requirements of this subsection in effect in such community at the time of such insurance or commitment'.

"(g) The Administrator is authorized to make such rules and regulations, to enter into such agreements, and to adopt such procedures as he may deem necessary or desirable to carry out the provisions of this section. Nothing contained in this section shall affect the authority of the Federal Housing Commissioner with respect to any housing assisted under this section and under section 221(d)(3) of the National Housing Act, including his authority to prescribe occupancy requirements under other provisions of law or to determine the portion of any such housing which may be occupied by qualified tenants.

"(h) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section, including, but not limited to, such sums as may be necessary to make annual payments as prescribed in this section, pay for services provided under (or pursuant to agreements entered into under) subsection (e), and provide administrative expenses.

"(i) Section 114(c)(2) of the Housing Act of 1949 is amended by inserting before the colon at the end of the first proviso the following: ', or a dwelling unit assisted under section 101 of the Housing and Urban Development Act of 1965'.

"(j) On or before January 1, 1968, the Administrator shall submit to the Congress a full report of operations under this section, together with his recommendations with respect thereto."

Mr. WIDNALL (interrupting the reading of the amendment). Mr. Speaker, I ask unanimous consent that the amendment be considered as read.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The SPEAKER. The question is on the amendment.

The question was taken; and the Speaker announced that the "ayes" appeared to have it.

Mr. WIDNALL. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 240, nays 179, answered "present" 1, not voting 14, as follows:

[Roll No. 162]

YEAS—240

Adams	Greigg	O'Hara, Mich.
Albert	Grider	Olsen, Mont.
Anderson, Tenn.	Griffiths	Olson, Minn.
Annunzio	Hagan, Ga.	O'Neill, Mass.
Ashley	Hagen, Calif.	Ottlinger
Aspinall	Halpern	Patman
Bandstra	Hamilton	Patten
Barrett	Hanley	Pepper
Beckworth	Hanna	Perkins
Bennett	Hansen, Iowa	Philbin
Bingham	Hansen, Wash.	Pickle
Blatnik	Harris	Pike
Boggs	Hathaway	Poage
Boland	Hawkins	Powell
Bolling	Hays	Price
Brademas	Hechler	Purcell
Brooks	Helstoski	Race
Brown, Calif.	Hicks	Randall
Burke	Holifield	Redlin
Burton, Calif.	Holland	Reid, N.Y.
Byrne, Pa.	Horton	Resnick
Cabell	Howard	Reuss
Callan	Hull	Rhodes, Pa.
Cameron	Hungate	Rivers, Alaska
Carey	Huot	Roberts
Celler	Ichord	Rodino
Chelf	Irwin	Rogers, Colo.
Clark	Jacobs	Rogers, Fla.
Clevenger	Jarman	Ronan
Cohelan	Jennings	Roncalio
Conyers	Joelson	Rooney, N.Y.
Cooley	Johnson, Calif.	Rooney, Pa.
Corman	Johnson, Okla.	Roosevelt
Craley	Jones, Mo.	Rosenthal
Culver	Karsten	Roybal
Daddario	Karth	Ryan
Daniels	Kee	St Germain
Davis, Ga.	Kelly	St. Onge
Dawson	King, Calif.	Schisler
de la Garza	King, Utah	Schmidhauser
Delaney	Kirwan	Secrest
Dent	Kluczynski	Senner
Denton	Krebs	Sickles
Diggs	Landrum	Sisk
Dingell	Leggett	Slack
Donohue	Lindsay	Smith, Iowa
Dow	Long, Md.	Staggers
Dowdy	Love	Stalbaum
Dulski	McCarthy	Steed
Duncan, Oreg.	McDowell	Stephens
Dyal	McFall	Stratton
Edmondson	McGrath	Stubblefield
Edwards, Calif.	McVicker	Sullivan
Evans, Colo.	Macdonald	Sweeney
Everett	Machen	Tenzer
Fallon	Mackay	Thompson, La.
Farbstein	Mackie	Thompson, N.J.
Farnesley	Madden	Thompson, Tex.
Farnum	Mahon	Todd
Fascell	Matsunaga	Trimble
Feighan	Matthews	Tunney
Flood	Meeds	Tuten
Fogarty	Miller	Udall
Foley	Mills	Ullman
Ford	Minish	Van Deerlin
William D.	Mink	Vanik
Fraser	Moeller	Vigorito
Friedel	Monagan	Vivian
Fulton, Tenn.	Moorhead	Walker, N. Mex.
Fuqua	Morgan	Watts
Gallagher	Morris	Weltner
Garmatz	Morrison	White, Idaho
Gialmo	Moss	White, Tex.
Gibbons	Multer	Willis
Gilbert	Murphy, Ill.	Wilson
Gonzalez	Murphy, N.Y.	Charles H.
Grabowski	Natcher	Wolf
Gray	Nedzi	Wright
Green, Oreg.	Nix	Yates
Green, Pa.	O'Brien	Young
	O'Hara, Ill.	Zablocki

NAYS—179

Abbitt	Bell	Chamberlain
Abernethy	Berry	Clancy
Adair	Betts	Clausen
Anderson, Ill.	Bolton	Don H.
Andrews	Bray	Clawson, Del.
George W.	Brock	Cleveland
Andrews	Broomfield	Collier
Glenn	Brown, Ohio	Colmer
Andrews	Broyhill, N.C.	Conable
N. Dak.	Broyhill, Va.	Conte
Arends	Buchanan	Corbett
Ashbrook	Burleson	Cramer
Ashmore	Burton, Utah	Cunningham
Ayres	Byrnes, Wis.	Curtin
Baldwin	Cahill	Curtis
Baring	Callaway	Dague
Bates	Carter	Davis, Wis.
Battin	Casey	Derwinski
Belcher	Cederberg	Devine

Dickinson	Keith	Reinecke
Dole	King, N.Y.	Rhodes, Ariz.
Dorn	Kornegay	Rivers, S.C.
Downing	Kunkel	Robison
Duncan, Tenn.	Laird	Rogers, Tex.
Dwyer	Langen	Roudebush
Edwards, Ala.	Latta	Roush
Ellsworth	Lennon	Rumsfeld
Erlenborn	Lipscomb	Satterfield
Findley	Long, La.	Saylor
Fino	McClory	Schneebeli
Fisher	McCulloch	Schweiker
Flynt	McDade	Scott
Ford, Gerald R.	McEwen	Selden
Fountain	McMillan	Shriver
Frelinghuysen	MacGregor	Sikes
Fulton, Pa.	Mailliard	Skubitz
Gathings	Marsh	Smith, Calif.
Gettys	Martin, Ala.	Smith, N.Y.
Gilligan	Martin, Nebr.	Smith, Va.
Goodell	Mathias	Stafford
Griffin	May	Stanton
Gross	Michel	Talcott
Grover	Minshall	Taylor
Gubser	Mize	Teague, Calif.
Gurney	Moore	Teague, Tex.
Haley	Morse	Thomson, Wis.
Hall	Mosher	Tuck
Halleck	Murray	Utt
Hansen, Idaho	Nelsen	Waggonner
Hardy	O'Konski	Walker, Miss.
Harsha	O'Neal, Ga.	Watkins
Harvey, Mich.	Passman	Watson
Hébert	Pelly	Whalley
Henderson	Pirnie	Whitener
Herlong	Poff	Whitten
Hosmer	Pool	Widnall
Hutchinson	Pucinski	Williams
Johnson, Pa.	Quile	Wilson, Bob
Jonas	Quillen	Wyatt
Jones, Ala.	Reid, Ill.	Wydler
Kastenmeyer	Reifel	Younger

ANSWERED "PRESENT"—1

Scheuer

NOT VOTING—14

Addabbo	Keogh	Springer
Bonner	Martin, Mass.	Thomas
Bow	Morton	Toll
Evins, Tenn.	Rostenkowski	Tupper
Harvey, Ind.	Shipley	

So the amendment was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Keogh for, with Mr. Bow against.
 Mr. Thomas for, with Mr. Springer against.
 Mr. Addabbo for, with Mr. Morton against.
 Mr. Toll for, with Mr. Martin of Massachusetts against.
 Mr. Shipley for, with Mr. Harvey of Indiana against.

Until further notice:

Mr. Evins with Mr. Rostenkowski.

Mr. ROBERTS changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. HARVEY OF MICHIGAN

Mr. HARVEY of Michigan. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. HARVEY of Michigan. I am, Mr. Speaker, in its present form.

The SPEAKER. The gentleman qualifies; the Clerk will report the motion. The Clerk read as follows:

Mr. HARVEY of Michigan moves to recommit the bill (H.R. 7984) to the Committee on Banking and Currency with instructions to report the same back to the House forthwith with the following amendment: Strike out title I (beginning on page 2, line

1, and ending on page 18, line 10) and insert in lieu thereof the following:

"TITLE I—HOUSING FOR DISADVANTAGED PERSONS

*"Extension of FHA section 221 programs; modification of interest rate; pooling of mortgages for sale**"SEC. 101. (a) The fifth sentence of section 221(f) of the National Housing Act is amended by striking out 'subsection (d) (2) or (d) (4) after September 30, 1965, or under subsection (d) (3) after September 30, 1965,' and inserting in lieu thereof 'this section after October 1, 1969,'**"(b) The proviso in section 221(d) (5) of such Act is amended by striking out 'not less than the annual rate of interest determined' and inserting in lieu thereof 'not less than the lower of (A) 3 per centum per annum, or (B) the annual rate of interest determined'.**"(c) Section 302(c) of such Act is amended by inserting before the last sentence thereof the following: 'If there shall be included within one or more of the trusts or other agencies created pursuant to the authority of this subsection any mortgages bearing a below-market interest rate and insured under section 221(d) (3) after the date of the enactment of the Housing and Urban Development Act of 1965, there are authorized to be appropriated from time to time such amounts as may be necessary to reimburse the Association for the amount of the differential (including interest, other costs, and a fair proportion of administrative expense) between (1) the total outlay with respect to outstanding participations or other instruments in an amount not to exceed the dollar amount of such below-market interest rate mortgages, and (2) the total receipts from such mortgages.'**"Low-rent housing in private accommodations**"SEC. 102. (a) The United States Housing Act of 1937 is amended by redesignating section 23 as section 24, and by adding after section 22 the following new section:**"Low-rent housing in private accommodations**"SEC. 23. (a) For the purpose of providing a supplementary form of low-rent housing which will aid in assuring a decent place to live for every citizen and promote efficiency and economy in the program under this Act by taking full advantage of vacancies or potential vacancies in the private housing market, each public housing agency shall, to the maximum extent consist with the achievement of the objectives of this Act, provide low-rent housing under this Act in the form of low-rent housing in private accommodations in accordance with this section where such housing in private accommodations can be provided at a cost equal to or less than housing in projects assisted under other provisions of this Act. As used in this section the term "low-rent housing in private accommodations" means dwelling units in an existing structure, leased from a private owner, which provide decent, safe, and sanitary dwelling accommodations and related facilities effectively supplementing the accommodations and facilities in low-rent housing assisted under the other provisions of this Act in a manner calculated to meet the total housing needs of the community in which they are located. As used in this section, the term "owner" means any person or entity having the legal right to lease or sublease property containing one or more dwelling units as described in this section."**"(b) Beginning as soon as practicable after the date of the enactment of this section, each public housing agency shall conduct a continuing survey and listing of the available dwelling units within the community or communities under its jurisdiction which provide decent, safe, and sanitary dwelling accommodations and related facilities."*

ties and are, or may be made, suitable for use as low-rent housing in private accommodations under this section.

"(c) Each public housing agency, by notification to the owners of housing listed under subsection (b), or by publication or advertisement, or otherwise, shall from time to time make known to the public in the community or communities under its jurisdiction the anticipated need for dwelling units in such community or communities to be used as low-rent housing in private accommodations under this section, inviting the owners of such dwelling units to make available for purposes of this section one or more of such units (not exceeding 10 per centum of the units in any single structure except to the extent that the agency, because of the limited number of units in the structure or for any other reason, determines that such limit should not be applied). The public housing agency shall conduct appropriate inspections of the units offered to be made available in any residential structure by the owner thereof in response to such invitation, and if—

"(1) it finds that such units are, or may be made, suitable for use as low-rent housing in private accommodations within the meaning of subsection (a), and

"(2) the rentals to be charged for such units, as negotiated and agreed to by the agency and the owner of the structure in a manner consistent with subsection (d) (2), are within the financial range of families of low income.

such agency may approve such units for use as low-rent housing in private accommodations in accordance with (and subject to the applicable limitations contained in) this section. Each public housing agency shall maintain and keep current a list of units approved by it under this subsection, including such information with respect to each such unit as it may consider necessary or appropriate.

"(d) To the extent of contracts for annual contributions entered into by the Authority with a public housing agency under section 10(e), such agency may enter into contracts with the owners of structures containing dwelling units approved under subsection (c) for the use of such units in accordance with this section. Each such contract with an owner shall provide (with respect to any unit) that—

"(1) the selection of tenants for such unit shall be the function of the owner, subject to the provisions of the contract between the Authority and the agency;

"(2) the rental and other charges to be received by the owner shall be negotiated and agreed to by the agency and the owner, and the rental and other charges to be paid by the tenant shall be determined in accordance with the standards applicable to units in low-rent housing projects assisted under the other provisions of this Act;

"(3) the agency shall have the sole right to give notice to vacate, with the owner having the right to make representations to the agency for termination of a tenancy;

"(4) maintenance and replacements (including redecoration) shall be in accordance with the standard practice for the building concerned, as established by the owner and agreed to by the agency; and

"(5) the agency and the owner shall carry out such other appropriate terms and conditions as may be mutually agreed to by them.

Each contract between a public housing agency and an owner entered into under this subsection shall be for a term of not less than twelve months nor more than thirty-six months, and shall be renewable by such agency and owner at the expiration of such term.

"(e) The annual contribution under this Act for a project of a public housing agency for low-rent housing in private accommoda-

tions under this section in lieu of any other guaranteed contribution authorized by section 10 shall not exceed the amount of the fixed annual contribution which would be established under this Act for a newly constructed project by such public housing agency designed to accommodate the comparable number, sizes, and kinds of families. The period over which payments will be made to a public housing agency for a project of low-rent housing in private accommodations under this section, and the aggregate amount of such payments, under a contract for annual contributions, shall be determined on the basis of the number of units in the community or communities under the jurisdiction of such agency which are in use (or can reasonably be expected to be placed in use) as low-rent housing in private accommodations under this section, taking into account the terms of the leases under which such units are (or will be) so used. In addition, contracts for financial assistance entered into by the Authority with a public housing agency pursuant to this section shall provide for reimbursement of reasonable and necessary expenses incurred by such agency in conducting surveys, listings, and inspections described in subsections (b) and (c).

"(f) On or before January 1, 1968, the Authority shall submit to the Congress a full report of operations under this section, together with its recommendations with respect thereto.

"(b) The last sentence of section 2(1) of such Act is amended by striking out 'Income limits for occupancy and rents' and inserting in lieu thereof 'Except as otherwise provided in section 23, income limits for occupancy and rents'.

"(c) The provisions of sections 10(h) and 15(7) of the United States Housing Act of 1937, and the workable program requirement in section 10(e) of such Act and section 101 (c) of the Housing Act of 1949, shall not apply to low-rent housing in private accommodations provided under section 23 of the United States Housing Act of 1937.

"Low-rent public housing"

"Sec. 103. (a) Section 10(e) of the United States Housing Act of 1937 is amended by inserting after 'per annum,' the following: 'which limit shall be increased by \$47,000,000 on the date of the enactment of the Housing and Urban Development Act of 1965, and by further amounts of \$47,000,000 on July 1 in each of the years 1966, 1967, and 1968, respectively.'

"(b) Section 10(c) of such Act is amended by striking out 'And provided further' and inserting in lieu thereof 'Provided further', and by inserting before the period at the end thereof the following: ': And provided further, That the amount of the fixed annual contribution which would be established under this Act for a newly constructed project by a public housing agency designed to accommodate a number of families of a given size and kind may be established, as a maximum annual contribution in lieu of any other guaranteed contribution authorized under this section, for a project by such public housing agency which would provide housing for the comparable number, sizes, and kinds of families through the acquisition and rehabilitation, or use under lease of existing structures which are suitable for low-rent housing use and obtainable in the local market'.

"(c) Section 2(2) of such Act is amended to read as follows:

"(2) The term 'families of low income' means families (including elderly and displaced families) who are in the lowest income group and who cannot afford to pay enough to cause private enterprise in their locality or metropolitan area to build an adequate supply of decent, safe, and sanitary dwellings for their use. The term 'families' includes families consisting of a

single person in the case of elderly families and displaced families, and includes the remaining member of a tenant family. The term 'elderly families' means families whose heads (or their spouses), or whose sole members, have attained the age at which an individual may elect to receive an old-age benefit under title II of the Social Security Act, or are under a disability as defined in section 223 of that Act, or are handicapped within the meaning of section 202 of the Housing Act of 1959. The term 'displaced families' means families displaced by urban renewal or other governmental action.'

"(d) Section 15(7)(b) of such Act is amended by striking out '(ii)' and all that follows down through 'and (iii)', and by inserting in lieu thereof 'and (ii)'.

"Direct loans to provide housing for the elderly or handicapped"

"Sec. 104. (a) Section 202(a)(4) of the Housing Act of 1959 is amended by striking out 'not to exceed \$350,000,000' and inserting in lieu thereof 'such sums as may be necessary for purposes of this section.'

"(b) Effective with respect to loans made on or after the date of the enactment of this Act, section 202(a)(3) of such Act is amended by striking out 'the higher of (A) 2¾ per centum per annum, or' and inserting in lieu thereof 'the lower of (A) 3 per centum per annum, or'.

"(c) Section 202(a) of such Act is further amended by adding at the end thereof the following new paragraph:

"(5) No loan shall be made under this section after October 1, 1969, except pursuant to a commitment entered into on or before such date."

Mr. HARVEY of Michigan (interrupting the reading of the motion). Mr. Speaker, I ask unanimous consent that the motion be considered as read, inasmuch as it makes only two simple changes in title I; strike out section 101 as amended, and the second change would strike out section 106 which would establish a new grant program under urban renewal wherein the Government would pay 100 percent instead of the normal two-thirds.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

Mr. PATMAN. Mr. Speaker, this is a rather important provision that the gentleman is attempting to write into this bill. I just wonder if we should not have it read.

Mr. HARVEY of Michigan. Mr. Speaker, I withdraw my request.

Mr. PATMAN. Mr. Speaker, I did not reserve the right to object.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The SPEAKER. The question is on the motion to recommit.

Mr. HARVEY of Michigan. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 202, nays 208, answered "present" 5, not voting 19, as follows:

[Roll No. 163]

YEAS—202

Abbitt	Andrews,	Bates
Abernethy	N. Dak.	Battin
Adair	Arends	Belcher
Anderson, III.	Ashbrook	Bell
Andrews,	Ashmore	Bennett
George W.	Ayres	Berry
Andrews,	Baldwin	Betts
Glenn	Baring	Bolton

Bray
Brock
Broomfield
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burleson
Burton, Utah
Byrnes, Wis.
Cahill
Callaway
Carter
Casey
Cederberg
Chamberlain
Clancy
Clausen,
Don H.
Clawson, Del.
Cleveland
Collier
Colmer
Conable
Conte
Corbett
Cramer
Culver
Cunningham
Curtin
Curtis
Dague
Davis, Wis.
Derwinski
Devine
Dickinson
Dole
Dorn
Dowdy
Downing
Duncan, Tenn.
Dwyer
Edwards, Ala.
Ellsworth
Erlenborn
Evans, Colo.
Findley
Fino
Fisher
Flynt
Foley
Ford, Gerald R.
Fountain
Frelinghuysen
Fulton, Pa.
Gathings
Gettys
Gialmo
Goodell
Griffin
Gross

Grover
Gubser
Gurney
Haley
Hall
Halleck
Hansen, Idaho
Hardy
Harris
Harsha
Harvey, Mich.
Hébert
Henderson
Herlong
Hosmer
Hull
Hutchinson
Ichord
Jarman
Johnson, Pa.
Jonas
Jones, Ala.
Jones, Mo.
Keith
King, N.Y.
Kornegay
Laird
Langen
Latta
Lennon
Lipscomb
Long, La.
McClory
McCulloch
McDade
McEwen
McMillan
McVicker
MacGregor
Mahon
Mailliard
Marsh
Martin, Ala.
Martin, Nebr.
Mathias
Matthews
May
Michel
Minshall
Mize
Moore
Morris
Morse
Mosher
Murray
Nelsen
O'Konski
Olson, Minn.
O'Neal, Ga.
Passman
Pelly

Pickle
Pike
Pirnie
Poff
Pool
Pucinski
Quie
Quillen
Randall
Reid, Ill.
Reifel
Reinecke
Rhodes, Ariz.
Rivers, S.C.
Roberts
Robison
Rogers, Tex.
Roudebush
Roush
Rumsfeld
Satterfield
Saylor
Schmidhauser
Schneebeli
Schweiker
Scott
Selden
Shriver
Sikes
Skubitz
Slack
Smith, Calif.
Smith, Iowa
Smith, N.Y.
Smith, Va.
Stafford
Stalbaum
Stanton
Steed
Talcott
Taylor
Teague, Calif.
Thomson, Wis.
Tuck
Utt
Van Deerlin
Waggoner
Walker, Miss.
Watkins
Watson
Whalley
White, Idaho
Whitener
Whitten
Widnall
Williams
Wilson, Bob
Wyatt
Wydler
Younger

NAYS—208

Adams
Albert
Anderson,
Tenn.
Annunzio
Ashley
Aspinall
Bandstra
Barrett
Beckworth
Bingham
Blatnik
Boggs
Boland
Bolling
Brademas
Brooks
Burke
Burton, Calif.
Byrne, Pa.
Callan
Cameron
Carey
Celler
Chelf
Clark
Clevenger
Cohelan
Conyers
Cooley
Corman
Craley
Daddario
Daniels
Davis, Ga.
Dawson
de la Garza
Delaney
Dent
Denton
Diggs

Dingell
Donohue
Dow
Duncan, Oreg.
Dyal
Edmondson
Edwards, Calif.
Everett
Fallon
Farbstein
Farnsley
Farnum
Fascell
Feighan
Flood
Fogarty
Ford,
William D.
Fraser
Friedel
Fulton, Tenn.
Gallagher
Garmatz
Gibbons
Gilbert
Gilligan
Gonzalez
Grabowski
Gray
Green, Oreg.
Green, Pa.
Greigg
Grider
Griffiths
Hagan, Ga.
Hagen, Calif.
Halpern
Hamilton
Hanley
Hanna
Hansen, Iowa

Hansen, Wash.
Hathaway
Hawkins
Hays
Hechler
Helstoski
Hicks
Hollifield
Horton
Howard
Hungate
Huot
Irwin
Jacobs
Jennings
Joelson
Johnson, Calif.
Johnson, Okla.
Karsten
Karth
Kastenmeier
Kee
Kelly
King, Calif.
King, Utah
Kirwan
Kluczynski
Krebs
Landrum
Leggett
Lindsay
Long, Md.
Love
McCarthy
McDowell
McFall
McGrath
Maddison
Machen
Mackie

Madden
Matsunaga
Meeds
Miller
Mills
Minish
Mink
Moeller
Monagan
Moorhead
Morgan
Morrison
Moss
Multer
Murphy, Ill.
Murphy, N.Y.
Natcher
Nedzi
Nix
O'Brien
O'Hara, Ill.
O'Hara, Mich.
Olsen, Mont.
O'Neill, Mass.
Ottinger
Patman
Patten
Pepper
Perkins
Philbin

Poage
Powell
Price
Purcell
Race
Redlin
Reid, N.Y.
Resnick
Reuss
Rhodes, Pa.
Rivers, Alaska
Rodino
Rogers, Colo.
Rogers, Fla.
Ronan
Roncalio
Rooney, N.Y.
Rooney, Pa.
Roosevelt
Rosenthal
Roybal
Ryan
St Germain
St. Onge
Schisler
Secrest
Senner
Sickles
Sisk
Staggers

Stephens
Stratton
Stubblefield
Sullivan
Sweeney
Tenzer
Thompson, La.
Thompson, N.J.
Thompson, Tex.
Trimble
Tunney
Tuten
Udall
Ullman
Vanik
Vigorito
Vivian
Walker, N. Mex.
Watts
Weltner
Willis
Wilson,
Charles H.

ANSWERED "PRESENT"—5

Cabell
Scheuer

Teague, Tex.
Todd

White, Tex.

NOT VOTING—19

Addabbo
Bonner
Bow
Brown, Calif.
Dulski
Evins, Tenn.
Fuqua

Harvey, Ind.
Keogh
Kunkel
Mackay
Martin, Mass.
Morton
Rostenkowski

Shipley
Springer
Thomas
Toll
Tupper

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Todd for, with Mr. Keogh against.

Mr. Teague of Texas for, with Mr. Thomas against.

Mr. Cabell for, with Mr. Toll against.

Mr. White of Texas for, with Mr. Brown of California against.

Mr. Bow for, with Mr. Mackay against.

Until further notice:

Mr. Addabbo with Mr. Martin of Massachusetts.

Mr. Evins with Mr. Springer.

Mr. Rostenkowski with Mr. Tupper.

Mr. Bonner with Mr. Kunkel.

Mr. Dulski with Mr. Harvey of Indiana.

Mr. Shipley with Mr. Morton.

Mr. TODD. Mr. Speaker, I have a live pair with the gentleman from New York [Mr. KEOGH]. If he were present, he would have voted "nay." I voted "yea." I withdraw my vote and vote "present."

Mr. DOWNING changed his vote from "nay" to "yea."

Mr. TEAGUE of Texas. Mr. Speaker, I have a live pair with the gentleman from Texas [Mr. THOMAS]. If he were present, he would have voted "nay." He is absent because of illness. I voted "yea." I withdraw my vote and vote "present."

Mr. CABELL. Mr. Speaker, I have a live pair with the gentleman from Pennsylvania [Mr. TOLL] who is ill. If he were present, he would have voted "nay." I voted "yea." I withdraw my vote and vote "present."

Mr. WHITE of Texas. Mr. Speaker I have a live pair with the gentleman from California [Mr. BROWN]. If he were present, he would have voted "nay."

I voted "yea." I withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on passage of the bill.

Mr. PATMAN. On that, Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 245, nays 169, answered "present" 3, not voting 17, as follows:

[Roll No. 164]

YEAS—245

Adams
Albert
Anderson,
Tenn.
Annunzio
Ashley
Aspinall
Bandstra
Barrett
Bates
Beckworth
Bingham
Blatnik
Boggs
Boland
Bolling
Brademas
Brooks
Burke
Burton, Calif.
Byrne, Pa.
Cahill
Callan
Cameron
Carey
Celler
Chelf
Clark
Cleveland
Clevenger
Cohelan
Conyers
Corbett
Corman
Craley
Culver
Daddario
Daniels
Davis, Ga.
Dawson
de la Garza
Delaney
Dent
Denton
Diggs
Dingell
Donohue
Dow
Dowdy
Dulski
Duncan, Oreg.
Dwyer
Dyal
Edmondson
Edwards, Calif.
Ellsworth
Evans, Colo.
Everett
Fallon
Farbstein
Farnsley
Farnum
Fascell
Feighan
Flood
Fogarty
Ford,
William D.
Fraser
Friedel
Fulton, Pa.
Fulton, Tenn.
Gallagher
Garmatz
Gibbons
Gilbert
Gilligan
Gonzalez
Grabowski
Gray
Green, Oreg.
Green, Pa.

Greigg
Grider
Griffiths
Hagan, Ga.
Hagen, Calif.
Halpern
Hamilton
Hanley
Hanna
Hansen, Iowa
Hansen, Wash.
Hathaway
Hawkins
Hays
Hechler
Helstoski
Hicks
Hollifield
Holland
Horton
Howard
Hungate
Huot
Irwin
Jacobs
Jarman
Jennings
Joelson
Johnson, Calif.
Johnson, Okla.
Jones, Ala.
Karsten
Karth
Kastenmeier
Kee
Keith
Kelly
King, Calif.
King, Utah
Kirwan
Kluczynski
Krebs
Kunkel
Landrum
Leggett
Lindsay
Long, Md.
Love
McCarthy
McDade
McDowell
McFall
McGrath
McVicker
Maddison
Machen
Mackie
Madden
Mathias
Matsunaga
Meeds
Miller
Mills
Minish
Mink
Moeller
Monagan
Moorhead
Morgan
Morrison
Morse
Mosher
Moss
Multer
Murphy, Ill.
Murphy, N.Y.
Natcher
Nedzi
Nix
O'Brien
O'Hara, Ill.
O'Hara, Mich.
O'Konski

Olsen, Mont.
Olson, Minn.
O'Neill, Mass.
Ottinger
Patman
Patten
Pepper
Perkins
Philbin
Pickle
Poage
Powell
Price
Pucinski
Purcell
Quillen
Race
Randall
Redlin
Reid, N.Y.
Resnick
Reuss
Rhodes, Pa.
Rivers, Alaska
Rodino
Rogers, Colo.
Ronan
Roncalio
Rooney, N.Y.
Rooney, Pa.
Roosevelt
Rosenthal
Roush
Roybal
Ryan
St Germain
St. Onge
Saylor
Schisler
Schmidhauser
Schweiker
Secrest
Senner
Sickles
Sisk
Slack
Smith, Iowa
Stafford
Stalbaum
Steed
Stephens
Stratton
Stubblefield
Sullivan
Sweeney
Tenzer
Thompson, La.
Thompson, N.J.
Thompson, Tex.
Trimble
Tunney
Tuten
Udall
Ullman
Van Deerlin
Vanik
Vigorito
Vivian
Watkins
Watts
Weltner
White, Idaho
Widnall
Willis
Wilson,
Charles H.
Wolf
Wright
Wyatt
Yates
Young
Zablocki

NAYS—169

Abblitt	Dowdy	May
Abernethy	Downing	Michel
Adair	Duncan, Tenn.	Minshall
Anderson, Ill.	Edwards, Ala.	Mize
Andrews,	Erlenborn	Moore
George W.	Findley	Morris
Andrews,	Fisher	Murray
Glenn	Flynt	Nelsen
Andrews,	Foley	O'Neal, Ga.
N. Dak.	Ford, Gerald R.	Passman
Arends	Fountain	Pelly
Ashbrook	Frelinghuysen	Pike
Ashmore	Fuqua	Pirnie
Ayres	Gathings	Poff
Baldwin	Gettys	Pool
Baring	Goodell	Quie
Battin	Griffin	Reid, Ill.
Belcher	Gross	Reifel
Bell	Grover	Reinecke
Bennett	Gubser	Rhodes, Ariz.
Berry	Gurney	Rivers, S.C.
Betts	Haley	Roberts
Bolton	Hall	Robison
Bray	Halleck	Rogers, Fla.
Brock	Hansen, Idaho	Rogers, Tex.
Broomfield	Hardy	Roudebush
Brown, Ohio	Harris	Rumsfeld
Broyhill, N.C.	Harsha	Satterfield
Broyhill, Va.	Harvey, Mich.	Schneebeli
Buchanan	Hébert	Scott
Burleson	Henderson	Selden
Burton, Utah	Herlong	Shriver
Byrnes, Wis.	Hosmer	Sikes
Callaway	Hull	Skubitz
Carter	Hutchinson	Smith, Calif.
Casey	Ichord	Smith, N.Y.
Cederberg	Johnson, Pa.	Smith, Va.
Chamberlain	Jonas	Stanton
Clancy	Jones, Mo.	Talcott
Clausen,	King, N.Y.	Taylor
Don H.	Kornegay	Teague, Calif.
Clawson, Del.	Laird	Teague, Tex.
Collier	Langen	Thomson, Wis.
Colmer	Latta	Tuck
Conable	Lennon	Utt
Conte	Lipscomb	Waggonner
Cooley	Long, La.	Walker, Miss.
Cramer	McClory	Walker, N. Mex.
Cunningham	McCulloch	Watson
Curtin	McEwen	Whalley
Curtis	McMillan	White, Tex.
Dague	MacGregor	Whitener
Davis, Wis.	Mahon	Whitten
Derwinski	Mailliard	Williams
Devine	Marsh	Wilson, Bob
Dickinson	Martin, Ala.	Wyatt
Dole	Martin, Nebr.	Younger
Dorn	Matthews	

ANSWERED "PRESENT"—3

Cabell	Scheuer	Todd
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NOT VOTING—17

Addabbo	Keogh	Springer
Bonner	Mackay	Staggers
Bow	Martin, Mass.	Thomas
Brown, Calif.	Morton	Toll
Evins, Tenn.	Rostenkowski	Tupper
Harvey, Ind.	Shipley	

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Keogh for, with Mr. Todd against.
Mr. Toll for, with Mr. Cabell against.
Mr. Tupper for, with Mr. Bow against.
Mr. Martin of Massachusetts for, with Mr. Springer against.

Until further notice:

Mr. Addabbo with Mr. Morton.
Mr. Mackay with Mr. Harvey of Indiana.
Mr. Evins with Mr. Bonner.
Mr. Staggers with Mr. Shipley.
Mr. Brown of California with Mr. Rostenkowski.

Mr. CABELL. Mr. Speaker, I have a live pair with the gentleman from Pennsylvania [Mr. TOLL] who is ill. If he were present, he would have voted "yea." I voted "nay." I withdraw my vote and vote "present."

Mr. TODD. Mr. Speaker, I have a live pair with the gentleman from New York [Mr. KEOGH]. If he were present, he would have voted "yea." I voted "nay." I withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

(Mr. SCHEUER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SCHEUER. Mr. Speaker, I would like to clarify for the RECORD that on rollcall Nos. 162, 163, and 164 concerning the Housing and Urban Development Act of 1965 I was present but did not vote because I felt I had a direct personal interest in the legislation, and, under rule 8 of the House, was precluded from voting.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. ARRINGTON, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 4525. An act to amend the Merchant Marine Act, 1936, to provide for the continuation of authority to develop American-flag carriers and promote the foreign commerce of the United States through the use of mobile trade fairs; and

H.R. 5283. An act to provide for the inclusion of years of service as judge of the District Court for the Territory of Alaska in the computation of years of Federal judicial service for judges of the U.S. District Court for the District of Alaska.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 7105. An act to provide for continuation of authority for regulation of exports, and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8147) entitled "An act to amend the Tariff Schedules of the United States with respect to the exemption from duty for returning residents, and for other purposes."

GENERAL LEAVE TO EXTEND

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks and include any germane extraneous matter in connection with the housing bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

COMMITTEE ON AGRICULTURE

Mr. PURCELL. Mr. Speaker, I ask unanimous consent that the Committee on Agriculture may have until midnight tonight to file certain reports on H.R. 9497.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

CORRECTION OF ROLL CALL

Mr. DADDARIO. Mr. Speaker, on rollcall No. 162 I am not recorded. I was present and voted "yea." I ask unanimous consent that the permanent RECORD be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

PERSONAL EXPLANATION

Mr. FULTON of Pennsylvania. Mr. Speaker, on Monday, June 28, 1965, I arranged for consultations at my Pittsburgh office on the basis that no vote was expected at the House session that day.

I was advised by responsible representatives of both the majority and the minority that there would be no vote expected on the new housing bill H.R. 7984.

An automatic rollcall was unexpectedly called on the rule. If present I would have voted "nay" on rollcall No. 157 on June 28, 1965.

EXEMPTION FROM DUTY FOR RETURNING RESIDENTS

Mr. MILLS submitted the following conference report and statement on the bill (H.R. 8147) to amend the Tariff Schedules of the United States with respect to the exemption from duty for returning residents, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 570)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8147) to amend the Tariff Schedules of the United States with respect to the exemption from duty for returning residents, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1 and 4 and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment, as follows: Restore the matter proposed to be stricken out by the Senate amendment and on page 2, lines 19 and 20, of the House engrossed bill strike out "possessions, if the remainder is brought or shipped from such"; and the Senate agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment, as follows: On page 1, line 6, of the Senate engrossed amendments strike out "(a)" after "SEC. 3."; and the Senate agree to the same.

WILBUR D. MILLS,
CECIL R. KING,
HALE BOGGS,
JOHN W. BYRNES,
THOMAS B. CURTIS,

Managers on the Part of the House.

HARRY FLOOD BYRD,
RUSSELL B. LONG,
GEORGE A. SMATHERS,
FRANK CARLSON,
THRUSTON B. MORTON,

Managers on the Part of the Senate

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8147) to amend

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
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Issued July 7, 1965
For actions of July 6, 1965
89th-1st; No. 121

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HIGHLIGHTS: Senate committee reported agricultural appropriation bill. Senate committee reported bill exempting REA coops from FPC jurisdiction. Senate agreed to conference report on cigarette labeling bill. Sen. Smith inserted letters critical of surplus food distribution program.

SENATE

1. **AGRICULTURAL APPROPRIATION BILL, 1966.** The Appropriations Committee reported with amendments this bill, H. R. 8370 (S. Rept. 423)(p. 14998). Attached to this Digest is the committee report, which includes a statement of committee actions. Sen. Holland submitted amendments intended to be proposed to this bill (p. 15001).
2. **LEGISLATIVE BRANCH APPROPRIATION BILL, 1966.** The Appropriations Committee reported with amendments this bill, H. R. 8775 (S. Rept. 424). p. 14998
3. **ELECTRIFICATION.** The Commerce Committee reported with amendment (on July 1) S. 1459, to exempt certain cooperatives engaged in rural electrification from Federal Power Commission jurisdiction (S. Rept. 420). p. 14997
Received from REA reports on the approval of loans to the Northern Michigan Electric Cooperative, Inc., Boyne City, Mich., and to the Wolverine Electric Cooperative, Inc., Big Rapids, Mich. p. 14998

4. CIGARETTE LABELING. Agreed to the conference report on S. 559, the cigarette labeling bill. pp. 15032-4
 5. RESEARCH. The Commerce Committee reported with amendment (on July 1) S. 949, to promote the economic growth by supporting State and regional centers to place the findings of science usefully in the hands of American enterprise (S. Rept. 421). p. 14997
 6. HEALTH. Debated H. R. 6675, to provide a hospital insurance program for the aged under the Social Security Act with a supplementary health benefits program and an expanded program of medical assistance, to increase benefits under the old-age, survivors, and disability insurance system, etc. pp. 15037-69
 7. SURPLUS FOODS. Sen. Smith inserted letters from officials of Freeport, Maine, raising "some very serious questions about the administration of the donated surplus commodities program of the Department of Agriculture." p. 15034
 8. HOUSING LOANS. H. R. 7984, the housing and urban development bill, was placed on the Senate calendar. p. 14997
 9. FORESTRY. Received from this Department a proposed bill to authorize the Secretary of Agriculture, in exchanges under land exchange authority, to accept and use cash to equalize the value of the Federal lands offered; to Agriculture and Forestry Committee. p. 14998
 10. PATENTS. Sen. Long, La., inserted an editorial in support of his position that patent rights to discoveries made as a result of taxpayer-financed research should be held by the Government, rather than by private companies. p. 15010
 11. ECONOMICS. Sen. Douglas inserted an article, "U. S. Blueprint of Economic Growth: 1970 Forecast: \$10 Billion Surplus." pp. 15014-5
 12. FOREIGN AID. Sen. McGee inserted an article reviewing failures in the Russian foreign aid program. p. 15015
- HOUSE
13. DISASTER RELIEF. A subcommittee of the Banking and Currency Committee voted to report to the full committee H. R. 7397, to authorize a study of methods of helping to provide financial assistance to victims of future natural disasters p. D613
 14. AGING. Concurred in Senate amendments to H. R. 3708, to help older persons through grants to States for community planning and services and for training, research, etc., through HEW (p. 15072). This bill will now be sent to the President.
 15. TRANSPORTATION. Rep. Hicks spoke in support of proposed legislation to insure the adequacy of the national railroad freight car supply. p. 15102
 16. POVERTY. Rep. Harsha stated the poverty act "has had the effect of holding out additional hope to poverty-stricken people, but the promises of the benefits that they will reap from this legislation are as empty as last year's bird's nest." pp. 15102-3
 17. ECONOMICS. Reps. Thomson, Wisc., and Curtis expressed doubt about the economic prosperity of the Nation and inserted supporting articles. pp. 15103, 15108-11

Calendar No. 408

89TH CONGRESS
1ST SESSION

H. R. 7984

IN THE SENATE OF THE UNITED STATES

JULY 6, 1965

Read twice and ordered to be placed on the calendar

AN ACT

To assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*
- 3 That this Act may be cited as the "Housing and Urban
- 4 Development Act of 1965".

1 TITLE I—HOUSING FOR DISADVANTAGED
2 PERSONS

3 FINANCIAL ASSISTANCE TO ENABLE CERTAIN PRIVATE
4 HOUSING TO BE AVAILABLE FOR LOWER INCOME FAM-
5 ILIES WHO ARE ELDERLY, HANDICAPPED, DISPLACED,
6 OR OCCUPANTS OF SUBSTANDARD HOUSING

7 SEC. 101. (a) The Housing and Home Finance Ad-
8 ministrator (hereinafter referred to as the "Administrator")
9 is authorized to make, and contract to make, annual pay-
10 ments to a "housing owner" on behalf of "qualified tenants",
11 as those terms are defined herein, in such amounts and under
12 such circumstances as are prescribed in or pursuant to this
13 section. In no case shall a contract provide for such pay-
14 ments with respect to any housing for a period exceeding
15 forty years. The aggregate amount of the contracts to make
16 such payments shall not exceed amounts approved in appro-
17 priation Acts and shall not exceed \$30,000,000 per annum
18 prior to July 1, 1966, which maximum dollar amount shall
19 be increased by \$35,000,000 on July 1, 1966, by \$40,000,-
20 000 on July 1, 1967, and by \$45,000,000 on July 1, 1968.

(b) As used in this section, the term “housing owner” means a private nonprofit corporation or other private nonprofit legal entity, a limited dividend corporation or other limited dividend legal entity, or a cooperative housing corporation, which is a mortgagor under section 221 (d) (3) of

1 the National Housing Act and which, after the enactment of
2 this section, has been approved for mortgage insurance there-
3 under and has been approved for receiving the benefits of
4 this section: *Provided*, That no payments under this section
5 may be made with respect to any property financed with a
6 mortgage receiving the benefits of the interest rate provided
7 for in the proviso in section 221 (d) (5) of that Act.

8 (c) As used in this section, the term “qualified tenant”
9 means any individual or family who has, pursuant to criteria
10 and procedures established by the Administrator, been deter-
11 mined—

12 (1) to have an income below the maximum amount
13 which can be established in the area, pursuant to the
14 limitations prescribed in section 2 (2) of the United
15 States Housing Act of 1937, for occupancy in public
16 housing dwellings; and

17 (2) to be one of the following—

18 (A) displaced by governmental action;

19 (B) sixty-two years of age or older (or, in the
20 case of a family, to have a head who is, or whose
21 spouse is, sixty-two years of age or over) ;

22 (C) physically handicapped (or, in the case of
23 a family, to have a head who is, or whose spouse is,
24 physically handicapped) ; or

25 (D) occupying substandard housing.

1 (d) The amount of the annual payment with respect
2 to any dwelling unit shall not exceed the amount by which
3 the fair market rental for such unit exceeds one-fourth of
4 the tenant's income as determined by the Administrator pur-
5 suant to procedures and regulations established by him.

6 (e) (1) For purposes of carrying out the provisions
7 of this section, the Administrator shall establish criteria
8 and procedures for determining the eligibility of occupants
9 and rental charges, including criteria and procedures with
10 respect to periodic review of tenant incomes and periodic
11 adjustment of rental charges. The Administrator shall issue,
12 upon the request of a housing owner, certificates as to the
13 following facts concerning the individuals and families apply-
14 ing for admission to, or residing in, dwellings of such owner:

15 (A) the income of the individual or family; and

16 (B) whether the individual or family was displaced
17 by governmental action, is elderly, is physically handi-
18 capped, or is (or was) occupying substandard housing.

19 (2) Procedures adopted by the Administrator here-
20 under shall provide for recertifications of the incomes of
21 occupants, except the elderly, at intervals of two years (or
22 at shorter intervals in cases where the Administrator may
23 deem it desirable) for the purpose of adjusting rental charges
24 and annual payments on the basis of occupants' incomes,
25 but in no event shall rental charges adjusted under this

1 section for any dwelling exceed the fair market rental of
2 the dwelling.

3 (3) The Administrator may enter into agreements, or
4 authorize housing owners to enter into agreements, with
5 public or private agencies for services required in the selec-
6 tion of qualified tenants, including those who may be ap-
7 proved, on the basis of the probability of future increases in
8 their incomes, as lessees under an option to purchase (which
9 will give such approved qualified tenants an exclusive right
10 to purchase at a price established or determined as provided
11 in the option) dwellings or cooperative ownership interests
12 therein, and in the establishment of rentals. The Adminis-
13 trator is authorized (without limiting his authority under any
14 other provision of law) to delegate to any such public or
15 private agency his authority to issue certificates pursuant to
16 this subsection.

17 (f) Section 101 (c) of the Housing Act of 1949 is
18 amended by inserting “ (i) ” after “a mortgage under” in the
19 first proviso and by inserting immediately before the colon at
20 the end of such proviso the following: “, or (ii) section
21 221 (d) (3) of the National Housing Act if payments with
22 respect to the mortgaged property are made or are to be
23 made under section 101 of the Housing and Urban Devel-
24 opment Act of 1965, except that no such mortgage shall
25 be insured, and no commitment to insure such a mortgage

1 shall be issued, with respect to property in any community
2 for which a workable program for community improvement
3 was required and in effect at the time a contract for a loan
4 or capital grant was entered into under this title, or a con-
5 tract for annual contributions or capital grants was entered
6 into pursuant to the United States Housing Act of 1937,
7 unless there is a workable program for community improve-
8 ment which meets the requirements of this subsection in
9 effect in such community at the time of such insurance or
10 commitment”.

11 (g) The Administrator is authorized to make such rules
12 and regulations, to enter into such agreements, and to adopt
13 such procedures as he may deem necessary or desirable to
14 carry out the provisions of this section. Nothing contained
15 in this section shall affect the authority of the Federal
16 Housing Commissioner with respect to any housing assisted
17 under this section and under section 221 (d) (3) of the
18 National Housing Act, including his authority to prescribe
19 occupancy requirements under other provisions of law or to
20 determine the portion of any such housing which may be
21 occupied by qualified tenants.

22 (h) There are authorized to be appropriated such sums
23 as may be necessary to carry out the provisions of this sec-
24 tion, including, but not limited to, such sums as may be

1 necessary to make annual payments as prescribed in this
 2 section, pay for services provided under (or pursuant to
 3 agreements entered into under) subsection (e), and provide
 4 administrative expenses.

5 (i) Section 114(c) (2) of the Housing Act of 1949
 6 is amended by inserting before the colon at the end of the
 7 first proviso the following: “, or a dwelling unit assisted
 8 under section 101 of the Housing and Urban Development
 9 Act of 1965”.

10 (j) On or before January 1, 1968, the Administrator
 11 shall submit to the Congress a full report of operations under
 12 this section, together with his recommendations with respect
 13 thereto.

14 EXTENSION OF FHA SECTION 221 PROGRAMS; MODIFICA-
 15 TION OF INTEREST RATE; POOLING OF MORTGAGES FOR
 16 SALE

17 SEC. 102. (a) The fifth sentence of section 221(f) of
 18 the National Housing Act is amended by striking out “sub-
 19 section (d) (2) or (d) (4) after September 30, 1965, or
 20 under subsection (d) (3) after September 30, 1965,” and
 21 inserting in lieu thereof “this section after October 1, 1969.”

22 (b) The proviso in section 221(d) (5) of such Act is
 23 amended by striking out “not less than the annual rate of
 24 interest determined” and inserting in lieu thereof “not less

1 than the lower of (A) 3 per centum per annum, or (B) the
2 annual rate of interest determined”.

3 (c) The third sentence of section 212 (a) of such Act is
4 amended by striking out “described in subsection (d) (3)”
5 and all that follows and inserting in lieu thereof “described
6 in subsection (d) (3) or (d) (4).”

7 (d) Section 302 (c) of such Act is amended by insert-
8 ing before the last sentence thereof the following: “If there
9 shall be included within one or more of the trusts or other
10 agencies created pursuant to the authority of this subsection
11 any mortgages bearing a below-market interest rate and in-
12 sured under section 221 (d) (3) after the date of the enact-
13 ment of the Housing and Urban Development Act of
14 1965, there are authorized to be appropriated from time to
15 time such amounts as may be necessary to reimburse the
16 Association for the amount of the differential (including
17 interest, other costs, and a fair proportion of administrative
18 expense) between (1) the total outlay with respect to out-
19 standing participations or other instruments in an amount not
20 to exceed the dollar amount of such below-market interest
21 rate mortgages, and (2) the total receipts from such
22 mortgages.”

1 LOW-RENT HOUSING IN PRIVATE ACCOMMODATIONS

2 SEC. 103. (a) The United States Housing Act of 1937
3 is amended by redesignating section 23 as section 24, and by
4 adding after section 22 the following new section:

5 “LOW-RENT HOUSING IN PRIVATE ACCOMMODATIONS

6 “SEC. 23. (a) For the purpose of providing a supple-
7 mentary form of low-rent housing which will aid in assuring
8 a decent place to live for every citizen and promote efficiency
9 and economy in the program under this Act by taking full
10 advantage of vacancies or potential vacancies in the private
11 housing market, each public housing agency shall, to the
12 maximum extent consistent with the achievement of the
13 objectives of this Act, provide low-rent housing under this
14 Act in the form of low-rent housing in private accommoda-
15 tions in accordance with this section where such housing in
16 private accommodations can be provided at a cost equal to or
17 less than housing in projects assisted under other provisions
18 of this Act. As used in this section the term ‘low-rent hous-
19 ing in private accommodations’ means dwelling units in an
20 existing structure, leased from a private owner, which provide
21 decent, safe, and sanitary dwelling accommodations and
22 related facilities effectively supplementing the accommoda-

1 tions and facilities in low-rent housing assisted under the
2 other provisions of this Act in a manner calculated to meet
3 the total housing needs of the community in which they are
4 located. As used in this section, the term 'owner' means
5 any person or entity having the legal right to lease or sub-
6 lease property containing one or more dwelling units as
7 described in this section.

8 “(b) Beginning as soon as practicable after the date of
9 the enactment of this section, each public housing agency
10 shall conduct a continuing survey and listing of the available
11 dwelling units within the community or communities under
12 its jurisdiction which provide decent, safe, and sanitary
13 dwelling accommodations and related facilities and are, or
14 may be made, suitable for use as low-rent housing in private
15 accommodations under this section.

16 “(c) Each public housing agency, by notification to
17 the owners of housing listed under subsection (b), or by
18 publication or advertisement, or otherwise, shall from time
19 to time make known to the public in the community or com-
20 munities under its jurisdiction the anticipated need for dwell-
21 ing units in such community or communities to be used as
22 low-rent housing in private accommodations under this sec-
23 tion, inviting the owners of such dwelling units to make
24 available for purposes of this section one or more of such
25 units (not exceeding 10 per centum of the units in any single

1 structure except to the extent that the agency, because of
2 the limited number of units in the structure or for any other
3 reason, determines that such limit should not be applied).
4 The public housing agency shall conduct appropriate inspec-
5 tions of the units offered to be made available in any
6 residential structure by the owner thereof in response to
7 such invitation, and if—

8 “(1) it finds that such units are, or may be made,
9 suitable for use as low-rent housing in private accom-
10 modations within the meaning of subsection (a), and

11 “(2) the rentals to be charged for such units, as
12 negotiated and agreed to by the agency and the owner
13 of the structure in a manner consistent with subsection
14 (d) (2), are within the financial range of families of
15 low income,

16 such agency may approve such units for use as low-rent
17 housing in private accommodations in accordance with (and
18 subject to the applicable limitations contained in) this sec-
19 tion. Each public housing agency shall maintain and keep
20 current a list of units approved by it under this subsection,
21 including such information with respect to each such unit
22 as it may consider necessary or appropriate.

23 “(d) To the extent of contracts for annual contributions
24 entered into by the Authority with a public housing agency
25 under section 10 (e), such agency may enter into contracts

1 with the owners of structures containing dwelling units ap-
2 proved under subsection (c) for the use of such units in
3 accordance with this section. Each such contract with an
4 owner shall provide (with respect to any unit) that—

5 “(1) the selection of tenants for such unit shall be
6 the function of the owner, subject to the provisions of
7 the contract between the Authority and the agency;

8 “(2) the rental and other charges to be received by
9 the owner shall be negotiated and agreed to by the
10 agency and the owner, and the rental and other charges
11 to be paid by the tenant shall be determined in accord-
12 ance with the standards applicable to units in low-rent
13 housing projects assisted under the other provisions of
14 this Act;

15 “(3) the agency shall have the sole right to give
16 notice to vacate, with the owner having the right to
17 make representations to the agency for termination of
18 a tenancy;

19 “(4) maintenance and replacements (including
20 redecoration) shall be in accordance with the standard
21 practice for the building concerned, as established by
22 the owner and agreed to by the agency; and

23 “(5) the agency and the owner shall carry out such
24 other appropriate terms and conditions as may be
25 mutually agreed to by them.

1 Each contract between a public housing agency and an
2 owner entered into under this subsection shall be for a term
3 of not less than twelve months nor more than thirty-six
4 months, and shall be renewable by such agency and owner
5 at the expiration of such term.

6 “(e) The annual contribution under this Act for a proj-
7 ect of a public housing agency for low-rent housing in private
8 accommodations under this section in lieu of any other guar-
9 anteed contribution authorized by section 10 shall not exceed
10 the amount of the fixed annual contribution which would be
11 established under this Act for a newly constructed project
12 by such public housing agency designed to accommodate the
13 comparable number, sizes, and kinds of families. The
14 period over which payments will be made to a public hous-
15 ing agency for a project of low-rent housing in private
16 accommodations under this section, and the aggregate
17 amount of such payments, under a contract for annual
18 contributions, shall be determined on the basis of the number
19 of units in the community or communities under the juris-
20 diction of such agency which are in use (or can reasonably
21 be expected to be placed in use) as low-rent housing in
22 private accommodations under this section, taking into ac-
23 count the terms of the leases under which such units are (or
24 will be) so used. In addition, contracts for financial assist-
25 ance entered into by the Authority with a public housing

1 agency pursuant to this section shall provide for reimburse-
2 ment of reasonable and necessary expenses incurred by such
3 agency in conducting surveys, listings, and inspections de-
4 scribed in subsections (b) and (c).

5 “(f) On or before January 1, 1968, the Authority shall
6 submit to the Congress a full report of operations under this
7 section, together with its recommendations with respect
8 thereto.”

9 (b) The last sentence of section 2(1) of such Act is
10 amended by striking out “Income limits for occupancy and
11 rents” and inserting in lieu thereof “Except as otherwise pro-
12 vided in section 23, income limits for occupancy and rents”.

13 (c) The provisions of sections 10(h) and 15(7) of the
14 United States Housing Act of 1937, and the workable pro-
15 gram requirement in section 10(e) of such Act and section
16 101(c) of the Housing Act of 1949, shall not apply to low-
17 rent housing in private accommodations provided under sec-
18 tion 23 of the United States Housing Act of 1937.

19 LOW-RENT PUBLIC HOUSING

20 SEC. 104. (a) Section 10(e) of the United States
21 Housing Act of 1937 is amended by inserting after “per
22 annum,” the following: “which limit shall be increased by
23 \$47,000,000 on the date of the enactment of the Housing
24 and Urban Development Act of 1965, and by further

1 amounts of \$47,000,000 on July 1 in each of the years
2 1966, 1967, and 1968, respectively.”.

3 (b) Section 10 (c) of such Act is amended by striking
4 out “*And provided further*” and inserting in lieu thereof
5 “*Provided further*”, and by inserting before the period at
6 the end thereof the following: “: *And provided further*, That
7 the amount of the fixed annual contribution which would be
8 established under this Act for a newly constructed project by
9 a public housing agency designed to accommodate a number
10 of families of a given size and kind may be established, as a
11 maximum annual contribution in lieu of any other guaranteed
12 contribution authorized under this section, for a project by
13 such public housing agency which would provide housing
14 for the comparable number, sizes, and kinds of families
15 through the acquisition, acquisition and rehabilitation, or use
16 under lease of existing structures which are suitable for low-
17 rent housing use and obtainable in the local market”.

18 (c) Section 2 (2) of such Act is amended to read as
19 follows:

20 “(2) The term ‘families of low income’ means families
21 (including elderly and displaced families) who are in the
22 lowest income group and who cannot afford to pay enough
23 to cause private enterprise in their locality or metropolitan
24 area to build an adequate supply of decent, safe, and sanitary

1 dwellings for their use. The term 'families' includes families
 2 consisting of a single person in the case of elderly families
 3 and displaced families, and includes the remaining member
 4 of a tenant family. The term 'elderly families' means families
 5 whose heads (or their spouses), or whose sole members, have
 6 attained the age at which an individual may elect to receive
 7 an old-age benefit under title II of the Social Security Act,
 8 or are under a disability as defined in section 223 of that
 9 Act, or are handicapped within the meaning of section
 10 202 of the Housing Act of 1959. The term 'displaced fami-
 11 lies' means families displaced by urban renewal or other
 12 governmental action."

13 (d) Section 15 (7) (b) of such Act is amended by strik-
 14 ing out "(ii)" and all that follows down through "and
 15 (iii)", and by inserting in lieu thereof "and (ii)".

16 DIRECT LOANS TO PROVIDE HOUSING FOR THE ELDERLY
 17 OR HANDICAPPED

18 SEC. 105. (a) Section 202 (a) (4) of the Housing Act
 19 of 1959 is amended by striking out "not to exceed \$350,-
 20 000,000" and inserting in lieu thereof "such sums as may
 21 be necessary for purposes of this section,".

22 (b) Effective with respect to loans made on or after
 23 the date of the enactment of this Act, section 202 (a) (3) of
 24 such Act is amended by striking out "the higher of (A)

1 $2\frac{3}{4}$ per centum per annum, or” and inserting in lieu thereof
2 “the lower of (A) 3 per centum per annum, or”.

3 (c) Section 202 (a) of such Act is further amended
4 by adding at the end thereof the following new paragraph:

5 “(5) No loan shall be made under this section after
6 October 1, 1969, except pursuant to a commitment entered
7 into on or before such date.”

8 REHABILITATION GRANTS TO HOMEOWNERS IN URBAN

9 RENEWAL AREAS

10 SEC. 106. (a) Title I of the Housing Act of 1949 is
11 amended by adding at the end thereof the following new
12 section:

13 “REHABILITATION GRANTS

14 “SEC. 115. (a) Notwithstanding any other provision
15 of this title, the Administrator may authorize a local public
16 agency to make grants (and the urban renewal project may
17 include the making of such grants) as prescribed in this sec-
18 tion. Any such grant may be made only to an individual or
19 family, as described in subsection (b), who owns and oc-
20 cupies a structure in an urban renewal area, and only for the
21 purpose of covering the cost of repairs and improvements
22 necessary to make such structure conform to public standards
23 for decent, safe, and sanitary housing as required by appli-

1 cable codes or other requirements of the urban renewal plan
2 for the area. Any contract for financial assistance under this
3 title shall provide that the capital grant otherwise payable
4 for the project shall be increased by an amount equal to the
5 total amount of the grants under this section and that no part
6 of the total amount of such grants shall be required to be con-
7 tributed as part of the local grant-in-aid.

8 “(b) A grant authorized by this section may be made
9 to an individual or family whose income does not exceed
10 \$2,000 a year, and such grant may be in an amount which
11 does not exceed the lesser of (1) the actual (and approved)
12 cost of the repairs and improvements involved, or (2)
13 \$1,500. In case the income of the individual or family
14 exceeds \$2,000 a year, a grant may be made under this
15 section, subject to the limitations specified in clauses (1) and
16 (2) of the preceding sentence, but only in an amount not to
17 exceed that portion of the cost of the repairs and improve-
18 ments which cannot be paid for with any available loan that
19 can be amortized as part of such individual's or family's
20 monthly housing expense without requiring such monthly
21 housing expense to exceed 25 per centum of such individual's
22 or family's monthly income.”

23 (b) Any contract with a local public agency which was
24 executed under title I of the Housing Act of 1949 before the
25 date of enactment of this Act may be amended to provide for

1 grants authorized by section 115 of the Housing Act of
2 1949.

3 TITLE II—FHA INSURANCE OPERATIONS

4 LAND DEVELOPMENT

5 SEC. 201. (a) The National Housing Act is amended
6 by adding at the end thereof the following new title:

7 “TITLE X—MORTGAGE INSURANCE FOR LAND
8 DEVELOPMENT

9 “DEFINITIONS

10 “SEC. 1001. As used in this title—

11 “(a) the term ‘mortgage’ means a lien or liens on
12 real estate in fee simple, or on a leasehold (1) under a
13 lease for not less than ninety-nine years which is renew-
14 able or (2) under a lease having a period of not less
15 than fifty years to run from the date the mortgage was
16 executed;

17 “(b) the term ‘first mortgage’ includes such classes
18 of first liens as are commonly given to secure advances
19 (including but not limited to advances during construc-
20 tion) on, or the unpaid purchase price of, real estate
21 under the laws of the State in which the real estate is
22 located, together with the credit instrument or instru-
23 ments, if any, secured thereby, and may be in the form
24 of trust mortgages or mortgage indentures or deeds of
25 trusts securing notes, bonds, or other credit instruments;

1 “(c) the terms ‘mortgagee’, ‘mortgagor’, and
2 ‘State’ have the same meaning as in section 207 of
3 this Act;

4 “(d) the term ‘improvements’ means waterlines and
5 water supply installations, sewerlines and sewage dis-
6 posal installations, roads, streets, curbs, gutters, side-
7 walks, storm drainage facilities, and other installations
8 or work, whether on or off the site, which the Com-
9 missioner deems necessary or desirable to prepare land
10 primarily for residential and related uses or to provide,
11 for public or common use, facilities which (1) shall
12 include only such buildings as are needed in connection
13 with water supply or sewage disposal installations and
14 such buildings, other than schools, as the Commissioner
15 considers appropriate, and (2) are to be owned and
16 maintained jointly by the property owners; and

17 “(e) the term ‘land development’ means the process
18 of making, installing, or constructing improvements.

19 “BASIC CONDITIONS FOR INSURANCE

20 “SEC. 1002. The Commissioner is authorized (1) to
21 insure, upon such terms and conditions as he may prescribe,
22 any first mortgage (including advances on such mortgage)
23 in accordance with the provisions of this title and (2) to
24 make a commitment for the insurance of such mortgage prior
25 to the date of execution of such mortgage or prior to the date

1 of disbursement of the mortgage proceeds. No mortgage
2 shall be insured under this title after October 1, 1969, except
3 pursuant to a commitment to insure issued before such date.

4 “SEC. 1003. The mortgage shall—

5 “(a) be executed by a mortgagor, other than a pub-
6 lic body, approved by the Commissioner;

7 “(b) be made to and held by a mortgagee approved
8 by the Commissioner; and

9 “(c) cover the land to be developed and the im-
10 provements to be made with the assistance of the mort-
11 gage insurance under this title, except facilities intended
12 for public use and in public ownership.

13 “SEC. 1004. The principal obligation of the mortgage
14 shall (1) not exceed 75 per centum of the Commissioner’s
15 estimate of the value of the property upon completion of the
16 land development, and (2) not exceed the sum of 50 per
17 centum of the Commissioner’s estimate of the value of the
18 land before development and 90 per centum of his estimate
19 of the cost of such development. The outstanding principal
20 obligations of mortgages involving a single land development
21 undertaking, as defined by the Commissioner, shall at no
22 time exceed \$12,500,000.

23 “SEC. 1005. The mortgage shall—

24 “(a) have a maturity, not to exceed seven years,

1 and contain repayment provisions satisfactory to the
2 Commissioner;

3 “(b) bear interest at a rate satisfactory to the Com-
4 missioner, and such interest shall be exclusive of premium
5 charges for mortgage insurance and such service charges
6 and fees as may be approved by the Commissioner; and

7 “(c) contain such terms and provisions with respect
8 to protection of the security, payment of taxes, de-
9 linquency charges, prepayment, additional and secondary
10 liens, and other matters as the Commissioner may in his
11 discretion prescribe.

12 “SEC. 1006. A property or project to be financed by a
13 mortgage insured under this title shall—

14 “(a) represent a good mortgage insurance risk;
15 and

16 “(b) involve improvements that comply with all
17 applicable State and local governmental requirements
18 and with minimum standards approved by the Com-
19 missioner.

20 “LAND PLANNING

21 “SEC. 1007. (a) The land development covered by a
22 mortgage insured under this title shall be undertaken pur-
23 suant to a schedule, conforming to such requirements and
24 procedures as the Commissioner may prescribe, that will

1 assure the use of the land for the purposes for which it is to
2 be developed within the shortest reasonable period consistent
3 with the objectives of sound and economic community growth
4 or urban development.

5 “(b) The land development shall be undertaken in
6 accordance with an overall development plan, appropriate
7 to the scope and character of the undertaking, which—

8 “(1) has received all governmental approvals re-
9 quired by State or local law or by the Commissioner;

10 “(2) is acceptable to the Commissioner as provid-
11 ing reasonable assurance that the land development will
12 contribute to good living conditions in the area being
13 developed, which area (i) will have a sound economic
14 base and a long economic life, (ii) will be characterized
15 by sound land-use patterns, and (iii) will include or be
16 served by such shopping, school, recreational, transpor-
17 tation, and other facilities as the Commissioner deems
18 adequate or necessary; and

19 “(3) is consistent with a comprehensive plan which
20 covers, or with comprehensive planning being carried
21 on for, the area in which the land is situated, and which
22 meets criteria established by the Housing and Home
23 Finance Administrator for such plans or planning.

1 "ENCOURAGEMENT OF SMALL BUILDERS AND MODERATE
2 COST HOUSING

3 "SEC. 1008. The Commissioner shall adopt such require-
4 ments as he deems necessary in land development covered
5 by mortgages insured under this title to encourage the main-
6 tenance of a diversified local homebuilding industry, broad
7 participation by builders, and the inclusion of a proper bal-
8 ance of housing for families of moderate or low income.

9 "WATER AND SEWERAGE FACILITIES

10 "SEC. 1009. After development of the land it shall be
11 served by public systems for water and sewerage which are
12 consistent with other existing or prospective systems within
13 the area. If the Commissioner determines that public own-
14 ership of such a system is not feasible, he may approve an
15 adequate privately or cooperatively owned system which
16 will be regulated, during the period of such ownership, in
17 a manner acceptable to him with respect to user rates and
18 charges, capital structure, methods of operation, and rate
19 of return. Approval of such system shall be given only
20 where the Commissioner receives assurances, satisfactory
21 to him, with respect to eventual public ownership and op-
22 eration of the system and with respect to the conditions
23 and terms of any sale or transfer,

"RELEASES

"SEC. 1010. The Commissioner may, on such terms and conditions as he may prescribe, consent to the release or subordination of a part or parts of the mortgaged property from the lien of the mortgage.

"PREMIUMS AND FEES

"SEC. 1011. The Commissioner shall collect reasonable premiums for the insurance of any mortgage under this title and make such charges as he determines are reasonable for the analysis of the land development plan and the appraisal and inspection of the property and improvements. On or before January 1, 1967, the Commissioner shall make a report to the Congress concerning the premium rates and other charges under this title that he estimates will be adequate to provide income sufficient for a self-supporting program.

"INSURANCE BENEFITS

"SEC. 1012. The provisions of subsections (e), (g), (h), (i), (j), (k), (l), and (n) of section 207 of this Act shall be applicable to mortgages insured under this title, except that as applied to such mortgages (1) any reference therein to section 207 shall be deemed to refer to this title, and (2) any reference to an annual premium shall

1 be deemed to refer to such premiums as the Commissioner
2 may designate under this title.

3 "INCONTESTABILITY PROVISIONS

4 "SEC. 1013. Any contract of insurance executed by the
5 Commissioner under this title shall be conclusive evidence of
6 the eligibility of the mortgage for insurance, and the validity
7 of any contract of insurance so executed shall be incontest-
8 able in the hands of an approved mortgagee from the date of
9 the execution of such contract, except for fraud or material
10 misrepresentation on the part of such approved mortgagee.

11 "RULES AND REGULATIONS

12 "SEC. 1014. The Commissioner is authorized to make
13 such rules and regulations and to require such agreements
14 as he may deem necessary or desirable to carry out the pro-
15 visions of this title.

16 "TAXATION PROVISIONS

17 "SEC. 1015. Nothing in this title shall be construed to
18 exempt any real property acquired and held by the Com-
19 missioner under this title from taxation by any State or
20 political subdivision thereof to the same extent, according
21 to its value, as other real property is taxed.

22 "COST CERTIFICATION

23 "SEC. 1016. (a) The Commissioner shall adopt such re-
24 quirements as he determines necessary to assure, at reason-
25 able intervals of time during land development and upon

1 completion of such development, that the amount of the
2 mortgage loan outstanding at each such interval does not
3 exceed with respect to that portion of the land remaining
4 under the lien of the mortgage (1) 50 per centum of the
5 Commissioner's estimate of the value of such remaining
6 land before development, plus (2) 90 per centum of the
7 actual costs of the development allocated by the Commis-
8 sioner to such remaining land.

9 “(b) From time to time during, and upon completion
10 of, the development, the Commissioner shall require the
11 mortgagor to certify as to the actual costs of development
12 of the land.

13 “(c) Certifications required pursuant to this section
14 shall be accompanied by such data and records as the Com-
15 missioner shall prescribe.

16 “(d) A mortgagor's certification approved by the Com-
17 missioner shall be final and incontestable except for fraud
18 or material misrepresentation on the part of the mortgagor.

19 “(e) As used in this section, the term ‘actual costs’
20 means the costs (exclusive of kickbacks, rebates, or trade
21 discounts) to the mortgagor of the improvements involved.
22 These costs may include amounts paid for labor, materials,
23 construction contracts, land planning, engineers' and archi-
24 tects' fees, surveys, taxes, and interest during development,
25 organizational and legal expenses, such allocation of general

1 overhead expenses as are acceptable to the Commissioner,
2 and other items of expense incidental to development which
3 may be approved by the Commissioner. If the Commis-
4 sioner determines there is an identity of interest between
5 the mortgagor and the contractor, there may be included
6 an allowance for contractor's profit in an amount deemed
7 reasonable by the Commissioner."

8 (b) (1) Section 302 (b) of the National Housing Act is
9 amended by striking out "the term 'mortgages' " in the last
10 sentence and inserting in lieu thereof "the terms 'mortgages'
11 and 'home mortgages' ".
12

13 (2) The first paragraph of section 24 of the Federal
14 Reserve Act is amended by inserting before the next to last
15 sentence the following new sentence: "Notwithstanding the
16 foregoing limitations and restrictions in this section, any na-
17 tional banking association may make loans for land develop-
18 ment which are secured by mortgages insured under title X
19 of the National Housing Act."

20 (3) Section 5 (c) of the Home Owners Loan Act of
21 1933 is amended by adding at the end thereof the following
22 new paragraph:

23 "Without regard to any other provision of this sub-
24 section, any such association may, to such extent as the
Federal Home Loan Bank Board may by regulation permit,

1 invest in loans, and interests in loans, secured by mortgages
2 as to which the association has the benefit of insurance under
3 title X of the National Housing Act or of a commitment or
4 agreement for such insurance, and investments under this
5 sentence shall not be included in any percentage of assets
6 or other percentage referred to in this subsection.”

7 (4) Section 212 (a) of the National Housing Act is
8 amended by inserting at the end thereof the following new
9 sentence: “The provisions of this section shall also apply
10 to insurance under title X with respect to laborers or me-
11 chanics employed in land development financed with the
12 proceeds of any mortgage insured under that title.”

13 EXTENSION OF INSURANCE AUTHORIZATIONS

14 SEC. 202. (a) Section 2 (a) of the National Housing
15 Act is amended by striking out “October 1, 1965” and insert-
16 ing in lieu thereof “October 1, 1969”.

17 (b) Section 217 of such Act is amended—

18 (1) by striking out “title VIII” and inserting in
19 lieu thereof “title VIII, or title X”, and

20 (2) by striking out “October 1, 1965” and insert-
21 ing in lieu thereof “October 1, 1969”.

22 (c) The second sentences of sections 809 (f) and 810 (k)
23 of such Act are each amended by striking out “October 1,
24 1965” and inserting in lieu thereof “October 1, 1969”.

1 MULTIFAMILY MORTGAGE LIMITS FOR FOUR OR MORE

2 BEDROOM UNITS

3 SEC. 203. (a) Section 207 (c) (3) of the National
4 Housing Act is amended—

5 (1) by striking out “and \$18,500 per family unit
6 with three or more bedrooms” and inserting in lieu
7 thereof “\$18,500 per family unit with three bedrooms,
8 and \$21,000 per family unit with four or more bed-
9 rooms,”; and

10 (2) by striking out “and \$22,500 per family unit
11 with three or more bedrooms” and inserting in lieu
12 thereof “\$22,500 per family unit with three bedrooms,
13 and \$25,500 per family unit with four or more bed-
14 rooms”.

15 (b) (1) Section 213 (b) (2) of such Act is amended—

16 (A) by striking out “and \$18,500 per family unit
17 with three or more bedrooms” and inserting in lieu
18 thereof “\$18,500 per family unit with three bedrooms,
19 and \$21,000 per family unit with four or more bed-
20 rooms,”; and

21 (B) by striking out “and \$22,500 per family unit
22 with three or more bedrooms” and inserting in lieu
23 thereof “\$22,500 per family unit with three bedrooms,
24 and \$25,500 per family unit with four or more bed-
25 rooms”.

1 (2) Section 213 (c) of such Act is amended by strik-
2 ing out “and not to exceed” and all that follows and insert-
3 ing in lieu thereof the following: “and not to exceed a sum
4 computed on the basis of a separate mortgage for each
5 single-family dwelling (irrespective of whether such dwell-
6 ing has a party wall or is otherwise physically connected
7 with another dwelling or dwellings) comprising the prop-
8 erty or project, equal to the total of each of the maximum
9 principal obligations of such mortgages which would meet
10 the requirements of section 203 (b) (2) if the mortgagor
11 were the owner and occupant who had made any required
12 payment on account of the property prescribed in such
13 paragraph.”

14 (c) Section 220 (d) (3) (B) (iii) of such Act is
15 amended—

16 (1) by striking out “and \$18,500 per family unit
17 with three or more bedrooms” and inserting in lieu
18 thereof “\$18,500 per family unit with three bedrooms,
19 and \$21,000 per family unit with four or more bed-
20 rooms”; and

21 (2) by striking out “and \$22,500 per family unit
22 with three or more bedrooms” and inserting in lieu
23 thereof “\$22,500 per family unit with three bedrooms,
24 and \$25,500 per family unit with four or more bed-
25 rooms”.

1 (d) Section 221 (d) of such Act is amended—

2 (1) by striking out “and \$17,000 per family unit
3 with three or more bedrooms” in paragraphs (3) (ii)
4 and (4) (ii) and inserting in lieu thereof “\$17,000 per
5 family unit with three bedrooms, and \$19,250 per family
6 unit with four or more bedrooms”; and

7 (2) by striking out “and \$20,000 per family unit
8 with three or more bedrooms” in paragraphs (3) (ii)
9 and (4) (ii) and inserting in lieu thereof “\$20,000 per
10 family unit with three bedrooms, and \$22,750 per
11 family unit with four or more bedrooms”.

12 (e) Section 231 (c) (2) of such Act is amended—

13 (1) by striking out “and \$17,000 per family unit
14 with three or more bedrooms” and inserting in lieu
15 thereof “\$17,000 per family unit with three bedrooms,
16 and \$19,250 per family unit with four or more bed-
17 rooms”; and

18 (2) by striking out “and \$20,000 per family unit
19 with three or more bedrooms” and inserting in lieu
20 thereof “\$20,000 per family unit with three bedrooms,
21 and \$22,750 per family unit with four or more bed-
22 rooms”.

23 (f) Section 234 (e) (3) of such Act is amended—

24 (1) by striking out “and \$18,500 per family unit
25 with three or more bedrooms” and inserting in lieu

1 thereof “\$18,500 per family unit with three bedrooms,
2 and \$21,000 per family unit with four or more bed-
3 rooms”; and

4 (2) by striking out “and \$22,500 per family unit
5 with three or more bedrooms” and inserting in lieu
6 thereof “\$22,500 per family unit with three bedrooms,
7 and \$25,500 per family unit with four or more bed-
8 rooms”.

9 REHABILITATION IN URBAN RENEWAL AREAS

10 SEC. 204. Section 220 (d) (3) (A) of the National
11 Housing Act is amended—

12 (1) by striking out the second proviso in clause
13 (i) ; and

14 (2) by striking out clause (ii) and inserting in
15 lieu thereof the following:

16 “(ii) in a case where the mortgagor is not the
17 occupant of the property and intends to hold the prop-
18 erty for rental purposes, have a principal obligation in
19 an amount not to exceed 93 per centum of the amount
20 computed under the provisions of clause (i) ;

21 “(iii) in a case where the mortgagor is not the
22 occupant of the property and intends to hold the prop-
23 erty for the purpose of sale, have a principal obligation
24 in an amount not to exceed 85 per centum of the amount

1 computed under the provisions of clause (i), or in the
2 alternative, in an amount equal to the amount computed
3 under the provisions of clause (i) if the mortgagor and
4 mortgagee assume responsibility in a manner satisfactory
5 to the Commissioner for the reduction of the mortgage
6 by an amount not less than 15 per centum of the out-
7 standing principal amount thereof, or by such greater
8 amount as may be required to meet the limitations of
9 clause (iv), in the event the mortgaged property is not,
10 prior to the due date of the eighteenth amortization pay-
11 ment of the mortgage, sold to a purchaser acceptable to
12 the Commissioner who is the occupant of the property
13 and who assumes and agrees to pay the mortgage in-
14 debtedness; and

15 “(iv) in no case involving refinancing (except as
16 provided in clause (iii)) have a principal obligation
17 in an amount exceeding the sum of the estimated cost
18 of repair and rehabilitation and the amount (as deter-
19 mined by the Commissioner) required to refinance ex-
20 isting indebtedness secured by the property or project,
21 plus any existing indebtedness incurred in connection
22 with improving, repairing, or rehabilitating the prop-
23 erty; or”.

1 NONDWELLING FACILITIES FOR URBAN RENEWAL HOUSING

2 SEC. 205. Section 220 (d) (3) (B) of the National
3 Housing Act is amended by striking out clause (iv) and
4 inserting in lieu thereof the following:

5 “(iv) include such nondwelling facilities as the
6 Commissioner deems desirable and consistent with the
7 urban renewal plan: *Provided*, That the project shall
8 be predominantly residential and any nondwelling fa-
9 cility included in the mortgage shall be found by the
10 Commissioner to contribute to the economic feasibility
11 of the project.”

12 LARGER INSURED MORTGAGES FOR SERVICEMEN

13 SEC. 206. Section 222 (b) of the National Housing Act
14 is amended—

15 (1) by striking out “\$20,000” in paragraph (2)
16 and inserting in lieu thereof “\$30,000”; and

17 (2) by striking out paragraph (3) and inserting
18 in lieu thereof the following:

19 “(3) have a principal obligation not in excess of
20 the amount derived by applying the maximum ratio of
21 loan to value prescribed in the first sentence of section
22 203 (b) (2) ; and”.

REFINANCING OF INSURED MORTGAGES

SEC. 207. Section 223 (a) (7) of the National Housing Act is amended by striking out "section 608 of title VI prior to the effective date of the Housing Act of 1954 or under section 220, 221, 903, or section 908" and inserting in lieu thereof "this Act".

CONSOLIDATION OF FHA INSURANCE FUNDS

SEC. 208. Title V of the National Housing Act is amended by adding at the end thereof the following new section:

"ESTABLISHMENT OF GENERAL INSURANCE FUND

"SEC. 519. (a) There is hereby created a General Insurance Fund which shall be used by the Commissioner, on and after the date of the enactment of the Housing and Urban Development Act of 1965, as a revolving fund for carrying out all the insurance provisions of this Act with the exception of those specified in subsection (e). All mortgages or loans insured under this Act pursuant to commitments issued on or after the date of the enactment of the Housing and Urban Development Act of 1965, except those specified in subsection (e), and all loans reported for insurance under section 2 on or after the date of the enactment of the Housing and Urban Development Act of 1965, shall be insured under the General Insurance Fund. The Commissioner shall transfer to the General Insurance Fund—

1 “(1) the assets and liabilities of all insurance ac-
2 counts and funds, except the Mutual Mortgage Insurance
3 Fund, existing under this Act immediately prior to
4 the enactment of the Housing and Urban Development
5 Act of 1965;

6 “(2) all outstanding commitments for insurance
7 issued prior to the date of the enactment of the Housing
8 and Urban Development Act of 1965, except those
9 specified in subsection (e) ;

10 “(3) the insurance on all mortgages and loans in-
11 sured prior to the date of the enactment of the Housing
12 and Urban Development Act of 1965, except insur-
13 ance specified in subsection (e) ; and

14 “(4) the insurance of all loans made by approved
15 financial institutions pursuant to section 2 prior to the
16 date of the enactment of the Housing and Urban De-
17 velopment Act of 1965.

18 “(b) The general expenses of the operations of the Fed-
19 eral Housing Administration relating to mortgages and loans
20 which are the obligation of the General Insurance Fund
21 may be charged to the General Insurance Fund.

22 “(c) Moneys in the General Insurance Fund not needed
23 for the current operations of the Federal Housing Admin-
24 istration with respect to mortgages and loans which are the
25 obligation of the General Insurance Fund shall be deposited

1 with the Treasurer of the United States to the credit of such
2 Fund, or invested in bonds or other obligations of, or in
3 bonds or other obligations guaranteed as to principal and
4 interest by, the United States. The Commissioner may, with
5 the approval of the Secretary of the Treasury, purchase in
6 the open market debentures issued as obligations of the Gen-
7 eral Insurance Fund or issued prior to the enactment of the
8 Housing and Urban Development Act of 1965 under other
9 provisions of this Act, except debentures issued under the
10 Mutual Mortgage Insurance Fund. Such purchases shall be
11 made at a price which will provide an investment yield of not
12 less than the yield obtainable from other investments author-
13 ized by this section. Debentures so purchased shall be can-
14 celed and not reissued.

15 “(d) Premium charges, adjusted premium charges, and
16 appraisal and other fees received on account of the insurance
17 of any mortgage or loan which is the obligation of the Gen-
18 eral Insurance Fund, the receipts derived from the property
19 covered by such mortgages and loans and from the claims,
20 debts, contracts, property, and security assigned to the Com-
21 missioner in connection therewith, and all earnings on the
22 assets of the Fund shall be credited to the General Insurance
23 Fund. The principal of, and interest paid and to be paid on,
24 debentures which are the obligation of such Fund, and cash
25 insurance payments and adjustments, and expenses incurred

1 in the handling, management, renovation, and disposal of
 2 properties acquired, in connection with mortgages and loans
 3 which are the obligation of such Fund, shall be charged to
 4 such Fund.

5 “(e) The General Insurance Fund shall not be used
 6 for carrying out the provisions of sections 203 (b), 203 (h),
 7 and 203 (i), or the provisions of section 213 to the extent
 8 that they involve mortgages the insurance for which is the
 9 obligation of the Cooperative Management Housing Insur-
 10 ance Fund created by section 213 (k); and nothing in this
 11 section shall apply to or affect any mortgages, loans, com-
 12 mitments, or insurance under such provisions.”

13 MUTUALITY FOR MANAGEMENT-TYPE COOPERATIVES

14 SEC. 209. (a) Section 213 of the National Housing Act
 15 is amended by adding at the end thereof the following new
 16 subsections:

17 “(k) There is hereby created a Cooperative Manage-
 18 ment Housing Insurance Fund (hereinafter referred to as
 19 the ‘Management Fund’). The Management Fund shall
 20 be used by the Commissioner as a revolving fund for carry-
 21 ing out the provisions of this section with respect to
 22 mortgages or loans insured, on or after the date of the enact-
 23 ment of this subsection, under subsections (a) (1), (a) (3)
 24 (if the project is acquired by a cooperative corporation),
 25 (i), and (j). The Management Fund shall also be used as

1 a revolving fund for mortgages, loans, and commitments
2 transferred to it pursuant to subsection (m). The Commis-
3 sioner is directed to transfer to the Management Fund from
4 the General Insurance Fund established pursuant to section
5 519 such amount as the Commissioner determines to be
6 necessary and appropriate. General expenses of operation
7 of the Federal Housing Administration relating to mort-
8 gages or loans which are the obligation of the Management
9 Fund may be charged to the Management Fund.

10 “(1) The Commissioner shall establish in the Manage-
11 ment Fund, as of the date of the enactment of this subsec-
12 tion, a General Surplus Account and a Participating Reserve
13 Account. The aggregate net income thereafter received or
14 any net loss thereafter sustained by the Management Fund,
15 in any semiannual period, shall be credited or charged to
16 the General Surplus Account or the Participating Reserve
17 Account or both in such manner and amounts as the Com-
18 missioner may determine to be in accord with sound actu-
19 arial and accounting practice. Upon termination of the
20 insurance obligation of the Management Fund by payment
21 of any mortgage or loan insured under this section, and at
22 such time or times prior to such termination as the Commis-
23 sioner may determine, the Commissioner is authorized to
24 distribute to the mortgagor or borrower a share of the Par-
25 ticipating Reserve Account in such manner and amount as

1 the Commissioner shall determine to be equitable and in ac-
2 cordance with sound actuarial and accounting practice: *Pro-*
3 *vided*, That in no event shall the amount of the distributable
4 share exceed the aggregate scheduled annual premiums of the
5 mortgagor or borrower to the year of payment of the share
6 less the total amount of any share or shares previously dis-
7 tributed by the Commissioner to the mortgagor or borrower:
8 *And provided further*, That in no event may a distributable
9 share be distributed until any funds transferred from the Gen-
10 eral Insurance Fund to the Management Fund pursuant to
11 subsection (k) or (o) have been repaid in full to the General
12 Insurance Fund. No mortgagor, mortgagee, borrower, or
13 lender shall have any vested right in a credit balance in any
14 such account or be subject to any liability arising out of the
15 mutuality of the Management Fund. The determination of
16 the Commissioner as to the amount to be paid by him to any
17 mortgagor or borrower shall be final and conclusive.

18 “(m) The Commissioner is authorized to transfer to the
19 Management Fund commitments for insurance issued under
20 subsections (a) (1), (i), and (j) prior to the date of the
21 enactment of this subsection, and to transfer to the Manage-
22 ment Fund the insurance of any mortgage or loan insured
23 prior to the date of the enactment of this subsection under
24 subsection (a) (1), (a) (3) (if the project is acquired by a
25 cooperative corporation), (i), or (j), but only in cases

1 where the consent of the mortgagee or lender to the transfer
2 is obtained or a request by the mortgagee or lender for the
3 transfer is received by the Commissioner within such period
4 of time after the date of the enactment of this subsection as
5 the Commissioner shall prescribe: *Provided*, That the insur-
6 ance of any mortgage or loan shall not be transferred under
7 the provisions of this subsection if on the date of the enact-
8 ment of this subsection the mortgage or loan is in default and
9 the mortgagee or lender has notified the Commissioner in
10 writing of its intention to file an insurance claim. Any
11 insurance or commitment not so transferred shall continue to
12 be an obligation of the General Insurance Fund.

13 “(n) Notwithstanding the limitations contained in
14 other provisions of this Act, premium charges for mortgages
15 or loans insured under this section and sections 207, 231, and
16 232 may be payable in debentures issued in connection with
17 mortgages or loans transferred to the Management Fund or
18 in connection with mortgages or loans insured pursuant to
19 commitments transferred to the Management Fund, as pro-
20 vided in subsection (m) of this section.

21 “(o) Notwithstanding any other provision of this Act,
22 the Commissioner is authorized to transfer funds between
23 the Cooperative Management Housing Insurance Fund and
24 the General Insurance Fund in such amounts and at such
25 times as he may determine, taking into consideration the

1 requirements of each such Fund, to assist in carrying out
2 effectively the insurance programs for which such Funds
3 were respectively established.”

4 (b) Section 213 of such Act is further amended—

5 (1) by inserting before the period at the end of
6 subsection (a) the following: “: *Provided*, That as ap-
7 plied to mortgages the mortgage insurance for which is
8 the obligation of the Management Fund, the reference
9 to the General Insurance Fund in section 207 (b) (2)
10 shall be construed to refer to the Management Fund”;
11 and

12 (2) by inserting before the period at the end of
13 subsection (e) the following: “: *Provided*, That as ap-
14 plied to mortgages or loans the insurance for which is
15 the obligation of the Management Fund (1) all refer-
16 ences to the General Insurance Fund shall be construed
17 to refer to the Management Fund, and (2) all refer-
18 ences to section 207 shall be construed to refer to sub-
19 sections (a) (1), (a) (3) (if the project involved is
20 acquired by a cooperative corporation), (i), and (j)
21 of this section”.

22 OPTIONAL CASH PAYMENT OF INSURANCE BENEFITS

23 SEC. 210. Title V of the National Housing Act is
24 amended by adding at the end thereof (after the new sec-

1 tion added by section 208 of this Act) the following new
2 section:

3 "OPTIONAL CASH PAYMENT OF INSURANCE BENEFITS

4 "SEC. 520. (a) Notwithstanding any other provisions
5 of this Act with respect to the payment of insurance benefits,
6 the Commissioner is authorized, in his discretion, to pay in
7 cash or in debentures any insurance claim or part thereof
8 which is paid on or after the date of the enactment of the
9 Housing and Urban Development Act of 1965 on a mort-
10 gage or a loan which was insured under any section of this
11 Act either before or after such date. If payment is made in
12 cash, it shall be in an amount equivalent to the face amount
13 of the debentures that would otherwise be issued plus an
14 amount equivalent to the interest which the debentures would
15 have earned, computed to a date to be established pursuant
16 to regulations issued by the Commissioner.

17 "(b) The Commissioner is authorized to borrow from
18 the Treasury from time to time such amounts as the Com-
19 missioner shall determine are necessary to make payments
20 in cash (in lieu of issuing debentures guaranteed by the
21 United States, as provided in this Act) pursuant to the pro-
22 visions of this section. Notes or other obligations issued
23 by the Commissioner in borrowing under this subsection
24 shall be subject to such terms and conditions as the Secretary
25 of the Treasury may prescribe. Each sum borrowed pur-

1 suant to this subsection shall bear interest at a rate deter-
2 mined by the Secretary of the Treasury, taking into consid-
3 eration the average market yield on outstanding marketable
4 obligations of the United States of comparable maturities
5 during the month preceding the issuance of such notes or
6 other obligations.”

7 FHA MORTGAGE FINANCING FOR VETERANS

8 SEC. 211. (a) Section 203 (b) (2) of the National
9 Housing Act is amended—

10 (1) by striking out “and not to exceed” and in-
11 serting in lieu thereof “and (except as provided in the
12 last sentence of this paragraph) not to exceed”; and

13 (2) by adding at the end thereof the following
14 new sentence: “If the mortgagor is a veteran (as de-
15 fined in section 101 (2) of title 38, United States Code)
16 who has not received any direct, guaranteed, or insured
17 loan under laws administered by the Veterans’ Admin-
18 istration for the purchase, construction, or repair of a
19 dwelling (including a farm dwelling) which was to be
20 owned and occupied by him as his home, and the mort-
21 gage to be insured under this section covers property
22 upon which there is located a dwelling designed prin-
23 cipally for a one-family residence, the principal obliga-
24 tion may be in an amount equal to the sum of (i) 100
25 per centum of \$20,000 of the appraised value of the

1 property as of the date the mortgage is accepted for
2 insurance, and (ii) 85 per centum of such value in
3 excess of \$20,000.”

4 (b) Section 203 (b) (9) of such Act is amended by
5 inserting after “on account of the property” the following:
6 “(except in a case to which the last sentence of paragraph
7 (2) applies)”.

8 MORTGAGE LIMIT FOR HOMES IN OUTLYING AREAS UNDER
9 FHA SECTION 203(i) PROGRAM

10 SEC. 212. Section 203 (i) of the National Housing Act
11 is amended by striking out “\$11,000” and inserting in lieu
12 thereof “\$12,500”.

13 REFINANCING OF HOUSING FOR ELDERLY PROJECTS

14 SEC. 213. Section 231 (c) (7) of the National Housing
15 Act is amended by striking out “with 50 per centum” and
16 inserting in lieu thereof “or involves the refinancing of a
17 mortgage covering an existing property or project in which
18 it has been determined by the Commissioner that such re-
19 financing is necessary or desirable in order to avoid hardship
20 for elderly or handicapped persons or families who are tenants
21 or prospective tenants of such project: *Provided*, That in
22 either case, such property or project shall contain 50 per
23 centum”.

TITLE III—URBAN RENEWAL

STUDY OF HOUSING AND BUILDING CODES, ZONING, TAX
POLICIES, AND DEVELOPMENT STANDARDS

SEC. 301. (a) The Congress finds that the general welfare of the Nation requires that local authorities be encouraged and aided to prevent slums, blight, and sprawl, preserve natural beauty, and provide for decent, durable housing so that the goal of a decent home and a suitable living environment for every American family may be realized as soon as feasible. The Congress further finds that there is a need to study housing and building codes, zoning, tax policies, and development standards in order to determine how (1) local property owners and private enterprise can be encouraged to serve as large a part as they can of the total housing and building need, and (2) Federal, State, and local governmental assistance can be so directed as to place greater reliance on local property owners and private enterprise and enable them to serve a greater share of the total housing and building need. The Housing and Home Finance Administrator is therefore directed to study the structure of (1) State and local urban and suburban housing and building laws, standards, codes, and regulations and their impact on housing and building costs, how they can be simplified, im-

1 proved, and enforced, at the local level, and what methods
2 might be adopted to promote more uniform building codes
3 and the acceptance of technical innovations including new
4 building practices and materials; (2) State and local zoning
5 and land use laws, codes, and regulations, to find ways by
6 which States and localities may improve and utilize them in
7 order to obtain further growth and development; and (3)
8 Federal, State, and local tax policies with respect to their
9 effect on land and property cost and on incentives to build
10 housing and make improvements in existing structures.

11 (b) The Administrator shall submit a report based on
12 such study to the President and to the Congress within 18
13 months after the enactment of the Housing and Urban De-
14 velopment Act of 1965 or the appropriation of funds for the
15 study, whichever is later.

16 (c) There are authorized to be appropriated such funds
17 as may be necessary to carry out the purposes of this section.
18 Any funds so appropriated shall remain available until
19 expended.

20 GENERAL NEIGHBORHOOD RENEWAL PLANS

21 SEC. 302. Section 102 (d) of the Housing Act of 1949
22 is amended—

23 (1) by striking out the fifth sentence and inserting
24 in lieu thereof the following:

25 “In order to facilitate proper preliminary planning for

1 the attainment of the urban renewal objectives of this title,
 2 the Administrator may also make advances of funds (in addi-
 3 tion to those authorized above) to local public agencies for
 4 the preparation of General Neighborhood Renewal Plans (as
 5 herein defined). A General Neighborhood Renewal Plan
 6 may be prepared for an area which consists of an urban re-
 7 newal area or areas together with any adjoining areas, and
 8 which is of such size that the urban renewal activities in the
 9 urban renewal area or areas may have to be carried out in
 10 stages, consistent with the capacity and resources of the
 11 respective local public agency or agencies, over an estimated
 12 period of not more than ten years.”; and

13 (2) by striking out clause (1) of the sixth sentence
 14 and inserting in lieu thereof the following:

15 “(1) in the interest of sound community planning,
 16 it is desirable that the urban renewal activities proposed
 17 for the area be planned in their entirety;”.

18 INCREASE IN AUTHORIZATION FOR CAPITAL GRANTS

19 SEC. 303. (a) The first sentence of section 103 (b) of
 20 the Housing Act of 1949 is amended by striking out
 21 “\$4,725,000,000” and inserting in lieu thereof “\$4,700,-
 22 000,000, which amount shall be increased by \$675,000,000
 23 on the date of the enactment of the Housing and Urban
 24 Development Act of 1965, by \$725,000,000 on July 1,

1 1966, and by \$750,000,000 on July 1 in each of the years
2 1967 and 1968”.

3 (b) The proviso in the first sentence of section 103 (b)
4 of such Act, and the second sentence of section 6 (b) of
5 the Urban Mass Transportation Act of 1964, are repealed.

6 USE OF GRANT OR LOAN FUNDS IN CODE ENFORCEMENT
7 AND REHABILITATION PROJECTS

8 SEC. 304. The unnumbered paragraph immediately fol-
9 lowing clause (8) in section 110 (c) of the Housing Act
10 of 1949 is amended—

11 (1) by inserting “(A)” before “no contract”; and

12 (2) by inserting before the period at the end of the
13 paragraph the following: “, and (B) not less than 10
14 per centum of the aggregate amount of (i) grants
15 authorized to be contracted for under this title by the
16 Housing and Urban Development Act of 1965 and sub-
17 sequent Acts, and (ii) loans authorized to be made
18 under section 312 of the Housing Act of 1964, shall be
19 available for projects assisted with such grants or loans
20 which involve primarily code enforcement and reha-
21 bilitation”.

1 STRENGTHENED WORKABLE PROGRAM REQUIREMENT

2 SEC. 305. Section 101 of the Housing Act of 1949 is
3 amended by adding at the end thereof the following new
4 subsection:

5 “(e) No loan or grant contract may be entered into
6 by the Administrator for an urban renewal project unless
7 he determines that (A) the workable program for com-
8 munity improvement presented by the locality pursuant to
9 subsection (c) is of sufficient scope and content to furnish a
10 basis for evaluation of the need for the urban renewal project;
11 and (B) such project is in accord with the program.”

12 REHABILITATION LOANS

13 SEC. 306. (a) Section 312 (d) of the Housing Act of
14 1964 is amended to read as follows:

15 “(d) In order to provide moneys for loans in accord-
16 ance with this section, the Administrator is authorized to
17 establish a revolving fund which shall comprise all moneys
18 heretofore or hereafter appropriated pursuant to this
19 section, together with all repayments and other receipts
20 heretofore or hereafter received in connection with loans
21 made under this section. There are authorized to be

1 appropriated to such revolving fund, in addition to amounts
2 authorized for the purposes of this section prior to the date
3 of the enactment of the Housing and Urban Development
4 Act of 1965, such funds as may be necessary to carry out
5 the purposes of this section. All funds so appropriated shall
6 remain available until expended."

7 (b) Section 312 of such Act is further amended by
8 adding at the end thereof the following new subsection:

9 " (h) No loan shall be made under the authority of this
10 section after October 1, 1969, except pursuant to a contract,
11 commitment, or other obligation entered into pursuant to
12 this section before that date."

13 LEASE GUARANTIES FOR SMALL-BUSINESS CONCERNS

14 DISPLACED BY URBAN RENEWAL PROJECTS

15 SEC. 307. (a) Section 7 of the Small Business Act is
16 amended by adding at the end thereof the following new
17 subsection:

18 " (e) (1) The Administration also is empowered, in
19 order to assist small-business concerns which have been dis-
20 placed by urban renewal projects in obtaining leases of
21 property for use in the conduct of their business operations,
22 to insure the owner or lessor of any such property, or the
23 lending institution financing the construction thereof, against
24 losses which such owner, lessor, or institution might sustain

1 as a result of the failure of the small-business concern to
2 perform the lease in accordance with its terms.

3 “(2) No insurance under this subsection shall be granted
4 by the Administration with respect to any lease unless—

5 “(A) the lease is for a period of not more than
6 ten years and contains or is subject to such other terms
7 and conditions as the Administration may require in
8 order to protect the interests of the small-business con-
9 cern and to insure that the lease will assist in carrying
10 out the purpose of this Act; and

11 “(B) the small-business concern is financially sound
12 and efficiently managed, and has provided satisfactory
13 assurances that it will comply with the terms of the lease
14 and any related documents and with such additional
15 terms and conditions as the Administration may specify.

16 “(3) There is hereby established an insurance fund for
17 use by the Administration in carrying out this subsection.
18 Each person granted insurance under this subsection shall be
19 required to pay premiums for such insurance, at such times
20 and in such manner as may be prescribed by the Administra-
21 tion, in amounts which shall be fixed by the Administration
22 but which shall not exceed, in the case of any lease, an
23 amount equivalent to 1 per centum of the annual rental (or
24 minimum rental) payable under such lease. Such premiums,

1 together with any other receipts under the insurance program
2 established by this subsection, shall be placed in the insurance
3 fund. Moneys in such fund not needed for the payment of
4 current operating expenses of the insurance program or for
5 the payment of claims arising thereunder may be invested in
6 bonds or other obligations of, or bonds or other obligations
7 guaranteed as to principal and interest by, the United States;
8 except that moneys made available to provide initial capital
9 for such fund under the sixth sentence of section 4 (c) shall
10 be returned to the revolving fund established by such section,
11 in such amounts and at such times as the Administration
12 determines to be appropriate, whenever the level of such
13 insurance fund (by reason of premiums and receipts from
14 other sources) is sufficiently high to permit the return of
15 such moneys without danger to the solvency of the insurance
16 program under this subsection.

17 “(4) The Administration is authorized and directed
18 to prescribe such rules and regulations as may be necessary
19 to carry out this subsection.”

20 (b) Section 4 (c) of such Act is amended—

21 (1) by inserting “7 (e),” after “7 (b),” in the first
22 sentence; and

23 (2) by inserting after the fifth sentence the fol-
24 lowing new sentence: “Not to exceed \$5,000,000 shall

be made available to provide initial capital for the insurance fund established by section 7 (e) (3)."

(c) Section 5 (b) of such Act is amended—

(1) by inserting after "loans granted" in paragraphs (2) and (3) the following: "or the performance of leases insured";

(2) by striking out "loans made" each place it appears in paragraphs (4) and (7) and inserting in lieu thereof "loans made or leases insured"; and

(3) by striking out "and 7 (b)" in paragraph (5) and inserting in lieu thereof ", 7 (b), and 7 (e)".

RELOCATION OF DISPLACED FROM URBAN RENEWAL

AREAS

SEC. 308. (a) Section 105 (c) of the Housing Act of 1949 is amended to read as follows:

"(c) There shall be a feasible method for the temporary relocation of individuals and families displaced from the urban renewal area, and there are or are being provided, in the urban renewal area or in other areas not generally less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the individuals and families displaced from the urban renewal area, decent, safe, and sanitary dwellings equal in number to the number of and available to such dis-

1 placed individuals and families and reasonably accessible
2 to their places of employment. The Administrator shall
3 issue rules and regulations to aid in implementing the
4 requirements of this subsection and in otherwise achiev-
5 ing the objectives of this title. Such rules and regula-
6 tions shall require that there be established, at the earli-
7 est practicable time, for each urban renewal project in-
8 volving the displacement of individuals, families, and
9 business concerns occupying property in the urban
10 renewal area, a relocation assistance program which shall
11 include such measures, facilities, and services as may be
12 necessary or appropriate in order (A) to determine the
13 needs of such individuals, families, and business concerns
14 for relocation assistance; (B) to provide information and
15 assistance to aid in relocation and otherwise minimize the
16 hardships of displacement, including information as to real
17 estate agencies, brokers, and boards in or near the urban
18 renewal area which deal in residential or business property
19 that might be appropriate for the relocating of displaced
20 individuals, families, and business concerns; and (C) to
21 assure the necessary coordination of relocation activities
22 with other project activities and other planned or proposed
23 governmental actions in the community which may affect
24 the carrying out of the relocation program, particularly

1 planned or proposed low-rent housing projects to be con-
2 structed in or near the urban renewal area. As a condition
3 to further assistance after the enactment of this sentence with
4 respect to each urban renewal project involving the displace-
5 ment of individuals and families, the Administrator shall
6 require, within a reasonable time prior to actual displacement,
7 satisfactory assurance by the local public agency that decent,
8 safe, and sanitary dwellings as required by the first sentence
9 of this subsection are available for the relocation of each such
10 individual or family.”

11 (b) The requirements imposed by the amendment
12 made by subsection (a) of this section shall not be ap-
13 plicable to any project receiving Federal recognition prior
14 to the date of the enactment of this Act.

15 REDEVELOPMENT IN ACCORDANCE WITH URBAN RENEWAL
16 PLAN

17 SEC. 309. Section 106 of the Housing Act of 1949 is
18 amended by adding at the end thereof the following new
19 subsection:

20 “(h) Notwithstanding any other provision of this title,
21 no contract shall be entered into for any loan or capital grant
22 under this title with any local public agency unless the local
23 public agency establishes, by evidence satisfactory to the
24 Administrator, that any urban renewal project with respect

1 to which such local public agency has received a loan or
 2 capital grant under this title has been, or will be, undertaken
 3 and carried out in substantial accordance with the urban re-
 4 newal plan, and any amendments thereto, approved with re-
 5 spect to such project, and the terms of the contract for loan
 6 or capital grant covering such project.”

7 **LIMITATION ON NONCASH GRANT-IN-AID CREDIT ALLOWED**
 8 **FOR PUBLICLY OWNED PARKING FACILITIES**

9 **SEC. 310.** The parenthetical phrase in clause (3) of
 10 the first sentence of section 110 (d) of the Housing Act of
 11 1949 is amended by striking out “and” and inserting in lieu
 12 thereof a comma, and by inserting at the end thereof (within
 13 the parentheses) the following: “, and publicly owned park-
 14 ing facilities to the extent that the cost thereof is anticipated
 15 to be recovered from revenues”.

16 **ELIGIBILITY OF COMMUNITIES IN DEPRESSED AREAS FOR**
 17 **URBAN RENEWAL ASSISTANCE**

18 **SEC. 311.** (a) Subparagraph (B) of section 103 (a)
 19 (2) of the Housing Act of 1949 is amended to read as
 20 follows:

21 “(B) three-fourths of the aggregate net project costs
 22 of any such projects which are located in (i) a munici-
 23 pality having a population of fifty thousand or less ac-
 24 cording to the most recent decennial census, or (ii) a

1 municipality situated in a labor market area which, at
2 the time the contract or contracts involved are entered
3 into or at such earlier time as the Administrator may
4 specify in order to avoid hardship, is designated as a re-
5 development area under the second sentence of section
6 5 (a) of the Area Redevelopment Act or any other
7 legislation enacted after the date of the enactment of the
8 Housing and Urban Development Act of 1965 contain-
9 ing standards for designation as a redevelopment area
10 generally comparable to those set forth in the second
11 sentence of section 5 (a) of the Area Redevelopment
12 Act, and”.

13 (b) The amendment made by subsection (a) shall apply
14 only with respect to urban renewal projects placed under
15 contract for capital grant on or after the date of the enact-
16 ment of this Act; except that such amendment shall apply
17 with respect to all urban renewal projects in the city of
18 Providence, Rhode Island, placed under contract for capital
19 grant during the period Providence was designated as a
20 redevelopment area under section 5 (a) of the Area Rede-
21 velopment Act (or at such earlier time as the Administrator
22 may specify in order to avoid hardship) and not completed
23 prior to the date of the enactment of this Act.

1 LOCAL GRANTS-IN-AID FOR URBAN RENEWAL PROJECTS IN
 2 PHILADELPHIA AND WILKES-BARRE, PENNSYLVANIA

3 SEC. 312. Notwithstanding any other provision of law,
 4 moneys heretofore expended by the University of Pennsyl-
 5 vania and Wilkes College for land (and related expenditures
 6 for demolition and relocation) included in the overall devel-
 7 opment plans proposed by such institutions and utilized, or
 8 to be utilized, in connection with new facilities of such
 9 institutions within one mile of urban renewal projects Penn-
 10 sylvania 5-3 (University City) and Pennsylvania R-149
 11 (Wright Street), respectively, shall, if otherwise eligible,
 12 be allowed as local grants-in-aid for such projects.

13 LOCAL GRANTS-IN-AID FOR URBAN RENEWAL PROJECTS IN
 14 DENVER

15 SEC. 313. Notwithstanding the extent to which the
 16 cultural and convention center proposed to be built adjacent
 17 to urban renewal project Colorado R-15 (Skyline) in
 18 Denver, Colorado, may benefit areas other than the urban
 19 renewal area, expenses incurred by the City of Denver in
 20 constructing such center shall, to the extent otherwise eligi-
 21 ble, be counted as a grant-in-aid toward such project.

22 LOCAL GRANT-IN-AID CREDIT FOR CERTAIN COAL
 23 ROYALTIES

24 SEC. 314. (a) Section 110 (d) of the Housing Act of
 25 1949 is amended by adding at the end thereof the following
 26 new paragraph:

1 “Where a project in any municipality includes an area
2 affected by an underground mine fire or by a coal mine
3 subsidence and where it is necessary in such project to
4 remove any underlying coal deposits in order to stabilize
5 the soil or to control the underground mine fire, then any
6 royalties received by the project from the removal and sale
7 of such coal deposits shall be credited to the project as a
8 local grant-in-aid made by such municipality.”

9 (b) Any contract under title I of the Housing Act of
10 1949 executed prior to the date of the enactment of this Act
11 shall, at the request of the municipality involved, be amended
12 to reflect the amendment made by subsection (a).

13 TITLE IV—COMPENSATION OF CONDEMNNEES

14 DECLARATION OF POLICY

15 SEC. 401. In order to encourage the acquisition of real
16 property in a manner which affords fair and equitable treat-
17 ment to owners and tenants of such property and on as
18 nearly uniform a basis as practicable, the Congress hereby
19 establishes a Federal policy of uniform land acquisition pro-
20 cedures for real property to be acquired in the course of
21 federally assisted development programs.

22 DEFINITIONS

23 SEC. 402. For the purposes of this title—

24 (1) the term “development program” means any
25 program established by or conducted under any of the
26 following provisions of law:

1 (A) the United States Housing Act of 1937;

2 (B) title I of the Housing Act of 1949;

3 (C) title IV of the Housing Act of 1950;

4 (D) title II of the Housing Amendments of
5 1955;

6 (E) section 202 of the Housing Act of 1959;

7 and

8 (F) title VII of the Housing Act of 1961;

9 (2) the term "Federal assistance" means a grant,
10 loan, contract of guaranty, annual contribution, or other
11 assistance provided by the United States;

12 (3) the term "applicant" means any public body
13 or other agency or nonprofit institution authorized to
14 receive Federal assistance under a development program;

15 (4) the term "interest" means any interest in real
16 property and includes future, nonpossessory, and lease-
17 hold interests;

18 (5) the term "real property" means any land, or
19 any interest in land, and (A) any building, structure,
20 or other improvements embedded in or affixed to land,
21 and any article so affixed or attached to such building,
22 structure, or improvement as to be an essential or integral
23 part thereof; (B) any article affixed or attached to such
24 real property in such manner that it cannot be removed
25 without material injury to itself or the real property; and

1 (C) any article so designed, constructed, or specially
2 adapted to the purpose for which such real property is
3 used that (i) it is an essential accessory or part of such
4 real property, (ii) it is not capable of use elsewhere, and
5 (iii) it would lose substantially all its value if removed
6 from the real property; and

7 (6) the term "Administrator" means the Housing
8 and Home Finance Administrator.

9 LAND ACQUISITION POLICY

10 SEC. 403. (a) As a condition of eligibility for Federal
11 assistance pursuant to a development program, each applicant
12 for such assistance shall satisfy the Administrator that the
13 following policies will be followed in connection with the
14 acquisition of real property by eminent domain in the course
15 of such program—

16 (1) the applicant shall make every reasonable effort
17 to acquire the real property by negotiated purchase;

18 (2) the real property shall be appraised before the
19 initiation of negotiations, and the owner or his designated
20 representative shall be given an opportunity to accom-
21 pany the appraiser during his inspection of the property;

22 (3) before the initiation of negotiations for acqui-
23 sition of the real property, the applicant shall establish a
24 price believed to be fair and reasonable and shall offer
25 to acquire the property for the price so established;

1 (4) if only a part of or an interest less than a fee
2 title to real property is to be acquired, the applicant shall
3 provide the owner with a statement of its estimate of—

4 (A) the fair value of the entire property imme-
5 diately before the acquisition,

6 (B) the fair value of the property remaining
7 immediately after the acquisition,

8 (C) the fair value of the part of or interest in
9 the property actually acquired,

10 (D) the damages, if any, resulting to the
11 remaining property (or interest therein), and

12 (E) the benefits, if any, accruing to the remain-
13 ing property (or interest therein) ;

14 (5) no owner shall be required to surrender pos-
15 session of real property before the applicant pays to the
16 owner (A) the agreed purchase price arrived at by
17 negotiation, or (B) in any case where only the amount
18 of the payment to the owner is in dispute, not less than
19 75 per centum of the most recent fair and reasonable
20 price established under paragraph (3) ;

21 (6) the construction or development of any public
22 improvements shall be so scheduled that no person law-
23 fully occupying the real property shall be required to
24 surrender possession on account of such construction or
25 development without at least 90 days' written notice

1 from the applicant of the date on which such construction
2 or development is scheduled to begin;

3 (7) if the applicant does not require the use of a
4 building, structure, or other improvement on the real
5 property to be acquired, the applicant shall offer to
6 permit its owner to remove it upon agreement that the
7 fair value of the building, structure, or other improve-
8 ment to be removed from the real property, as deter-
9 mined by the applicant, will be deducted from the
10 compensation otherwise to be paid for the real property,
11 or will be paid to the applicant by the owner;

12 (8) if the applicant permits an owner or tenant to
13 rent acquired real property for a short term or for a
14 period subject to termination by the applicant on short
15 notice, the amount of rent required shall not exceed the
16 fair rental value of the property to the owner or tenant
17 for such term or period, as determined by the applicant;

18 (9) the applicant shall not advance the time of
19 eminent domain, nor defer eminent domain or the deposit
20 of funds in court for the benefit of the owner, in order to
21 compel an agreement on the price to be paid for the real
22 property;

23 (10) if the acquisition of only a part of any real
24 property would leave its owner with an uneconomic

1 remnant, the applicant shall acquire the entire property;
2 and

3 (11) in determining the boundaries of a proposed
4 public improvement, the applicant shall take into account
5 human considerations, including the economic and social
6 effects of the proposed public improvement on owners
7 and tenants of real property in the area, in addition to
8 engineering and other factors.

9 (b) Nothing in this section shall be construed as super-
10 seding or otherwise affecting the provisions of any State or
11 local law, or as affecting the validity of any property acqui-
12 sition by purchase or eminent domain.

13 RELOCATION PAYMENTS UNDER FEDERALLY ASSISTED
14 DEVELOPMENT PROGRAMS

15 SEC. 404. (a) To the extent not otherwise authorized
16 under any Federal law, financial assistance extended to an
17 applicant under any federally assisted development program
18 may include grants for relocation payments, as herein de-
19 fined. Such grants may be in addition to other financial as-
20 sistance under such federally assisted development programs,
21 and may cover the full amount of such relocation payments.
22 The term "relocation payments" means payments by the
23 applicant which are (1) made to an individual, family, busi-
24 ness concern, or nonprofit organization displaced by a project
25 on or after the date of the enactment of the Housing and

1 Urban Development Act of 1965, and (2) made on such
2 terms and conditions and subject to such limitations (to the
3 extent applicable, but not including the date of displacement)
4 as are provided for relocation payments, at the time such
5 payments are approved, by sections 114 (b), (c), and (d)
6 of the Housing Act of 1949 with respect to projects assisted
7 under title I thereof. Relocation payments authorized by
8 this subsection shall be made subject to such rules and regu-
9 lations as may be prescribed by the Administrator.

10 (b) Section 114 (b) (2) of the Housing Act of 1949
11 is amended by striking out "\$1,500" and inserting in lieu
12 thereof "\$2,500".

13 (c) (1) Section 114 of such Act is further amended by
14 redesignating subsection (d) as subsection (e) and by in-
15 serting after subsection (c) the following new subsection:

16 " (d) In addition to payments authorized to be made
17 under subsections (b) and (c), a local public agency may
18 pay to any displaced individual, family, business concern,
19 or nonprofit organization reasonable and necessary expenses
20 incurred for (1) recording fees, transfer taxes, and similar
21 expenses incidental to conveying real property to a project
22 assisted under this title, (2) penalty costs for prepayment
23 of any mortgage encumbering such real property, and (3)
24 the pro rata portion of real property taxes allocable to a
25 period subsequent to the date of vesting of title or the

1 effective date of the acquisition of such real property by
2 such agency, whichever is earlier.”

3 (2) Section 15 (8) of the United States Housing Act
4 of 1937 is amended by striking out “section 114 (b) or
5 (c)” and inserting in lieu thereof “section 114 (b), (c),
6 and (d)”.

7 (d) Subsection (a) shall not be applicable to any proj-
8 ect receiving financial assistance under a development pro-
9 gram prior to the date of the enactment of this Act.

10 FUNDS FOR CERTAIN PAYMENTS IN EMINENT DOMAIN

11 SEC. 405. Notwithstanding any other provision of law,
12 financial assistance under any federally assisted development
13 program may include amounts necessary for financing, in
14 the same manner that other costs of a project assisted under
15 such program are financed, the payments described in para-
16 graph (5) (B) of section 403 (a) of this Act.

17 TITLE V—COLLEGE HOUSING

18 INCREASE IN AUTHORIZATION FOR COLLEGE HOUSING

19 LOANS

20 SEC. 501. Section 401 (d) of the Housing Act of 1950
21 is amended by striking out “through 1964” each place it
22 appears and inserting in lieu thereof “through 1968”.

23 INTEREST RATE ON COLLEGE HOUSING LOANS

24 SEC. 502. (a) Effective with respect to loan contracts
25 entered into after the date of the enactment of this Act, sec-

1 tion 401 (c) of the Housing Act of 1950 is amended by
2 striking out "the higher of (1) $2\frac{3}{4}$ per centum per annum,
3 or" and inserting in lieu thereof "the lower of (1) 3 per
4 centum per annum, or".

5 (b) Effective with respect to notes or other obligations
6 financing loan contracts entered into after the date of the
7 enactment of this Act, section 401 (e) of such Act is amended
8 by striking out "the higher of (1) $2\frac{1}{2}$ per centum per annum,
9 or" and inserting in lieu thereof "the lower of (1) $2\frac{3}{4}$ per
10 centum per annum, or".

11 PARKING FACILITIES FOR COLLEGES AND UNIVERSITIES

12 SEC. 503. Section 404 (h) of the Housing Act of 1950
13 is amended by adding at the end thereof the following new
14 sentence: "In addition, such term includes parking facilities
15 primarily to serve the needs of students and faculty."

16 TITLE VI—COMMUNITY FACILITIES

17 PURPOSE

18 SEC. 601. The purpose of this title is to assist and en-
19 courage the communities of the Nation fully to meet the needs
20 of their citizens by making it possible, with Federal grant
21 assistance, for their governmental bodies (1) to construct
22 adequate basic water and sewer facilities needed to promote
23 the efficient and orderly growth and development of the com-
24 munities; and (2) to construct neighborhood facilities needed

1 to enable them to carry on programs of necessary social
2 services.

3 GRANTS FOR BASIC WATER AND SEWER FACILITIES

4 SEC. 602. (a) The Housing and Home Finance Ad-
5 ministrator (hereinafter in this title referred to as the "Ad-
6 ministrator") is authorized to make grants to local public
7 bodies and agencies to finance specific projects for basic pub-
8 lic water and sewer facilities (including works for the storage,
9 treatment, purification, and distribution of water) : *Provided*,
10 That no grant shall be made under this section for any sewer
11 facilities unless the Secretary of Health, Education, and
12 Welfare certifies to the Administrator that any waste ma-
13 terial carried by such facilities will be adequately treated
14 before it is discharged into any public waterway, so as to
15 meet applicable Federal, State, interstate, or local water
16 quality standards.

17 (b) The amount of any grant made under the authority
18 of this section shall not exceed 50 per centum of the develop-
19 ment cost of the project.

20 (c) No grant shall be made under this section in con-
21 nection with any project unless the Administrator deter-
22 mines that the project is necessary to provide adequate
23 water or sewer facilities for, and will contribute to the im-
24 provement of the health or living standards of, the people
25 in the community to be served, and that the project is (1)

1 designed so that an adequate capacity will be available to
2 serve the reasonably foreseeable growth needs of the area,
3 (2) consistent with a program meeting criteria, established
4 by the Administrator, for a unified or officially coordinated
5 areawide water or sewer facilities system as part of the
6 comprehensively planned development of the area, except
7 that prior to July 1, 1968, grants may, in the discretion of
8 the Administrator, be made under this section when such
9 a program for an areawide water and sewer facilities system
10 is under active preparation, although not yet completed, if
11 the facility or facilities for which assistance is sought can
12 reasonably be expected to be required as a part of such
13 program, and there is urgent need for the facility or facilities,
14 and (3) necessary to orderly community development.

15 GRANTS FOR NEIGHBORHOOD FACILITIES

16 SEC. 603. (a) The Administrator is authorized to make
17 grants, in accordance with the provisions of this section, to
18 local public bodies and agencies to finance specific projects
19 for neighborhood facilities.

20 (b) The amount of any grant made under the authority
21 of this section shall not exceed $66\frac{2}{3}$ per centum of the devel-
22 opment cost of the project for which the grant is made (or
23 75 per centum of such cost in the case of a project located
24 in an area which at the time the grant is made is designated
25 as a redevelopment area under section 5 of the Area Redevel-

1 opment Act or under any other legislation enacted after the
2 date of the enactment of this Act containing standards for
3 designation as a redevelopment area generally comparable
4 to those set forth in section 5 of the Area Redevelopment
5 Act).

6 (c) No grant shall be made under this section for any
7 project unless the Administrator determines that the project
8 will provide a neighborhood facility which is (1) necessary
9 for carrying out a program of health, recreational, social, or
10 similar community service (including a community action
11 program approved under title II of the Economic Oppor-
12 tunity Act of 1964) in the area, (2) consistent with compre-
13 hensive planning for the development of the community, and
14 (3) so located as to be available for use by a significant por-
15 tion (or number in the case of large urban places) of the
16 area's low- or moderate-income residents.

17 (d) For a period of twenty years after a grant has
18 been made under this section for a neighborhood facility,
19 such facility shall not, without the approval of the Adminis-
20 trator, be converted to uses other than those proposed by
21 the applicant in its application for the grant. The Adminis-
22 trator shall not approve any conversion in the use of such
23 a neighborhood facility during such twenty-year period un-
24 less he finds that such conversion is in accord with the then
25 applicable program of health, recreational, social, or similar

1 community services in the area and consistent with compre-
2 hensive planning for the development of the community in
3 which the facility is located. In approving any such con-
4 version, the Administrator may impose such additional con-
5 ditions and requirements as he deems necessary.

6 (e) The Administrator shall give priority to applica-
7 tions for projects designed primarily to benefit members of
8 low-income families or otherwise substantially further the
9 objectives of a community action program approved under
10 title II of the Economic Opportunity Act of 1964.

11 GENERAL PROVISIONS

12 SEC. 604. (a) In the performance of, and with respect
13 to, the functions, powers, and duties vested in him by this
14 title, the Administrator shall (in addition to any authority
15 otherwise vested in him) have the functions, powers, and
16 duties set forth in section 402, except subsections (a), (c)
17 (2), and (f) of the Housing Act of 1950.

18 (b) The Administrator is authorized, notwithstanding
19 the provisions of section 3648 of the Revised Statutes, to
20 make advance or progress payments on account of any
21 grant made pursuant to this title. No part of any grant
22 authorized to be made by the provisions of this title shall be
23 used for the payment of ordinary governmental operating
24 expenses.

DEFINITIONS

SEC. 605. As used in this title—

(a) The term “State” means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

(b) The term "local public bodies and agencies" includes public corporate bodies and political subdivisions; public agencies or instrumentalities of one or more States, municipalities, or political subdivisions of one or more States (including public agencies and instrumentalities of one or more municipalities or other political subdivisions of one or more States); Indian tribes; and boards or commissions established under the laws of any State to finance specific capital improvement projects.

(c) The term “development cost”, with respect to any facility, means costs of the construction of the facility and the land on which it is located, including necessary site improvements to permit its use as a site for the facility.

LABOR STANDARDS

20 SEC. 606. All laborers and mechanics employed by con-
21 tractors or subcontractors on projects assisted under sections
22 602 and 603 shall be paid wages at rates not less than those
23 prevailing on similar construction in the locality as deter-
24 mined by the Secretary of Labor in accordance with the
25 Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5).

1 No such project shall be approved without first obtaining
 2 adequate assurance that these labor standards will be main-
 3 tained upon the construction work. The Secretary of Labor
 4 shall have, with respect to the labor standards specified in
 5 this section, the authority and functions set forth in Re-
 6 organization Plan Numbered 14 of 1950 (15 F.R. 3176;
 7 64 Stat. 1267; 5 U.S.C. 133z-15), and section 2 of the
 8 Act of June 13, 1934, as amended (48 Stat. 948; 40
 9 U.S.C. 276c).

10 APPROPRIATIONS; TERMINATION OF PROGRAM

11 SEC. 607. (a) There are hereby authorized to be appro-
 12 priated such sums as may be necessary to carry out the
 13 provisions of this title. All funds so appropriated shall
 14 remain available until expended.

15 (b) No grant shall be made under this title after
 16 October 1, 1969, except pursuant to a contract or commit-
 17 ment entered into on or before such date.

18 TITLE VII—FEDERAL NATIONAL MORTGAGE

19 ASSOCIATION

20 INCREASE IN FNMA SPECIAL ASSISTANCE AUTHORITY

21 SEC. 701. (a) Section 305 (c) of the National Housing
 22 Act is amended by inserting before the period at the end
 23 thereof the following: “, which limit shall be increased by
 24 \$100,000,000 on the date of the enactment of the Housing
 25 and Urban Development Act of 1965, by \$450,000,000 on

1 July 1, 1966, by \$550,000,000 on July 1, 1967, and by
 2 \$525,000,000 on July 1, 1968”.

3 (b) Section 305 (f) of such Act is amended by inserting
 4 before the period at the end thereof the following: “: *Pro-*
 5 *vided further*, That any portion of the total amount of
 6 authority set forth in the first proviso of this subsection
 7 which, on the date of the enactment of the Housing and
 8 Urban Development Act of 1965 and on each July 1 there-
 9 after, would otherwise be available for making purchases and
 10 commitments pursuant to this subsection, shall be transferred
 11 to and merged with the authority granted by subsection (a)
 12 and added to the amount of such authority as set forth in sub-
 13 section (c) ; and the total amount of authority set forth in the
 14 first proviso of this subsection shall progressively be reduced
 15 by the amount of each such transfer”.

16 INCREASE IN LIMITATION ON MORTGAGES FOR DWELLING
 17 UNITS HAVING FOUR OR MORE BEDROOMS

18 SEC. 702. Section 302 (b) of the National Housing Act
 19 is amended by inserting before the period at the end of the
 20 first sentence the following: “(plus an additional \$2,500
 21 for each such family residence or dwelling unit which has
 22 four or more bedrooms)”.

1 TITLE VIII—OPEN-SPACE LAND AND URBAN
2 BEAUTIFICATION AND IMPROVEMENT

3 CHANGE IN NAME OF PROGRAM; FINDINGS AND PURPOSE

4 SEC. 801. (a) The heading of title VII of the Housing
5 Act of 1961 is amended to read as follows: "TITLE VII—
6 OPEN-SPACE LAND AND URBAN BEAUTIFICA-
7 TION AND IMPROVEMENT".

8 (b) Section 701 of such Act is amended by redesignig-
9 nating subsection (b) as subsection (c) and by inserting
10 after subsection (a) the following new subsection:

11 " (b) The Congress further finds that there is an urgent
12 need both for the additional provision of parks and other
13 open-space areas in the developed portions of the Nation's
14 urban areas and for greater and better coordinated local
15 efforts to beautify and improve open space and other public
16 land throughout urban areas, to facilitate their increased use
17 and enjoyment by the Nation's urban population."

18 (c) The subsection of section 701 of such Act redesignig-
19 nated as subsection (c) by subsection (b) of this section is
20 amended—

21 (1) by inserting "(1) provide and" before "pre-
22 serve open-space land", and

1 (2) by inserting before the period at the end
2 thereof the following: “, and (2) beautify and improve
3 open-space and other public urban land, in accordance
4 with programs to encourage and coordinate local public
5 and private efforts toward this end”.

6 INCREASED GRANT LEVEL FOR PRESERVATION OF OPEN-
7 SPACE LAND

8 SEC. 802. Section 702 (a) of the Housing Act of 1961
9 is amended by striking out "20 per centum" and "30 per
10 centum" and inserting in lieu thereof "30 per centum" and
11 "40 per centum", respectively.

12 SUBSTITUTION OF APPROPRIATION AUTHORITY FOR GRANT
13 CONTRACT AUTHORITY

14 SEC. 803. (a) Section 702 (a) of the Housing Act of
15 1961 is amended—

16 (1) by striking out “enter into contracts to” in the
17 first sentence, and

18 (2) by striking out all of the third sentence.

(b) Section 702 (b) of such Act is amended by striking out the first two sentences and inserting in lieu thereof the following: "There are hereby authorized to be appropriated such amounts as may be necessary to carry out the purposes of this title."

24 (c) Section 702 of such Act is further amended by

1 adding at the end thereof the following new subsection:

2 “(f) No grant shall be made under this title after
3 October 1, 1969, except pursuant to a contract or commit-
4 ment entered into on or before such date.”

5 (d) Section 703 (a) of such Act is amended by striking
6 out “enter into contracts to”.

7 GRANTS FOR PROVISION OF OPEN-SPACE LAND IN BUILT-UP
8 URBAN AREAS

9 SEC. 804. Title VII of the Housing Act of 1961 is
10 amended by redesignating sections 705 and 706 as sections
11 708 and 709, respectively, and by inserting after section
12 704 the following new section:

13 “GRANTS FOR PROVISION OF OPEN-SPACE LAND IN BUILT-
14 UP URBAN AREAS

15 “SEC. 705. (a) The Administrator is further author-
16 ized to make grants to States and local public bodies to help
17 finance the acquisition of title to, or other permanent in-
18 terests in, developed land in built-up portions of urban areas
19 to be cleared and used as permanent open-space land, as
20 defined herein. The Administrator shall make such grants
21 only where the local governing body determines that ade-
22 quate open-space land cannot effectively be provided through
23 the use of existing undeveloped or predominantly undevel-
24 oped land and the Administrator determines that the pro-

1 posed acquisition is important to the comprehensively
2 planned development of the locality. Grants under this
3 section shall not exceed the lesser of (1) \$500,000 or (2)
4 40 per centum of the cost of acquiring such title or other
5 interests and of necessary demolition and removal of im-
6 provements.

7 “(b) Financial assistance extended to any project under
8 this title may include grants for relocation payments, as
9 herein defined. Such grants may be in addition to other
10 financial assistance under this title, and no part of the
11 amount of such relocation payments shall be required to be
12 contributed as a local grant. The term ‘relocation payments’
13 means payments by the applicant which are (1) made to an
14 individual, family, business concern, or nonprofit organization
15 displaced, after March 4, 1965, by a project assisted under
16 this title, (2) not otherwise authorized under any Federal
17 law, and (3) made only on such terms and conditions and
18 subject to such limitations (to the extent applicable, but not
19 including the date of displacement) as are provided for relo-
20 cation payments, at the time such payments are approved, by
21 sections 114 (b), (c), and (d) of the Housing Act of 1949.
22 Relocation payments authorized by this subsection shall be
23 made subject to such rules and regulations as may be pre-
24 scribed by the Administrator.”

1 GRANTS FOR URBAN BEAUTIFICATION AND IMPROVEMENT

2 SEC. 805. (a) Title VII of the Housing Act of 1961
3 is further amended by inserting after section 705 (as added
4 by section 804 of this Act) the following new section:

5 "GRANTS FOR URBAN BEAUTIFICATION AND IMPROVEMENT

6 "SEC. 706. The Administrator is authorized to make
7 grants, as herein provided, to States and local public bodies
8 to assist in carrying out local programs for the greater use
9 and enjoyment of open-space and other public land in urban
10 areas. The Administrator shall establish criteria for such
11 programs to assure that each (1) represents significant and
12 effective efforts, involving all available public and private
13 resources, for the beautification of such land and its improve-
14 ment for open-space uses, and (2) is important to the com-
15 prehensively planned development of the locality. Grants
16 made under this section shall not exceed 40 per centum of
17 the amount by which the cost of the activities carried on by
18 an applicant during a fiscal year under an approved program
19 exceeds its usual expenditures for comparable activities:
20 *Provided, That,* notwithstanding any other provision of this
21 section, the Administrator may use not to exceed \$5,000,000
22 of the funds available for grants under this section to make
23 grants in amounts up to the full cost of activities which he

1 determines to have special value in developing and demon-
2 strating new and improved methods and materials for use in
3 carrying out the purposes of this section.”

4 (b) Section 702 (c) of such Act is amended by insert-
5 ing after “development costs” the following: “(except as
6 authorized under section 706) , or the additional price which
7 is attributable to improvements to be retained on open-space
8 land which are not incidental to the proposed open-space
9 uses,”.

10

LABOR STANDARDS

11 SEC. 806. Title VII of the Housing Act of 1961 is
12 further amended by inserting after section 706 (as added by
13 section 805 of this Act) the following new section:

14

“LABOR STANDARDS

15 “SEC. 707. (a) The Administrator shall take such ac-
16 tion as may be necessary to insure that all laborers and
17 mechanics employed by contractors or subcontractors in the
18 performance of construction work financed with the assist-
19 ance of grants under this title shall be paid wages at rates
20 not less than those prevailing on similar construction in the
21 locality as determined by the Secretary of Labor in accord-
22 ance with the Davis-Bacon Act, as amended. The Admin-
23 istrator shall not approve any such grant without first obtain-
24 ing adequate assurance that these labor standards will be
25 maintained upon the construction work.

1 “(b) The Secretary of Labor shall have, with respect to
 2 the labor standards specified in subsection (a), the authority
 3 and functions set forth in Reorganization Plan Numbered
 4 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-
 5 15), and section 2 of the Act of June 13, 1934, as amended
 6 (48 Stat. 948; 40 U.S.C. 276c).”

7 USE OF FUNDS FOR STUDIES AND PUBLICATION

8 SEC. 807. The second sentence of the section of the
 9 Housing Act of 1961 redesignated as section 708 by section
 10 804 of this Act is amended to read as follows: “The Admin-
 11 istrator is authorized to use during any fiscal year not to
 12 exceed \$100,000 of the funds available for grants under
 13 this title to undertake such studies and publish such
 14 information.”

15 CONFORMING AMENDMENTS

16 SEC. 808. (a) The heading of section 702 of the Hous-
 17 ing Act of 1961 is amended to read as follows: “GRANTS
 18 FOR PRESERVATION OF OPEN-SPACE LAND”.

19 (b) Section 702 (a) of such Act is amended by striking
 20 out “provisions of this title” and “purposes of this title” and
 21 inserting in lieu thereof “provisions of this section” and
 22 “purposes of this section”, respectively.

23 (c) Section 702 (e) of such Act is amended by striking
 24 out “served by the open-space land acquired” in the second
 25 sentence and inserting in lieu thereof “assisted”.

1 (d) Section 703 (a) of such Act is amended by striking
2 out “this title” and inserting in lieu thereof “section 702 (a) ”.

3 (e) Section 704 of such Act is amended by striking
4 out “for which” in the first sentence and inserting in lieu
5 thereof “for the acquisition of which”.

6 TITLE IX—RURAL HOUSING

7 LOANS FOR PREVIOUSLY OCCUPIED BUILDINGS AND

8 MINIMUM SITE ACQUISITION

9 SEC. 901. (a) Section 501 (a) of the Housing Act of
10 1949 is amended—

11 (1) by inserting after “their farms,” in clause (1)
12 the following: “and to purchase previously occupied
13 buildings and land constituting a minimum adequate site,
14 in order”; and

15 (2) by inserting after “rural areas” in clause (2)
16 the following: “for the construction, improvement, al-
17 teration, or repair of dwellings, related facilities, and
18 farm buildings and to rural residents for such purposes
19 and for the purchase of previously occupied buildings and
20 the purchase of land constituting a minimum adequate
21 site, in order”.

22 (b) Section 501 (c) of such Act is amended by insert-
23 ing “or a rural resident” in clause (1) after “or that he is
24 the owner of other real estate in a rural area”.

1 INTEREST RATE ON DIRECT RURAL HOUSING LOANS

2 SEC. 902. Section 502 (a) of the Housing Act of 1949
3 is amended by striking out "with interest at a rate not to
4 exceed 4 per centum per annum on the unpaid balance of
5 principal." and inserting in lieu thereof the following: "with
6 interest in the case of loans under this section pursuant to
7 clauses (1) and (2) of section 501 (a) at a rate not to ex-
8 ceed 5 per centum per annum on the unpaid balance of prin-
9 cipal and in the case of loans under this section pursuant to
10 clause (3) of section 501 (a) and under sections 503 and
11 504 at a rate not to exceed 4 per centum per annum on such
12 unpaid balance. Borrowers with loans made or insured
13 under this title shall pay such fees and other charges as the
14 Secretary may require."

15 INSURED RURAL HOUSING LOANS

16 SEC. 903. (a) Title V of the Housing Act of 1949 is
17 amended by adding at the end thereof the following new
18 sections:

19 "INSURANCE OF LOANS

20 "SEC. 517. (a) The Secretary is authorized to insure
21 and to make loans to be sold and insured in accordance with
22 the provisions of sections 501, 502, 514, and 515, and this
23 section, other than the provisions of section 514 (a) (3)

1 and (5) and (b) and section 515 (a) and (b) (4), except
2 that such loans in accordance with sections 501 and 502—

3 “(1) to persons of low or moderate income as de-
4 fined by the Secretary shall not exceed amounts neces-
5 sary to provide adequate housing modest in size, design,
6 and cost, as determined by the Secretary, and shall bear
7 interest at a rate not to exceed 5 per centum per an-
8 num; and the aggregate of such loans made and insured
9 in any one fiscal year shall not exceed \$300,000,000;
10 and

11 “(2) to persons other than those of low or moderate
12 income shall bear interest and provide for insurance or
13 service charges (at rates determined by the Secretary)
14 comparable to the combined rate of interest and premium
15 charges then in effect under section 203 of the National
16 Housing Act.

17 “(b) The Secretary may use the Rural Housing Insur-
18 ance Fund created by this section for the purpose of making
19 loans to be sold and insured under this section, provided that
20 the aggregate of such loans made and not disposed of at any
21 one time shall not exceed \$100,000,000.

22 “(c) The Secretary may insure loans advanced by
23 lenders other than the United States, and may sell and insure
24 loans made from or held in the Rural Housing Insurance
25 Fund by the Secretary, for the payment of principal and

1 interest thereon as it becomes due. The Secretary is author-
2 ized to make agreements with respect to servicing loans
3 held by or insured by the Secretary under this section and
4 purchasing such insured loans on such terms and conditions
5 as he may prescribe: *Provided*, That no purchase agreement
6 shall obligate the Secretary to purchase such an insured loan
7 before the expiration of an initial period of five years from
8 the date of the note. Any contract of insurance executed
9 by the Secretary shall be an obligation supported by the full
10 faith and credit of the United States and incontestable except
11 for fraud or material misrepresentation of which the holder
12 has actual knowledge. In connection with loans insured
13 under this section the Secretary may take liens running to
14 the United States notwithstanding the fact that the notes evi-
15 dencing such loans may be held by lenders other than the
16 United States. Notes evidencing such loans shall be freely
17 assignable but the Secretary shall not be bound by any
18 assignment until notice thereof is given to and acknowledged
19 by the Secretary.

20 “(d) After ninety days after the original capitalization
21 of the Rural Housing Insurance Fund, no loans, other than
22 loans then held or insured by the Secretary pursuant to
23 section 514 or 515(b), shall be made or insured under
24 section 514 or 515(b) except in accordance with this section.

25 “(e) There is hereby created the Rural Housing In-

1 surance Fund (hereinafter in this section referred to as the
2 'Fund') which shall be used by the Secretary as a revolving
3 fund for carrying out the provisions of this section. There
4 are authorized to be appropriated to the Secretary such sums
5 as may be necessary for the purposes of the Fund.

6 “(f) Money in the Fund not needed for current opera-
7 tions shall be invested in direct obligations of the United
8 States or obligations guaranteed by the United States.

9 “(g) All funds, claims, notes, mortgages, contracts, and
10 property acquired by the Secretary under this section, and
11 all collections and proceeds therefrom, shall constitute assets
12 of the Fund; and all liabilities and obligations of such assets
13 shall be liabilities and obligations of the Fund. Loans may
14 be held in the Fund and collected in accordance with their
15 terms or may be sold by the Secretary with or without agree-
16 ments for insurance thereof. Loans may be sold by the
17 Secretary at prices within the range of market prices for the
18 particular class or classes of loans involved, as determined by
19 the Secretary from time to time. The aggregate of (1) any
20 amount by which the balance outstanding on loans at the
21 time of sale exceeds the price at which the loans are sold
22 and (2) the amount of any fees and charges paid in con-
23 nection with any sales of loans shall be reimbursed to the
24 Fund by annual appropriations.

25 “(h) The Secretary is authorized to issue notes to the

1 Secretary of the Treasury to obtain funds necessary for
2 discharging obligations under this section and for author-
3 ized expenditures out of the Fund, but, except as may be
4 authorized in appropriation Acts, not for the original capi-
5 tal or any additional capital of the Fund or to reimburse the
6 Fund for losses from any sales of loans at less than par
7 value. Such notes shall be in such form and denominations
8 and have such maturities and be subject to such terms and
9 conditions as may be prescribed by the Secretary with the
10 approval of the Secretary of the Treasury. Each note shall
11 bear interest at such rate as may be determined by the
12 Secretary of the Treasury, taking into consideration the
13 current average market yields on outstanding marketable
14 obligations of the United States with remaining periods to
15 maturity comparable to the average maturities of the loans
16 held by the Secretary in the Fund, adjusted to the nearest
17 one-eighth of 1 per centum, during the month of June
18 preceding the fiscal year in which the loans were made.
19 The Secretary of the Treasury is authorized and directed
20 to purchase any notes of the Secretary issued hereunder, and
21 for that purpose the Secretary of the Treasury is authorized
22 to use as a public debt transaction the proceeds from the
23 sale of any securities issued under the Second Liberty Bond
24 Act, and the purposes for which such securities may be is-
25 sued under such Act are extended to include purchases of

1 notes issued by the Secretary under this subsection. All re-
2 demptions, purchases, and sales by the Secretary of the
3 Treasury of such notes shall be treated as public debt trans-
4 actions of the United States. The notes issued by the Secre-
5 tary to the Secretary of the Treasury shall constitute obliga-
6 tions of the Fund.

7 “(i) The Secretary may retain out of interest payments
8 by the borrower an annual charge in an amount specified
9 in the insurance or sale agreement applicable to the loan.
10 Of the charges retained by the Secretary, if any, not to
11 exceed 1 per centum per annum of the unpaid balance of the
12 loan shall be deposited in the Fund. Any retained charges
13 not deposited in the Fund shall be available for administra-
14 tive expenses in carrying out the provisions of this title, to
15 be transferred annually and become merged with any appro-
16 priation for administrative expenses of the Farmers Home
17 Administration, when and in such amounts as may be author-
18 ized in appropriation Acts.

19 “(j) The Secretary may also utilize the Fund—

20 “(1) to pay amounts to which the holder of a
21 note is entitled in accordance with an insurance or sale
22 agreement under this section accruing between the date
23 of any prepayment by the borrower to the Secretary and
24 the date of transmittal of such prepayment to the
25 holder of the note; and, in the discretion of the Secre-

1 tary, prepayments other than final payments need not
2 be remitted to the holder until due;

3 “(2) to pay the holder of any note insured under
4 this section any defaulted installment or, upon assign-
5 ment of the note to the Secretary at the Secretary’s
6 request, the entire balance outstanding on the note;

7 “(3) to purchase notes in accordance with agree-
8 ments previously entered into;

9 “(4) to pay taxes, insurance, prior liens, expenses
10 necessary to make fiscal adjustments in connection with
11 the application and transmittal of collections, and other
12 expenses and advances to protect the security for loans
13 which are insured under this section or held in the Fund,
14 and to acquire such security at foreclosure sale or other-
15 wise; and

16 “(5) to pay fees and charges in connection with
17 sales by the Secretary of loans insured under this
18 section.

19 “RURAL HOUSING DIRECT LOAN ACCOUNT

20 “SEC. 518. (a) There is hereby created the Rural
21 Housing Direct Loan Account (hereinafter in this section
22 referred to as the ‘Account’) which shall be used by the Sec-
23 retary for carrying out the provisions of this section. There
24 are authorized to be appropriated to the Secretary such sums
25 as may be necessary for the purposes of the Account.

1 “(b) There are hereby transferred to the Account (1)
2 all funds, claims, notes, mortgages, contracts, and property,
3 and all collections and proceeds therefrom, held by the
4 Secretary under the direct loan provisions of this title, in-
5 cluding those securing notes issued by the Secretary to the
6 Secretary of the Treasury under section 511 and any un-
7 expended balance of amounts borrowed upon such notes,
8 and (2) all unexpended balances of appropriations for direct
9 loans under this title, including the fund authorized by sec-
10 tion 515 (a). All amounts hereafter borrowed by the
11 Secretary from the Secretary of the Treasury under section
12 511 shall be deposited in the Account. All collections and
13 proceeds from assets acquired by the Account shall be
14 deposited in the Account.

15 “(c) When and in such amounts as may be authorized
16 in appropriation Acts, the Secretary may issue notes to the
17 Secretary of the Treasury to obtain funds to be deposited in
18 the Account. The form, denominations, maturities, and other
19 terms and conditions of such notes shall be prescribed by
20 the Secretary with the approval of the Secretary of the
21 Treasury. Each note shall bear interest at such rate as may
22 be determined by the Secretary of the Treasury, taking into
23 consideration the current average market yields on outstand-
24 ing marketable obligations of the United States with remain-
25 ing periods to maturity comparable to the average maturi-

1 ties of the loans held by the Secretary in the Account, ad-
2 justed to the nearest one-eighth of 1 per centum, during the
3 month of June preceding the fiscal year in which the loans
4 were made. The Secretary of the Treasury is authorized and
5 directed to purchase any notes of the Secretary issued here-
6 under, and for that purpose the Secretary of the Treasury is
7 authorized to use as a public debt transaction the proceeds
8 from the sale of any securities issued under the Second
9 Liberty Bond Act, and the purposes for which such securities
10 may be issued under such Act are extended to include the
11 purchase of notes issued by the Secretary under this sub-
12 section. All redemptions, purchases, and sales by the Sec-
13 retary of the Treasury of such notes shall be treated as public
14 debt transactions of the United States.

15 “(d) The Account shall remain available to the Secre-
16 tary for the payment of interest and principal on notes issued
17 by the Secretary to the Secretary of the Treasury under sec-
18 tion 511 or this section, and for direct loans and related
19 advances under this title in such amounts as are now author-
20 ized by law and in such further amounts as shall be authorized
21 in appropriation Acts. Amounts so authorized for such loans
22 and advances shall remain available until expended.”

23 (b) Section 511 of such Act is amended—

24 (1) by inserting “direct” after “making”, and by

1 striking out “(other than loans under section 504 (b)
2 or 515 (a))”, in the first sentence;

3 (2) by striking out “, of which \$50,000,000 shall
4 be available exclusively for assistance to elderly persons
5 as provided in clause (3) of section 501 (a)”, and by
6 striking out “September 30, 1965” and inserting in
7 lieu thereof “October 1, 1969”, in the second sentence;
8 and

9 (3) by striking out “rate on outstanding marketable
10 obligations of the United States as of the last day of the
11 month preceding the issuance of the notes or obligations
12 by the Secretary” in the fifth sentence and inserting
13 in lieu thereof the following: “yields on outstanding
14 marketable obligations of the United States with remain-
15 ing periods to maturity comparable to the average ma-
16 turities of the loans held by the Secretary in the Rural
17 Housing Direct Loan Account, adjusted to the nearest
18 one-eighth of 1 per centum, during the month of June
19 preceding the fiscal year in which the loans were made”.

20 FEDERAL NATIONAL MORTGAGE ASSOCIATION SECONDARY
21 MARKET OPERATIONS FOR INSURED RURAL HOUSING
22 LOANS

23 SEC. 904. (a) Section 302 (b) of the National Housing
24 Act is amended—

(1) by inserting immediately after “which are insured under the National Housing Act” the following:

“or title V of the Housing Act of 1949”;

(2) by inserting after “any mortgage” in clause (2) of the proviso the following: “, except a mortgage insured under title V of the Housing Act of 1949,”; and

(3) by inserting before the period in the last sentence the following: “or title V of the Housing Act of 1949”.

(b) Section 303 (b) of such Act is amended by inserting “and other” after “private” in the first sentence.

EXTENSION OF RURAL HOUSING AUTHORIZATIONS

SEC. 905. (a) Section 512 of the Housing Act of 1949 is amended by striking out “September 30, 1965” and inserting in lieu thereof “October 1, 1969”.

(b) Section 513 of such Act is amended—

(1) by striking out “September 30, 1965” in clause

(b) and inserting in lieu thereof “October 1, 1969”;

(2) by striking out “\$10,000,000” in clause (c) and inserting in lieu thereof “\$50,000,000”, and by striking out “September 30, 1965” in the same clause and inserting in lieu thereof “October 1, 1969”; and

(3) by striking out “September 30, 1965” in clause

(d) and inserting in lieu thereof “October 1, 1969”.

1 (c) Section 515 (b) (5) of such Act is amended by
2 striking out "September 30, 1965" and inserting in lieu
3 thereof "October 1, 1969".

4 (d) Section 506 (a) of such Act is amended by strik-
5 ing out "sections 501 to 504, inclusive, and sections 514-
6 516", each place it occurs and inserting in lieu thereof "this
7 title".

8 PAYMENT OF INTEREST TO THE TREASURY ON

9 APPROPRIATIONS FOR RURAL HOUSING LOANS

10 SEC. 906. Title V of the Housing Act of 1949 is
11 amended by adding at the end thereof (after the new sec-
12 tions added by section 903 of this Act) the following new
13 section:

14 "INTEREST ON APPROPRIATIONS FOR RURAL HOUSING
15 LOANS

16 "SEC. 519. (a) The Secretary shall pay to the Secretary
17 of the Treasury interest at a rate determined under the
18 formula contained in section 517 (h) or 518 (c) (as may be
19 applicable) on any portion of any future appropriations
20 deposited in the Rural Housing Insurance Fund or the
21 Rural Housing Direct Loan Account for the purpose of mak-
22 ing loans (as distinguished from appropriations for the
23 purpose of restoring losses or expenditures from such Fund
24 or Account). Such interest shall be payable annually upon

1 any sum so deposited until an amount equal to such sum
 2 is paid from the Fund or Account to which it was deposited
 3 and returned to miscellaneous receipts of the Treasury.

4 “(b) Any sums in the Rural Housing Insurance Fund
 5 or the Rural Housing Direct Loan Account which the Sec-
 6 retary determines are in excess of amounts needed to meet
 7 the obligations and carry out the purposes of such Fund or
 8 Account shall be returned to miscellaneous receipts of the
 9 Treasury.”

10 DEFINITION OF A RURAL AREA

11 SEC. 907. Title V of the Housing Act of 1949 is
 12 amended by adding at the end thereof (after the new section
 13 added by section 906 of this Act) the following new section:

14 “SEC. 520. The terms ‘rural’ and ‘rural area’ as used
 15 in this title mean any area, open country, place, town, vil-
 16 lage, or city having a population of 5,500 inhabitants or less
 17 that is not part of or associated with an urban area.”

18 TITLE X—MISCELLANEOUS

19 AUTHORIZATION FOR URBAN PLANNING GRANTS

20 SEC. 1001. (a) Section 701 (b) of the Housing Act of
 21 1954 is amended by striking out “not exceeding \$105,000,-
 22 000” in the fifth sentence and inserting in lieu thereof “such
 23 amounts as may be necessary”.

1 (b) Section 701 of such Act is further amended by
2 adding at the end thereof the following new subsection:

3 “(g) No grant shall be made under this section after
4 October 1, 1969, except pursuant to a contract or commit-
5 ment entered into on or before such date.”

6 AUTHORIZATION FOR FEDERAL-STATE TRAINING PROGRAMS

7 SEC. 1002. (a) Section 802 (d) of the Housing Act of
8 1964 is amended (1) by striking out “for grants under this
9 part”, and (2) by striking out “not to exceed \$10,000,000”
10 and inserting in lieu thereof “such amounts as may be
11 necessary to carry out the purposes of this part”.

12 (b) Section 802 of such Act is further amended by
13 adding at the end thereof the following new subsection:

14 “(e) No grant shall be made under this part after
15 October 1, 1969, except pursuant to a contract or commit-
16 ment entered into on or before such date.”

17 (c) Section 803 of such Act is amended (1) by striking
18 out “authorized to be”, and (2) by striking out “by section
19 802 (d)” and inserting in lieu thereof “for the purposes of
20 this part”.

21 AUTHORIZATION FOR PUBLIC WORKS PLANNING ADVANCES

22 SEC. 1003. (a) The second sentence of section 702 (e)
23 of the Housing Act of 1954 is amended (1) by striking out
24 “Housing Act of 1964” and inserting in lieu thereof

1 “Housing and Urban Development Act of 1965”, and (2)
2 by striking out “, not to exceed \$20,000,000,”.

3 (b) Section 702 of such Act is further amended by
4 adding at the end thereof the following new subsection:

5 “(i) No advance shall be made under this section after
6 October 1, 1969, except pursuant to a contract or commit-
7 ment entered into on or before such date.”

8 ADVISORY COMMITTEES—TECHNICAL PROVISION

9 SEC. 1004. Section 601 of the Housing Act of 1949
10 is amended by striking out the second sentence.

11 PUBLIC FACILITY LOANS TO NONPROFIT CORPORATIONS

12 SEC. 1005. Section 202 (c) of the Housing Amend-
13 ments of 1955 is amended by adding at the end thereof
14 the following new sentence: “Notwithstanding any other
15 provision of this title, the Administrator may extend finan-
16 cial assistance, as otherwise authorized by clause (1) of
17 subsection (a) of this section, to private nonprofit corpora-
18 tions to finance the construction of works for the storage,
19 treatment, purification, or distribution of water or the con-
20 struction of sewage, sewage treatment, and sewer facilities,
21 if needed to serve such smaller municipalities, upon a deter-
22 mination that no existing public body is able to construct
23 and operate such facilities.”

FHA CONFORMING AMENDMENTS

SEC. 1006. (a) Section 2 (f) of the National Housing Act is amended by striking out all that follows the first sentence.

(b) Section 8 of such Act is amended—

(1) by striking out “Title I Housing Insurance Fund” in subsection (g) and inserting in lieu thereof “General Insurance Fund”; and

(2) by striking out subsections (h) and (i).

(c) Section 203 (k) of such Act is amended—

(1) by striking out “a separate section 203 Home Improvement Account to be maintained as hereinafter provided under the Mutual Mortgage Insurance Fund” in clause (3) of the first sentence and inserting in lieu thereof “the General Insurance Fund”;

(2) by striking out “the section 203 Home Improvement Account or in debentures executed in the name of such Account” in clause (4) of the first sentence and inserting in lieu thereof “the General Insurance Fund or in debentures executed in the name of such Fund”;

(3) by striking out all of the third sentence which follows “refer to this section 203 (k)” and inserting in lieu thereof a period; and

1 (4) by striking out the fourth, fifth, and sixth
2 sentences.

3 (d) Section 204 of such Act is amended—

4 (1) by striking out “or section 210” in the first
5 sentence of subsection (a) ;

6 (2) by striking out all of the second sentence of
7 subsection (c) after “the mortgagee” and inserting in
8 lieu thereof “from the Mutual Mortgage Insurance
9 Fund.”;

10 (3) by striking out all of the first sentence of sub-
11 section (d) after “shall be negotiable” the first place it
12 appears and inserting in lieu thereof a period;

13 (4) by striking out “the Fund” each place it ap-
14 pears in subsection (d) and inserting in lieu thereof
15 “the Mutual Mortgage Insurance Fund”;

16 (5) by striking out “or the Housing Fund, as the
17 case may be,” in the fifth sentence of subsection (d) ;

18 (6) by striking out “or the Housing Fund” in the
19 sixth sentence of subsection (d) ; and

20 (7) by striking out the matter in subsection (f) (1)
21 (i) which follows “section 203” and precedes the
22 colon.

23 (e) Section 207 of such Act is amended—

1 (1) by striking out “and section 210” in the first
2 sentence of subsection (d) ;

3 (2) by striking out “of the Housing Insurance
4 Fund issued by the Commissioner under this title” in
5 the first sentence of subsection (d) and inserting in lieu
6 thereof the following: “issued by the Commissioner
7 under any title and section of this Act, except debentures
8 of the Mutual Mortgage Insurance Fund”;

9 (3) by striking out subsections (f), (m), and (p) ;
10 and

11 (4) by striking out “the Housing Insurance Fund”
12 and “the Housing Fund” each place they appear in
13 subsections (b), (h), (i), (j), (k), and (l) and in-
14 serting in lieu thereof “the General Insurance Fund”.

15 (f) Section 209 of such Act is amended by striking out
16 “or account or accounts,” in the second sentence.

17 (g) Section 213 of such Act is amended—

18 (1) by striking out “the Housing Fund” in subsec-
19 tion (a) (3) and inserting in lieu thereof “the General
20 Insurance Fund”; and

21 (2) by striking out “(l), (m), (n), and (p)” in
22 subsection (e) and inserting in lieu thereof “(l), and
23 (n)”.

24 (h) Section 220 of such Act is amended—

25 (1) by striking out “the section 220 Housing

Insurance Fund" each place it appears in subsections (d) (2) and (f) and inserting in lieu thereof "the General Insurance Fund";

(2) by inserting "and" immediately before "(B)" in the second full sentence in subsection (f) (3), and by striking out ", and (C)" and all that follows in such sentence and inserting in lieu thereof a period;

(3) by striking out subsections (g) and (h) (4);

and

(4) by striking out "the section 220 Home Improvement Account" each place it appears in subsections (h) (5) and (h) (7) and inserting in lieu thereof "the General Insurance Fund".

(i) Section 221 of such Act is amended—

(1) by striking out "the section 221 Housing Insurance Fund" each place it appears in subsections (d) (4), (f), (g) (1), and (g) (3) and inserting in lieu thereof "the General Insurance Fund";

(2) by striking out all of subsection (g) (2) after "mortgages insured under this section" and inserting in lieu thereof "; or";

(3) by inserting "and" immediately before "(B)" in the first full sentence in subsection (g) (3), and by striking out ", and (C)" and all that follows in such sentence and inserting in lieu thereof a period; and

1 (4) by striking out subsection (h).

2 (j) Section 222 of such Act is amended—

3 (1) by striking out “Servicemen’s Mortgage In-
4 surance Fund” in subsection (e) and inserting in lieu
5 thereof “General Insurance Fund”; and

6 (2) by striking out subsection (f).

7 (k) Section 229 of such Act is amended by striking out
8 “and Accounts” in the first sentence.

9 (l) Section 231 of such Act is amended—

10 (1) by striking out “the section 207 Housing In-
11 surance Fund” in subsection (c) (4) and inserting in
12 lieu thereof “the General Insurance Fund”; and

13 (2) by striking out “(f), (g), (h), (i), (j), (k),
14 (l), (m), (n), and (p)” in subsection (e) and in-
15 serting in lieu thereof “(g), (h), (i), (j), (k), (l),
16 and (n)”.

17 (m) Section 232 of such Act is amended—

18 (1) by striking out “the section 207 Housing In-
19 surance Fund” in subsection (d) (1) and inserting in
20 lieu thereof “the General Insurance Fund”; and

21 (2) by striking out “(f), (g), (h), (i), (j), (k),
22 (l), (m), (n), and (p)” in subsection (f) and insert-
23 ing in lieu thereof “(g), (h), (i), (j), (k), (l),
24 and (n)”.

1 (n) Section 233 of such Act is amended—

2 (1) by striking out “the Experimental Housing
3 Insurance Fund” in clause (1) of the third sentence
4 of subsection (f) and inserting in lieu thereof “the
5 General Insurance Fund”;

6 (2) by inserting “and” immediately before “(2)”
7 in the third sentence of subsection (f), and by striking
8 out “, and (3)” and all that follows and inserting in
9 lieu thereof a period; and

10 (3) by striking out subsection (g).

11 (o) Section 234 of such Act is amended—

12 (1) by striking out “the Apartment Unit Insurance
13 Fund” in subsections (d) (2) and (g) and inserting
14 in lieu thereof “the General Insurance Fund”;

15 (2) by striking out subsection (h) and inserting
16 in lieu thereof the following:

17 “(h) The provisions of subsections (d), (e), (g),
18 (h), (i), (j), (k), (l), and (n) of section 207 shall be
19 applicable to mortgages insured under subsection (d) of this
20 section.”; and

21 (3) by striking out subsection (i) and redesignat-
22 ing subsection (j) as subsection (i).

23 (p) Section 604 of such Act is amended by striking out

1 “the War Housing Insurance Fund” each place it appears in
2 subsections (c), (d), and (f) (1) (i) and inserting in lieu
3 thereof “the General Insurance Fund”.

4 (q) Section 608 of such Act is amended—

5 (1) by striking out “the War Housing Insurance
6 Fund” each place it appears in subsections (b) (1) and
7 (d) and inserting in lieu thereof “the General Insur-
8 ance Fund”; and

9 (2) by striking out subsection (f) and inserting
10 in lieu thereof the following:

11 “(f) The provisions of section 207 (k) of this Act shall
12 be applicable to mortgages insured under this section, except
13 that, as applied to such mortgages, the reference therein to
14 subsection (g) shall be construed to refer to subsection (c)
15 of this section.”

16 (r) The first sentence of section 609 (f) of such Act is
17 amended by striking out clause (1) and redesignating clauses
18 (2), (3), and (4) as clauses (1), (2), and (3),
19 respectively.

20 (s) Section 707 of such Act is amended by striking
21 out “the Housing Investment Insurance Fund” and insert-
22 ing in lieu thereof “the General Insurance Fund”.

23 (t) Section 708 of such Act is amended by striking out
24 “the Housing Investment Insurance Fund” each place it

1 appears in subsections (c), (e), (g), and (h) and inserting
2 in lieu thereof "the General Insurance Fund".

3 (u) Section 803 of such Act is amended—

4 (1) by striking out "the Armed Services Housing
5 Mortgage Insurance Fund" each place it appears in
6 subsections (b) (1), (b) (2), (e), (f), and (g) and
7 inserting in lieu thereof "the General Insurance Fund";
8 and

9 (2) by striking out subsection (h) and inserting in
10 lieu thereof the following:

11 "(h) The provisions of section 207 (k) and section 207
12 (l) of this Act shall be applicable to mortgages insured un-
13 der this title and to property acquired by the Commissioner
14 hereunder, except that, as applied to such mortgages and
15 property, the reference in section 207 (k) to subsection (g)
16 shall be construed to refer to subsection (d) of this section."

17 (v) Section 809 of such Act is amended by striking out
18 "the Armed Services Housing Mortgage Insurance Fund"
19 each place it appears in subsections (b), (e), and (g)
20 and inserting in lieu thereof "the General Insurance Fund".

21 (w) Section 810 of such Act is amended—

22 (1) by striking out "the Armed Services Housing
23 Mortgage Insurance Fund" in subsection (e) and in-
24 serting in lieu thereof "the General Insurance Fund";

1 (2) by striking out “(l), (m), (n), and (p)” in
2 subsection (j) and inserting in lieu thereof “(l), and
3 (n)” ; and

4 (3) by striking out the proviso in subsection (j)
5 and inserting in lieu thereof the following: “: *Provided*,
6 That wherever the words ‘Fund’ or ‘Mutual Mortgage
7 Insurance Fund’ appear in section 204, such reference
8 shall refer to the General Insurance Fund with respect
9 to mortgages insured under this section”.

10 (x) Section 903 of such Act is amended by striking
11 out “the National Defense Housing Insurance Fund” each
12 place it appears in subsection (a) and inserting in lieu
13 thereof “the General Insurance Fund”.

14 (y) Section 904 of such Act is amended—

15 (1) by striking out “the National Defense Housing
16 Insurance Fund” each place it appears in subsections
17 (c) and (d) and inserting in lieu thereof “the General
18 Insurance Fund”; and

19 (2) by striking out all of subsection (e) which
20 follows “of this Act” and inserting in lieu thereof a
21 period.

22 (z) Section 908 of such Act is amended—

23 (1) by striking out “the National Defense Housing
24 Insurance Fund” in subsection (b) (1) and inserting in
25 lieu thereof “the General Insurance Fund”;

1 (2) by striking out all of subsection (d) which
2 follows "of this Act" and inserting in lieu thereof a
3 period; and

4 (3) by striking out subsection (f) and inserting in
5 lieu thereof the following:

6 “(f) The provisions of section 207(k) and section
7 207(1) of this Act shall be applicable to mortgages insured
8 under this section and to property acquired by the Com-
9 missioner hereunder, except that, as applied to such mort-
10 gages and property, the reference therein to subsection (g)
11 shall be construed to refer to subsection (c) of this section.”

12 (aa) Sections 219, 602, 605, 710, 802, 804, 902, and
13 905 of such Act are repealed.

14 SAVINGS AND LOAN ASSOCIATIONS

15 SEC. 1007. Section 5(c) of the Home Owners' Loan
16 Act of 1933 is amended—

17 (1) by adding at the end of the first paragraph
18 the following new sentence: “Loans on the security of
19 buildings substantially all of which are used or are to be
20 used after completion for college dormitories, fraternity
21 houses, or sorority houses, or for residential purposes by
22 the staffs of community hospitals, shall be considered as
23 loans on ‘other dwelling units’ for the purposes of this
24 subsection.”;

1 (2) by inserting before the period at the end of
2 the next to last paragraph (as determined without re-
3 gard to the new paragraphs added by this Act) the
4 following: “: *Provided*, That in any State or area within
5 a State where the Board shall find that a substantial part
6 of the land occupied by or suitable for residential struc-
7 tures is available for purchase only on a leasehold basis,
8 any such association may make a loan on the security of
9 a first lien on the remainder of the term of any such
10 leasehold which extends or is renewable for at least ten
11 years beyond the maturity of such loan”;

12 (3) by adding at the end thereof (after the new
13 paragraph added by section 201 (b) (3) of this Act)
14 the following new paragraph:

15 “Any building association, building and loan association,
16 or savings and loan association organized and operating
17 under the laws of the District of Columbia shall have the
18 same powers with respect to the investment of its assets
19 as are authorized for Federal savings and loan associations
20 under this subsection, and shall be governed by such regula-
21 tions as the Board may prescribe in relation to the exercise
22 of such powers by Federal savings and loan associations; and

23 (4) by adding at the end thereof (after all other ad-
24 ditions made by this Act) the following new paragraph:
25 “No building and loan association incorporated under

1 the laws of the District of Columbia or organized in said Dis-
2 trict or doing business in said District shall establish any
3 branch or move its principal office or any branch without the
4 prior written approval of the Federal Home Loan Bank
5 Board, and no other building and loan association shall estab-
6 lish any branch in said District or move its principal office or
7 any branch in said District without such approval. As used
8 in the sentence next preceding, 'branch' means any office,
9 place of business, or facility, other than the principal office
10 as defined by said Board, of a building and loan association
11 at which accounts are opened or payments thereon are re-
12 ceived or withdrawals therefrom are paid, or any other office,
13 place of business, or facility of a building and loan association
14 defined by said Board as a branch within the meaning of
15 said sentence, and as used in said sentence and in this sen-
16 tence 'building and loan association' means any incorporated
17 or unincorporated building, building or loan, building and
18 loan, savings and loan, or homestead association or coopera-
19 tive bank."

20 URBAN RENEWAL PROJECT IN JOHNSON CITY, TENNESSEE

21 SEC. 1008. Notwithstanding the date of commencement
22 of the installation of certain underground electrical wiring in
23 Johnson City, Tennessee, expenditures made in connection
24 with such installation shall, to the extent otherwise eligible,
25 be counted as a local grant-in-aid to Johnson City's proposed

1 downtown urban renewal project (Tennessee R-80) in ac-
2 cordance with the provisions of title I of the Housing Act of
3 1949.

4 ACQUISITION OF CERTAIN PROPERTIES SITUATED AT OR
5 NEAR MILITARY BASES WHICH HAVE BEEN ORDERED TO
6 BE CLOSED

7 SEC. 1009. (a) The Secretary of Defense is authorized
8 to acquire title to any property, improved with a one- or
9 two-family dwelling, which is situated at or near a military
10 base or installation which the Department of Defense has,
11 subsequent to November 1, 1964, ordered to be closed in
12 whole or in part, if he determines—

13 (1) that the owner of such property is, or has been,
14 employed or performing military service at such base
15 or installation;

16 (2) that the closing of such base or installation, in
17 whole or in part, has required or will require the ter-
18 mination of such owner's employment or service at
19 such base or installation; and

20 (3) that as the result of the actual or pending
21 closing of such base or installation there is no present
22 market for the sale of such property upon reasonable
23 terms and conditions.

24 (b) The purchase price of any property which is situ-
25 ated at or near a military base or installation and is acquired

1 under this section shall be equal to an amount determined by
2 the Secretary of Defense to be the average price at which
3 properties, similar in size, construction, condition, and loca-
4 tion to that of the property to be acquired, were sold during
5 a representative period, as determined by the Secretary,
6 prior to the announcement of the intention of the Depart-
7 ment of Defense to close all or part of such base or
8 installation.

9 (c) The title to any property acquired under this sec-
10 tion shall be free and clear of any outstanding liens or encum-
11 brances and shall conform to such requirements as the
12 Secretary of Defense shall by regulation require. Such reg-
13 ulations shall also prescribe the terms and conditions under
14 which payments may be made under this section, and deci-
15 sions by the Secretary regarding such payments, and the
16 terms and conditions under which the same are approved or
17 disapproved, shall be final and conclusive and shall not be
18 subject to judicial review.

19 (d) Properties acquired under this section shall be
20 transferred to the Federal Housing Commissioner, and the
21 Federal Housing Commissioner shall have power to deal
22 with, rent, renovate, or sell for cash or credit any properties
23 so transferred. Receipts from the management or sale of
24 any such properties may be utilized by the Commissioner
25 to defray expenses arising in connection with the manage-

1 ment of such properties, and any part of such receipts not
 2 required for such expenses shall be covered into the Treas-
 3 ury as miscellaneous receipts.

4 (e) Section 223 (a) of the National Housing Act is
 5 amended—

6 (1) by striking out the period at the end of para-
 7 graph (7) and inserting in lieu thereof “; or”; and

8 (2) by inserting after paragraph (7) a new para-
 9 graph as follows:

10 “(8) executed in connection with the sale by the
 11 Commissioner of any housing acquired pursuant to sec-
 12 tion 108 of the Housing and Urban Development Act
 13 of 1965.”

14 (f) Such sums as may be necessary to carry out the
 15 provisions of this section are hereby authorized to be appro-
 16 priated, and any sums so appropriated shall remain available
 17 until expended.

18 MORTGAGE RELIEF FOR HOMEOWNERS WHO ARE UNEM-
 19 PLOYED AS THE RESULT OF THE CLOSING OF A FED-
 20 ERAL INSTALLATION

21 SEC. 1010. (a) For the purposes of this section—

22 (1) The term “mortgage” means a mortgage which

23 (A) is insured under the National Housing Act, or (B)

24 secures a home loan guaranteed or insured under the Service-

1 men's Readjusment Act of 1944 or chapter 37 of title 38,
2 United States Code.

3 (2) The term "Federal mortgage agency" means—

4 (A) the Federal Housing Commissioner when used
5 in connection with mortgages insured under the National
6 Housing Act, and

7 (B) the Administrator of Veterans' Affairs when
8 used in connection with mortgages securing home loans
9 guaranteed or insured under the Servicemen's Readjust-
10 ment Act of 1944 or chapter 37 of title 38, United
11 States Code.

12 (3) The term "distressed mortgagor" means an indi-
13 vidual who—

14 (A) is unemployed, although willing to work, as
15 the result of the closing (in whole or in part) of a
16 Federal installation, and

17 (B) is the owner-occupant of a dwelling upon
18 which there is a mortgage securing a loan which is in
19 default because of the inability of such individual to
20 make payments of principal and/or interest under such
21 mortgage.

22 (b) (1) Any distressed mortgagor, for the purpose
23 of avoiding foreclosure of his mortgage, may apply to the
24 appropriate Federal mortgage agency for a determination

1 that suspension of his obligation to make payments of prin-
2 cipal and/or interest under such mortgage during a tem-
3 porary period is necessary in order to avoid such foreclosure.

4 (2) Upon receipt of an application made under this sub-
5 section by a distressed mortgagor, the Federal mortgage
6 agency shall issue to such mortgagor a certificate of mora-
7 torium if it determines, after consultation with the interested
8 mortgagee, that—

9 (A) the mortgagor is not in default with respect to
10 any condition or covenant of the mortgage other than
11 that requiring the payment of installments of principal
12 and/or interest under the mortgage, and

13 (B) such action is the only available means where-
14 by a foreclosure of such mortgage can be avoided.

15 (3) Prior to the issuance to any distressed mortgagor of
16 a certificate of moratorium under paragraph (2), the Fed-
17 eral mortgage agency shall require such mortgagor to enter
18 into a binding agreement under which he will be required to
19 make payments to such agency, after the expiration of such
20 certificate, in an aggregate amount equal to the amount paid
21 by such agency in behalf of such mortgagor as provided in
22 subsection (c). The manner and time in which such pay-
23 ments shall be made shall be determined by the Federal
24 mortgage agency having due regard to the purposes sought
25 to be achieved by this section.

1 (4) Any certificate of moratorium issued under this
2 subsection shall expire on whichever of the following dates
3 is the earliest—

4 (A) three years from the date on which such
5 certificate is issued;

6 (B) thirty days after the date on which the mort-
7 gator to whom such certificate is issued ceases to be a
8 distressed mortgagor as defined in subsection (a); or

9 (C) the date on which such mortgagor becomes in
10 default with respect to any condition or covenant in his
11 mortgage other than that requiring the payment by him
12 of installments of principal and/or interest under the
13 mortgage.

14 (c) (1) Whenever a Federal mortgage agency issues
15 a certificate of moratorium to any distressed mortgagor
16 with respect to any mortgage, it shall transmit to the mort-
17 gagee a copy of such certificate, together with a notice stat-
18 ing that, while such certificate is in effect, such agency will
19 assume the obligation of such mortgagor to make payments
20 of principal, and if so specified in the certificate, of interest,
21 under the mortgage.

22 (2) Payments made by any Federal mortgage agency
23 pursuant to a certificate of moratorium issued under this
24 section with respect to the mortgage of any distressed mort-

1 gagor shall include, in addition to the payments referred to
2 in paragraph (1), an amount equal to the unpaid principal
3 and interest charges which had accrued under such mort-
4 gage prior to the issuance of such certificate and subsequent
5 to the date on which such mortgagor became a distressed
6 mortgagor as defined in subsection (a).

7 (3) While any certificate of moratorium issued under
8 this section is in effect with respect to the mortgage of any
9 distressed mortgagor, no further payments of principal, and
10 if so specified in the certificate, of interest, under the mort-
11 gage shall be required of such mortgagor, and no action
12 (legal or otherwise) shall be taken or maintained by the
13 mortgagee to enforce or collect such payments. Upon the
14 expiration of such certificate, the mortgagor shall again be
15 liable for the payment of all amounts due under the mort-
16 gage in accordance with its terms.

17 (4) Each Federal mortgage agency shall give prompt
18 notice in writing to the interested mortgagor and mortgagee
19 of the expiration of any certificate of moratorium issued by
20 it under this section.

21 (d) The Federal mortgage agencies are authorized to
22 issue such individual and joint regulations as may be neces-
23 sary to carry out this section and to insure the uniform
24 administration thereof.

25 (e) There shall be in the Treasury (1) a fund which

1 shall be available to the Federal Housing Commissioner for
2 the purpose of extending financial assistance in behalf of
3 distressed mortgagors as provided in subsection (c), and (2)
4 a fund which shall be available to the Administrator of Vet-
5 erans' Affairs for the same purpose. The capital of each
6 such fund shall consist of such sums as may, from time to
7 time, be appropriated thereto, and any sums so appropriated
8 shall remain available until expended. Receipts arising from
9 the programs of assistance under subsection (c) shall be
10 credited to the fund from which such assistance was ex-
11 tended. Moneys in either of such funds not needed for cur-
12 rent operations, as determined by the Federal Housing
13 Commissioner, or the Administrator of Veterans' Affairs,
14 as the case may be, shall be invested in bonds or other
15 obligations of the United States, or paid into the Treasury
16 as miscellaneous receipts.

17 (f) Section 1816 of title 38, United States Code, is
18 amended by inserting "(a)" before the text of such section,
19 and by adding at the end thereof a new subsection as
20 follows:

21 "(b) With respect to any loan made under section
22 1811 which has not been sold as provided in subsection
23 (g) of such section, if the Administrator finds after there
24 has been a default in the payment of any installment of

1 principal or interest owing on such loan, that the default
2 was due to the fact that the veteran who is obligated under
3 the loan has become unemployed as the result of the closing
4 (in whole or in part) of a Federal installation, he shall
5 (1) extend the time for curing the default to such time
6 as he determines is necessary and desirable to enable such
7 veteran to complete payments on such loan, including an
8 extension of time beyond the stated maturity thereof, or
9 (2) modify the terms of such loan for the purpose of chang-
10 ing the amortization provisions thereof by recasting, over
11 the remaining term of the loan, or over such longer period
12 as he may determine, the total unpaid amount then due
13 with the modification to become effective currently or upon
14 the termination of an agreed-upon extension of the period
15 for curing the default.”

16 REPAYMENT OF CERTAIN PLANNING GRANTS

17 SEC. 1011. Notwithstanding any other provision of law,
18 no advance made under section 501 of Public Law 458,
19 Seventy-eighth Congress; Public Law 352, Eighty-first Con-
20 gress; or section 702, Housing Act of 1954, Public Law 560,
21 Eighty-third Congress, for the planning of any public works
22 project shall be required to be repaid if construction of such
23 project has been heretofore or is hereafter initiated as a result
24 of a grant-in-aid made from an allocation made by the Presi-
25 dent under the Public Works Acceleration Act.

1 TRANSFER OF LAND FOR URBAN RENEWAL PURPOSES BY
2 HOUSING AUTHORITY OF THE CITY OF MACON, GEORGIA

3 SEC. 1012. (a) Notwithstanding the provisions of title
4 I of the Housing Act of 1949 and the United States Housing
5 Act of 1937, the Housing and Home Finance Administrator
6 and the Public Housing Commissioner are authorized and
7 directed to consent to the transfer by the Housing Authority
8 of the City of Macon, Georgia, to the Urban Renewal De-
9 partment of the City of Macon, Georgia, of all property ac-
10 quired by the Housing Authority for low-rent housing project
11 numbered Georgia 7-8, on condition that (1) an amount
12 which, together with any funds of the Housing Authority
13 available for the purpose, is sufficient to pay and discharge all
14 obligations incurred by the Housing Authority in connec-
15 tion with such low-rent housing project and owing at the time
16 of transfer, will be paid by the Urban Renewal Department
17 of the City of Macon to the Public Housing Administration
18 to be applied in satisfaction of the Housing Authority's obli-
19 gations which it cannot meet with its own funds available for
20 the purpose, and (2) the total amount so paid by the Urban
21 Renewal Department of the City of Macon will be included
22 in the gross project cost of its Coliseum Urban Renewal
23 Project, Georgia R-95.

24 (b) The Housing and Home Finance Administrator and

1 the Public Housing Commissioner are authorized to modify
2 any contracts heretofore entered into and to take any other
3 appropriate action necessary to carry out the provisions of
4 subsection (a).

5 URBAN RENEWAL PROJECT IN SAVANNAH, GEORGIA

6 SEC. 1013. (a) Notwithstanding any provision of the
7 Housing Act of 1949 or any other provision of law, the
8 urban renewal project in Savannah, Georgia, known as
9 Project "J" in the General Neighborhood Renewal Plan for
10 the Broad Street-Canal Urban Renewal Area adopted by
11 resolution of the Mayor and Aldermen of the City of
12 Savannah on November 18, 1958, may include the donation
13 by Housing Authority of Savannah, by a suitable instrument
14 of conveyance, of the right, title, and interest of the Author-
15 ity in and to all or any portion of the land included within
16 the boundaries of such Project "J" in the City of Savannah,
17 Chatham County, Georgia, the area of such Project "J"
18 being generally bounded on the North by properties of the
19 Central of Georgia Railway Company, on the East by West
20 Broad Street, on the South by the right-of-way for Interstate
21 Highway No. I-16, and on the West by the Savannah and
22 Ogeechee Canal and West Boundary Street.

23 (b) The conveyance authorized to be included in the
24 urban renewal project under subsection (a) of this section
25 shall be made only if the donee represents, and furnishes such

1 assurances as may be required by Housing Authority of
2 Savannah, that such donee will develop, preserve, and
3 operate such property on a non-profit basis as a historical
4 site or monument.

5 URBAN RENEWAL PROJECT IN OTTUMWA, IOWA

6 SEC. 1014. Notwithstanding the June, 1956 commence-
7 ment of certain flood control work in Ottumwa, Iowa, local
8 expenditures in connection with such flood control work
9 shall, to the extent otherwise eligible, be counted as a local
10 grant-in-aid to the Marina Gateway urban renewal project
11 (Iowa R-12) in accordance with the provisions of Title I
12 of the Housing Act of 1949.

Passed the House of Representatives June 30, 1965.

Attest:

RALPH R. ROBERTS,

Clerk.

89TH CONGRESS
1ST SESSION

H. R. 7984

AN ACT

To assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities.

JULY 6, 1965

Read twice and ordered to be placed on the calendar



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 89th CONGRESS, FIRST SESSION

Vol. 111

WASHINGTON, TUESDAY, JULY 6, 1965

No. 121

Senate

The Senate met at 12 o'clock meridian, and was called to order by the President pro tempore.

Rev. Clair M. Cook, Th. D., Methodist clergyman, and legislative assistant to Senator VANCE HARTKE, offered the following prayer:

O Thou God of our fathers, we recall today the mercy and the bounty Thou hast shown this fair land in the 189 years of our Nation's independence.

O Thou God of our children, we look to the future years far beyond our own lifespan, in the confidence that Thou wilt continue to raise up wise and righteous leaders.

O Thou God of our own confession, as we resume our labors once more this day, let our vision range from the far past to the unseen future, with imaginative dedication to the needs of our people.

To these representatives of the old, the young, and of all citizens of all kinds and conditions, Thou, as well as they, hast entrusted a heavy responsibility, for this is a nation of laws whose basic concepts of right and wrong derive from Thine own laws of truth and righteousness.

Before us are great issues whose decisions will alter the lives of millions in the years to come. Give guidance as those decisions are debated and determined in the free processes of free government. As the sweep of history moves forward in time, let us be aware that we are a part of Thy will for the destinies of men upon the earth.

Lift up our spirits, and inspire our vision. Let us see beyond the narrow range of political issues to the deepest meaning of the consequence of decision. Infuse us with strong desire for the greatest good, that we may be in harmony with Thine own desires. Thus may we this day be lifted above the petty to the greatness that is our national heritage, and to the expanding of life's good for all, in compassion, in wisdom, and in truth. Amen.

THE JOURNAL

On request by Mr. LONG of Louisiana, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, July 1, and Friday, July 2, 1965, was dispensed with.

REPORTS OF A COMMITTEE SUBMITTED DURING ADJOURNMENT

Under authority of the order of the Senate of July 1, 1965, the following reports of a committee were submitted on July 1, 1965:

By Mr. MAGNUSON, from the Committee on Commerce, with amendments:

S. 949. A bill to promote economic growth by supporting State and regional centers to place the findings of science usefully in the hands of American enterprise (Rept. No. 421); and

S. 1459. A bill to amend the Federal Power Act, as amended, in respect of the jurisdiction of the Federal Power Commission over nonprofit cooperatives (Rept. No. 420).

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States, transmitting nominations, was communicated to the Senate by Mr. Geisler, one of his secretaries.

EXECUTIVE MESSAGE REFERRED

As in executive session,

The PRESIDENT pro tempore laid before the Senate a message from the President of the United States submitting sundry nominations, which was referred to the Committee on Post Office and Civil Service.

(For nominations this day received, see the end of Senate proceedings.)

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announced that the House had agreed to the amendments of the Senate to each of the following bills of the House:

H.R. 3708. An act to provide assistance in the development of new or improved programs to help older persons through grants to the States for community planning and services and for training, through research, development, or training project grants, and to establish within the Department of Health, Education, and Welfare an operating agency to be designated as the "Administration on Aging"; and

H.R. 5874. An act to amend Public Law 815, 81st Congress, with respect to the con-

struction of school facilities for children in Puerto Rico, Wake Island, Guam, or the Virgin Islands for whom local educational agencies are unable to provide education.

The message also announced that the House had passed a bill (H.R. 7984) to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities, in which it requested the concurrence of the Senate.

The message communicated to the Senate the intelligence of the death of Hon. T. Ashton Thompson, late a Representative from the State of Louisiana, and transmitted the resolutions of the House thereon.

HOUSE BILL PLACED ON CALENDAR

The bill (H.R. 7984) to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities was read twice by its title and ordered to be placed on the calendar.

LIMITATION ON STATEMENTS DURING TRANSACTION OF ROUTINE MORNING BUSINESS

On request by Mr. LONG of Louisiana, and by unanimous consent, statements during the transaction of routine morning business were ordered limited to 3 minutes.

COMMITTEE MEETINGS DURING SENATE SESSION

On request by Mr. LONG of Louisiana, and by unanimous consent, the Committee on Foreign Relations and the Subcommittee on Trade Marks, Patents, and Copyrights of the Committee on the Judiciary were authorized to meet during the session of the Senate today.

EXECUTIVE COMMUNICATIONS,
ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

CASH EQUALIZATION OF EXCHANGES FOR
CERTAIN LANDS

A letter from the Secretary of Agriculture, transmitting a draft of proposed legislation to authorize the Secretary of Agriculture to accept a cash equalization of exchanges for lands under his jurisdiction, and for other purposes (with an accompanying paper); to the Committee on Agriculture and Forestry.

APPROVAL OF CERTAIN LOANS BY RURAL
ELECTRIFICATION ADMINISTRATION

A letter from the Administrator, Rural Electrification Administration, Department of Agriculture, Washington, D.C., reporting, pursuant to law, the approval of a loan by that Administration to the Northern Michigan Electric Cooperative, Inc., of Boyne City, Mich. (with an accompanying paper); to the Committee on Appropriations.

A letter from the Administrator, Rural Electrification Administration, Department of Agriculture, Washington, D.C., reporting, pursuant to law, the approval of that Administration of a loan to the Wolverine Electric Cooperative, Inc., of Big Rapids, Mich. (with an accompanying paper); to the Committee on Appropriations.

REPORT ON ENTITLEMENTS FOR FEDERALLY
AFFECTED SCHOOL DISTRICTS UNDER PUBLIC
LAWS 874 AND 815

A letter from the Secretary of Health, Education, and Welfare, transmitting, pursuant to law, a report of the Commissioner of Education on Public Laws 815 and 874 (with accompanying papers); to the Committee on Labor and Public Welfare.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. BARTLETT, from the Committee on Commerce, without amendment:

H.R. 4526. An act to extend the provisions of title XII of the Merchant Marine Act, 1936, relating to war risk insurance, for an additional 5 years, ending September 7, 1970 (Rept. No. 422).

By Mr. HOLLAND, from the Committee on Appropriations, with amendments:

H.R. 8370. An act making appropriations for the Department of Agriculture and related agencies for the fiscal year ending June 30, 1966, and for other purposes (Rept. No. 423).

By Mr. MONRONEY, from the Committee on Appropriations, with amendments:

H.R. 8775. A bill making appropriations for the legislative branch for the fiscal year ending June 30, 1966, and for other purposes (Rept. No. 424).

REPORT ON DISPOSITION OF
EXECUTIVE PAPERS

Mr. MONRONEY, from the Joint Select Committee on the Disposition of Executive Papers, to which was referred for examination and recommendation a list of records transmitted to the Senate by the Archivist of the United States that appear to have no permanent value or historical interest, submitted a report thereon, pursuant to law.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. DIRKSEN (by request):
S. 2243. A bill for the relief of Walter Jacobsen; to the Committee on the Judiciary.

By Mr. BREWSTER (for himself and Mr. TYDINGS):

S. 2244. A bill to authorize the Secretary of the Army to conduct a complete investigation and study of water utilization and control of the Chesapeake Bay Basin; to the Committee on Public Works.

(See the remarks of Mr. BREWSTER when he introduced the above bill, which appear under a separate heading.)

By Mr. HART:
S. 2245. A bill for the relief of Margaret Yueh Chiaio; to the Committee on the Judiciary.

RESOLUTIONS

AMENDMENTS OF STANDING RULES
OF THE SENATE

Mr. COOPER submitted two resolutions (S. Res. 124) to amend the Standing Rules of the Senate to regulate Members, officers, and employees of the Senate to file certain reports as to their nongovernmental businesses, professional, or employment activities, and (S. Res. 125) to amend the Standing Rules of the Senate to prohibit the solicitation, custodianship, or distribution of political campaign funds by officers and employees of the Senate, which were referred to the Committee on Rules and Administration.

(See the above resolutions printed in full when submitted by Mr. COOPER, which appear under a separate heading.)

DEATH OF THE LATE T. ASHTON
THOMPSON OF LOUISIANA

Mr. LONG of Louisiana (for himself and Mr. ELLENDER) submitted a resolution (S. Res. 126) relative to the death of Representative T. Ashton Thompson, of Louisiana, which was considered and agreed to.

(See the above resolution printed in full when submitted by Mr. LONG of Louisiana (for himself and Mr. ELLENDER), which appears under a separate heading.)

STUDY OF WATER UTILIZATION
AND CONTROL OF THE CHESA-
PEAKE BAY BASIN

Mr. BREWSTER. Mr. President, earlier this week, I was pleased to participate in a meeting between Secretary of the Interior Udall and the Governors of the four States of the Potomac Valley. I am pleased to report that the leadership which the President has given to efforts at conserving and beautifying this river valley have already resulted in significant moves toward interstate and intergovernmental cooperation in the planning and execution of a vast conservation and development program.

Mr. President, I am proud to have played some part in this planning for the Potomac, but I am here today to demand that the Chesapeake Bay receive similar attention. I believe this major waterway to be one of the most neglected resources in this part of the country.

Through this giant 180-mile gateway pass American products whose manufac-

ture and shipment provide hundreds of thousands of jobs for Americans everywhere. Its geographical and navigational features attract ships from other nations and visitors from every State. They are the key to the history and prosperity of this part of our country.

The development of the bay and of the port city of Baltimore, with its modern industrial and transportation complex, have provided us with an artery of national and international commerce without parallel. This development has enabled us to continue to compete successfully in the world marketplace.

What is needed now is the corresponding development of the other rich resources of this waterway. Much too little attention has been given to its world renowned fishing grounds, its unsurpassed recreational possibilities, and its natural features of extreme beauty.

Local, State, and Federal agencies all participate today in numerous bay-connected studies and activities. The Maryland Port Authority, Department of Chesapeake Bay Affairs, Department of Health, and Board of Natural Resources are continually engaged in bay matters. So also is the Army Corps of Engineers and the U.S. Fish and Wildlife Service. The conclusions drawn by each are sometimes contradictory, and the coordination has been traditionally ad hoc.

What is lacking is central direction and testing facilities where individual proposals can be studied and evaluated, and conclusions objectively tested. What is needed is an hydraulic model of the bay with an associated technical center. This model of the bay and its associated tributaries would be capable of demonstrating tide changes, current flow, silt movements, salinity, erosion, and other important factors. It would enable scientists and engineers to work out solutions to problems for which there are now no absolute answers. It would avoid the kind of differences of opinion which have characterized the discussions of spoil disposal. It would assist the existing agencies in the performance of their missions by providing a clearinghouse and test center for all information and planning regarding the bay and its environment.

The problems of the bay and her tributaries are growing too great to be handled on a piecemeal basis. This great basin is one of the few such waterways in the United States which is not duplicated in a working scale model. The Delaware Bay, San Francisco Bay, and the Mississippi River are no more important to our Nation than the Chesapeake Bay.

Mr. President, on behalf of myself, and my colleague from Maryland [Mr. TYDINGS], I am today introducing legislation which would authorize the construction in Maryland of a 12-acre, hydraulic model of the Chesapeake Bay and an associated technical center. This legislation would also require the Army Corps of Engineers to conduct a complete study of water utilization and control in the bay and Baltimore Harbor. It would direct that the study consider problems of navigation, fisheries, flood control, water pollution, water quality control, beach

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
FOR INFORMATION ONLY;
(NOT TO BE QUOTED OR CITED)

Issued July 14, 1965
For actions of July 13, 1965
89th-1st; No. 126

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HIGHLIGHTS: Senate passed agricultural appropriation bill and independent offices appropriation bill. Senate took up housing and urban development bill. House agreed to conference report on cigarette labeling bill. House agreed to conference report on water resources bill. Rep. Cooley introduced farm bill.

SENATE

1. AGRICULTURAL APPROPRIATION BILL, 1966. By a vote of 86 to 2, passed with amendments this bill, H. R. 8370 (pp. 16034, 16035-55). Conferees were appointed (p. 16055). House conferees have not yet been appointed. Agreed to the committee amendments en bloc (pp. 16039-40). Agreed to an amendment by Sen. Hart to provide \$157 million for the school lunch program, rather than \$155 million as reported by committee, with the additional \$2 million to be used for special assistance to needy schools (pp. 16040-3). Agreed to an amendment by Sen. Bass to provide an additional \$75,000 for watershed protection which he stated was "for the purpose of allowing a comprehensive river basin study of all streams draining through Shelby County, Tenn." (pp. 16043-4).

2. INDEPENDENT OFFICES APPROPRIATION BILL, 1966. By a vote of 84 to 2, passed with amendments this bill, H. R. 7997 (pp. 16008-27). Conferees were appointed (p. 16027). House conferees have not yet been appointed. A point of order was sustained against a proposed amendment by Sen. Dirksen to provide \$6,386,800,000 for financing the U. S. liability on payments to the Civil Service retirement fund (pp. 16016-26). This bill includes funds for civil defense and defense mobilization functions of Federal agencies; disaster relief fund of the President; Civil Service Commission; Federal Power Commission; Federal Trade Commission; General Accounting Office; General Services Administration; Housing and Home Finance Agency; Interstate Commerce Commission, and National Science Foundation.
 3. D. C. APPROPRIATION BILL, 1966. Agreed to the conference report on this bill, H. R. 6453. This bill will now be sent to the President. pp. 16079-16111
 4. HOUSING. S. 2213, the housing and urban development bill was made the unfinished business (~~p. 16056~~) Sen. Douglas reviewed the purpose and certain provisions of the bill (pp. 16057-67). Sens. Tower, Javits, and Miller submitted amendments intended to be proposed to this bill (pp. 16033, 16120).
 5. SILK; FOREIGN TRADE. The Finance Committee reported with amendments H. R. 5768, to extend for an additional temporary period the existing suspension of duties on certain classifications of yarn of silk (S. Rept. 433). p. 16120
 6. MARKETING. Sen. Hart spoke in support of S. 985, the proposed truth-in-packaging bill, and inserted a letter by Mrs. Esther Peterson in support of the bill. pp. 16056-7
 7. BUDGET DEFICIT. Sen. Smathers commended the announcement that the U. S. budget deficit for fiscal 1965 was lower than originally predicted and inserted an article on the matter. pp. 16074-5
 8. RESEARCH. Sen. Proxmire expressed concern over possible Federal domination of research at colleges and universities as a result of increasing financial support of science by the Government, and inserted an article, "The Support of Science in the United States." pp. 16075-7
 9. AGRICULTURE. Sen. Morse inserted a letter reviewing economic development in Ore., including agriculture and forestry. pp. 16111-3
 10. LEGISLATIVE PROGRAM. Sen. Mansfield announced that the housing and urban development will be considered today, July 14, and, possibly, the conference report on the water resources development bill. p. 16056
- HOUSE
11. CIGARETTE LABELING. Agreed to the conference report on S. 559, the cigarette labeling bill (pp. 15959-66, 15998-9). This bill will now be sent to the President.
 12. WATER RESOURCES. Agreed to the conference report on S. 21, the proposed Water Resources Planning Act (pp. 15966, 16001-2). See digest 123 for provisions of this bill.

ing an investigation of milk price fixing, which he said apparently did exist. His information was turned over to State investigators and, as far as we know, that was the last that was heard of that, despite litigation brought by private individuals to get the above-mentioned reports made public.

As a third example—the women's hosiery industry appears to be one of the most unregulated industries extant. There is no standard for quality: we discovered many a pair of stockings labeled "first quality" to have entire rows of skipped stitches. Lengths vary at will: we found size 9 stockings, for example, to run anywhere from 28 to 33 inches in length. Each manufacturer has different lengths for the same sizes; but even a single box of stockings from one manufacturer will sometimes have a discrepancy of several inches between the various stockings in the box. A popular explanation of this fact, we found, is that "the manufacturer tries to please everybody—the short, the medium, and the tall—by giving them a variety of sizes in one box." The problem is that, usually, it is one woman who is stuck with all the different sizes in one box.

Is there anything that consumers can do in cases such as the above, Mrs. Peterson? Which agencies do handle such problems?

As a final word, I would like to say that the truth-in-packaging hearings must be receiving more publicity in other parts of the country than here. Around here, hardly anybody that I talk to seems to be aware of the hearings. It is a shame, but the bill appears to be getting very little publicity here.

Thank you very much, Mrs. Peterson, for your attention.

Sincerely yours,

REBECCA PRESS
Mrs. Stephen Press.

MAY 10, 1965.

Mrs. STEPHEN PRESS,
New York, N.Y.

DEAR MRS. PRESS: My sincere thanks to you for your thoughtful letter. It was received just before I left for a speaking engagement and a television program. I took it with me and quoted extensively from it. Would you have any objection to having your letter inserted in the CONGRESSIONAL RECORD? It is a good letter and I would like to have others have the same opportunity to study it as I had.

Because of your interest, I am taking the liberty of sending you a copy of my testimony before the Senate Commerce Committee on the truth-in-packaging bill. The hearings (which are still being conducted) are receiving a great deal of publicity so I hope more housewives around the country will become aware of Senator HART's efforts in this field.

You mentioned the work of your consumer group and the fact that there did not seem to be any agency to which you could turn with consumer problems. There are 23 Federal agencies working in various areas on behalf of consumers. The President's Committee on Consumer Interests works closely with these agencies and any time you have a problem or suggestion, if you will send it to me I will make sure it gets to the proper Government agency.

Again, my thanks for your taking the time to write your views.

Sincerely,

Mrs. ESTHER PETERSON,
Special Assistant to the President
for Consumer Affairs.

NEW YORK, N.Y.,
May 3, 1965.

Mrs. ESTHER PETERSON,
U.S. Department of Labor,
Washington, D.C.

DEAR MRS. PETERSON: I have read Senator SCOTT's comment at the truth-in-packaging

hearings to the effect that "the bill proceeds on the premise the housewife is dumb, which I deny, being married." I have also read the claims of various manufacturers that the proposed bill underestimates the intelligence of American housewives, who have no trouble slogging through the labyrinths of the retail markets.

I am not a dumb housewife. I have a master's degree and work in the professional world (as a translator). And I, as a housewife, resent many of the practices now in existence in the packaging industry.

I presume that the above-mentioned Senator's wife does not mind the fact that soap bars usually bears no indication of weight on them; but I do. Does his wife know that it costs less proportionally to buy the small cakes of some soaps—such as Ivory—than the large double ones? As a matter of fact, does she know that in many cases it costs less proportionally to buy the smaller boxes of soap flakes and laundry detergents than the larger ones? Most women do not—they assume (on the basis of many years of advertising by manufacturers) that the larger size is always more economical. Unless you carry a slide rule with you (I have been considering learning how to use one), there is no easy way of figuring out this fact—in view of all the fantastic combinations of weight that the packagers manage to devise for their products. With the soap bars, of course, you either have to carry a portable scale or else use the grocer's scale if you want to determine the proportional cost of what you are getting. I even discovered that a popular brand of hard candy—Charms—charges more proportionally for a larger package than for a small one.

I see no crime in wanting to know the relative costs of products that you are buying—especially in a freely competitive society. This is, of course, a tremendously difficult task under the present circumstances, where weight denominations on every single package vary—not only in the amount of ounces, but even in fractions of ounces. There may be some justification, I suppose, for small packages of spices to weigh odd amounts—for example, McCormick's bay leaves, which weigh either eight-fourteenths or nine-fourteenths ounce (the print is so small that I cannot tell which it is), or McCormick's minced onion, which weighs 1½ ounces—but I am not sure what this justification is, since other spices seem to manage well with one-fourth-, one-half-, or three-fourth-ounce denominations. When we get to bigger packages, though, there is really no justification for "giant" sizes of laundry detergent, for example, to weigh 3 pounds 1¼ ounces. The manufacturers claim that their "creativity" would be hampered if the present bill were passed. I do not see why one cannot be as creative with a 3-pound box of laundry detergent as with a 3-pound, 1¼ ounce one.

I am equally annoyed with misleading labeling of products, as in the case of pork and beans. Why should a can be labeled "pork and beans" when the contents include beans with a tiny piece of pork fat? I wrote to the Heinz Co. asking them where I could find the pork in their can of pork and beans. They answered me with a very placating letter, explaining that, as I ate the contents of the can, I should look for a piece of pork fat—that, they stated, constituted the federally approved requirement for pork in a can of pork and beans.

"To suggest that [the American housewife] needs additional laws to help her determine value" is not, as Mr. Halverstadt would have it, to underestimate her intelligence and shopping ability. Some women are perfectly satisfied with conditions as they are because they do not care how much money they spend at the supermarket. Some women do care, but throw their hands up in despair after trying to calculate the relative values of

many products. Some women just buy the package that costs less, even though it costs proportionally more than a higher-priced, bigger package standing next to it. Some women, who are determined to get the most for their money, resort to walking around the markets with pencil and paper in hand.

I have done research on a number of consumer problems and headed a local consumer group for a while, but our success was limited because there did not seem to be any agency to which we could turn with consumer problems.

I feel that the second section of the proposed bill is a long-overdue imperative and fervently hope that it will be passed.

If Mr. Halverstadt and other industrialists are so sure that consumers are happy, they should have no fear of testing their premise by endorsing the establishment of an agency or agencies to which housewives (and other consumers) could turn if and when they do have problems or concerns. They could then hear the preferences of the public and not have to fear Federal officials "imposing their own preferences * * * upon the public."

Please extend my warmest thanks to Senator HART for his concern. I think that if his efforts were more widely publicized to housewives around the country, he would receive a great deal more support. Is there any chance of that? Is there any chance of having comparative value surveys made public?

Finally, is there any chance of having the type of consumer agencies that I mentioned above created—agencies to which a consumer could bring his problems for attention and some kind of action?

Thank you for your attention.

Sincerely yours,

REBECCA PRESS,
Mrs. Stephen Press.

THE 1965 HOUSING BILL

Mr. DOUGLAS. Mr. President, tomorrow the Senate will consider S. 2213, the omnibus housing bill. This bill is the most significant step yet taken by Congress in fulfilling its 1949 commitment to provide a decent home for every American family. As a member of the Banking and Currency committee, I was privileged to have had a hand in shaping this important bill and I will be proud to support it on the floor of the Senate.

In many ways the bill is better than the one originally introduced and the credit must go to my hard-working colleagues on the Housing subcommittee and its able chairman, the Senator from Alabama. So that Members may have an adequate record for the debate tomorrow, I am making this speech and inserting certain material in the RECORD today.

The basic purpose of the bill is simple—to make our cities and towns better places in which to work and live. For better or for worse we live in an urban society and the health of our Nation can be measured to a considerable extent by the health of our cities. Most of our wealth, talent, and cultural achievements are located in urban centers. If we permit them to decay and stagnate—if we fail to preserve their vitality and diversity—if we ignore the basic fact that cities were built for people to serve human needs—our entire Nation will soon falter and decline.

Seven out of every 10 Americans now live in urban areas. Only 1 in 10 lives on a farm. But in spite of this predominantly urban environment the

presumed superiority of rural values still permeates our culture. We see it reflected in the Federal budget, where the expenditures for agriculture are 14 times greater than urban expenditures—thus in 1966, the President's budget contains \$6.4 billion for the Department of Agriculture and \$454 million for the Housing and Home Finance Agency—and, on a per capita basis, 140 times greater. And there are some who still argue that it is too dangerous to permit city dwellers a full voice in State government.

This is not to suggest that the Government should ignore the problems of agriculture. I believe in adequate help to low-income farmers; but I would also like to see somewhat more recognition to those who live in cities and towns.

The Housing and Urban Development Act is a step in this direction. It extends for 4 years the existing programs which we have thus far developed to meet the problems of our cities and towns. Many of these programs, such as public housing and urban renewal, were once bitterly opposed; they now seem established beyond serious dispute. In addition, the bill contains several new programs for helping our communities to secure better housing and create a better life for all their citizens.

I. IMPROVEMENTS IN THE HOUSING PROGRAM

The most significant new proposal in the bill is the rent supplement program which President Johnson termed the "most crucial new instrument in our effort to improve the American city." But there are other improvements in the bill which we should not ignore.

First. The bill permits the public housing program to make greater use of vacant housing already available on the private housing market. These vacancies exist in many cities but are generally still beyond the reach of lower income families. The local housing authority would be permitted to lease or purchase up to 100,000 of these vacant units over the next 4 years and to rent them, at a reduced rate, to poor families who are otherwise eligible for public housing. Thus the needs of the poor are met while at the same time the city makes more efficient use of its total supply of housing which otherwise would lie idle.

Second. The bill will provide more housing for moderate income and elderly families in the \$4,000 to \$6,000 income bracket. It does so by reducing to 3 percent the interest rate on mortgages which finance this type of housing. The present rate, which is tied to the interest rate on Federal obligations is close to 4 percent and otherwise would soon go even higher.

We adopted these two special programs in 1959 and 1961 when interest rates were around 3 percent. Our original purpose was to encourage the construction of housing for families with incomes too high for public housing but not high enough for decent private housing. Unfortunately this aim is being defeated by the rise in interest rates. Rentals are being forced beyond the reach of the groups for which the housing was intended. The return to a 3-percent rate will therefore restore these programs to their original purpose.

Third. The bill provides over a 4-year period \$700 million in matching grants to cities and towns for basic water and sewer facilities. These facilities are extremely important in shaping the growth of a city or town. The funds will thus help our communities to assume more control over their residential growth and economic development. Cities are now faced with ever-increasing needs and a constantly dwindling tax base. Basic investments in critical facilities such as water and sewage systems must often be neglected in favor of immediate and pressing requirements. I hope this provision of the bill will restore a proper balance.

Fourth. The bill continues our efforts to humanize the impact of the urban renewal program. Homeowners in urban renewal areas are sometimes bulldozed out of their homes merely because they lack the money to repair their property. This situation was partially corrected last year when we authorized a new program for loaning these individuals the funds necessary to rehabilitate their homes.

There are many families, however, that are not helped even by the loan program. They are so impoverished they cannot afford to repay any loan no matter how liberal the terms. The obvious solution is to pay for the needed repairs with Federal funds thereby saving demolition and relocation expenses, not to mention the human cost of displacing a family. The bill authorizes up to \$1,500 for such repairs for families with incomes under \$3,000.

II. HOUSING FOR THE POOR

In discussing this bill, I want to call particular attention to the problem of finding decent housing for low-income families. I also want to bring attention to the proposed new method for meeting this problem—the rent supplement program.

During the days of the depression many people looked to the public housing program as a way of providing for that one-third of the Nation that was ill-housed, ill-clothed, and ill-fed. By 1949 Congress lowered its sights and declared we would build 810,000 units of public housing within 6 years. Sixteen years later, and 10 years past the deadline, we still have yet to reach even this modest goal. Only 575,000 public housing units have actually been constructed.

There are many reasons for the failure of Public Housing to house an adequate number of the poor. Of course the program has always evoked controversy and Congress has not always been overly generous in authorizing funds. But the program has also run into great difficulties on the local level. The selection of a public housing site often provokes an extended political tug of war that may take years to resolve. As a result, public housing is having less and less of an impact upon the slum dweller in our larger cities where new projects have been reduced to a trickle. Last year 21 out of the 25 largest cities did not begin any public housing projects at all. The program has been shifting, instead, into smaller towns and also has been focusing

on the needs of the elderly. Nearly half of all the units upon which construction began in 1964 were in cities of under 50,000 in population. Half were built for the elderly.

Although Public Housing has failed to house an adequate proportion of the urban slum dweller, private enterprise has also failed. Almost all new housing is now being constructed for the affluent middle class. There are some who argue that we need not build new homes for the poor—that older homes will trickle down to serve their needs. The evidence shows, however, that by the time this housing trickles down to the poor much of it is either dilapidated or ready for demolition.

For example during the decade of the 1950's private enterprise built over 12 million new housing units. At the same time there has been some reduction in the total number of substandard units. But there has been little change in the worst category of slum housing—units classified by the Census Bureau as dilapidated. This is housing nearly unfit for human habitation.

In 1950 there were 4.5 million families living in dilapidated housing. By 1960 the number had only declined to 4 million. However these figures do not tell the entire story. We did manage to get rid of 3 million dilapidated units during the 1950's but nearly 2.5 million existing units became dilapidated. In other words, despite the housing construction boom during this decade, we created new slums almost as fast as we got rid of the old slums. At this rate it will take 80 years before the worst of our slums are eliminated. I hope that this simple arithmetic will once and for all dispose of the trickle down theory.

The 1960 census also revealed that 8.5 million American families still live in dilapidated and all other categories of substandard housing. The term "substandard housing," by the way, is the euphemism used by statisticians to refer to what we once called slum housing. As might be expected, most of the families who live in substandard housing are poor. Half had incomes under \$2,200; nearly two-thirds made less than \$3,000 a year; three-fourths earned less than \$4,000 a year.

One of the key players in this depressing story is the slum lord who preys upon the ignorance and misfortunes of the poor and extracts an exorbitant profit out of his rundown and rat-infested tenements. In many cases, lax or token code enforcement activities help to maintain the slum lord in the prosperous style of life to which he has become accustomed.

Racial prejudice also works to the advantage of the slum lord. More and more of our cities are being surrounded by suburban subdivisions which exclude members of minority groups. When it comes to housing, members of minority groups have a limited choice and frequently must pay excessive rents to a slum lord for a rundown apartment in or near the core of the city. Of course, this has always been true in our history, starting with the great waves of Irish immigrants who came to America in the

last century. Today, the problem is often with Negro families, but not exclusively. Three out of every four families living in substandard housing are white.

When confronted by local housing authorities, the slum lord often hides behind the plight of his impoverished and shunned tenants. He argues that if his rickety and unsafe structures were to be condemned, its occupants would have no other place to go. Unfortunately, he is often right.

No one has computed the true cost of perpetuating slum neighborhoods, but it must be tremendous. One study has found that for every tax dollar collected from a slum, the city must pay back \$9 in municipal services and welfare benefits. I wonder how long General Motors would tolerate one of its divisions running 900 percent in the red? Unfortunately we as a nation do not keep our books as meticulously as General Motors.

It is clear that slums are one of the heaviest drains on municipal budgets. Slums also are a drag upon economic growth since people who grow up in these neighborhoods are often unable to compete in today's complex job market.

I do not mean to imply that better housing is the only road to salvation. Poverty, ignorance, lack of motivation, cultural deprivation, and crime will not automatically disappear once a slum family moves into a new and decent apartment with all the requisite plumbing facilities. In this respect, perhaps the expectations of the public housers have been too high.

What I am suggesting is that we cannot have an effective war on poverty without at the same time improving the physical environment of millions of impoverished families. Just as the war on poverty seeks to help the individual to help himself, so must the housing program rebuild the material conditions of his everyday life. It is difficult to see how we can succeed in motivating slum children to reach for something better if they continue to live in miserable squalor.

To enrich the environment of the individual, then, is the true purpose of our housing program. We must find a way to break the endless chain of crime, ignorance and poverty perpetuated by our slums. Better housing for low-income families need not be a permanent subsidy—it can also be an investment in the future of America. We now have the resources and the know-how to permit every citizen to realize his full potential and participate in the abundance of American life. The war on poverty combined with an invigorated housing program can be the catalyst we need to improve the quality of life for all our people.

III. THE POOR TAKE PRIORITY

I now want to describe some of the changes we have recommended in the rent supplement program which, in my opinion, are a vast improvement over the original proposal.

The original version of the bill provided rent supplements to families with incomes too high for public housing but

too low to afford decent standard housing on the private market. In most communities this narrowed the assistance to families with incomes between \$4,000 and \$6,000 per year. But the families with the greatest need would not be eligible. For example, there are 3.6 million families earning less than \$4,000 who rent substandard housing while there only 1.1 million families who earn between \$4,000 and \$6,000 and who rent substandard housing.

Under the original administration proposal, only the 1.1 million families with middle incomes would have been eligible for rent supplements. In other words, only one slum-dwelling family out of four would have been helped. The other three-quarters would have been excluded, not because they were too rich, but because they were too poor. Yet these are the very families who had the most desperate need of rent supplements.

The administration's original proposal was therefore amended in the Senate Banking and Currency Committee as well as on the floor of the House to restrict the rent supplement program only to those families eligible for continued occupancy in public housing. In other words, the income ceiling was reduced and the legislative income floor was eliminated.

In addition to eliminating the legislative income floor and reducing the income ceiling the House and Senate bills also increase the amount of the rent to be paid by the tenant. We increased the amount from 20 percent of income, as originally proposed, to 25 percent of income.

These two actions are largely offsetting in terms of cost and the number of families to be assisted.

For example, the administration estimated its proposal would ultimately help 500,000 families at an average cost of \$400 per family or an ultimate cost of \$200 million per year. The elimination of the income floor would tend to increase vastly the average cost per family. With the same funds, fewer families would be assisted.

On the other hand the increase in the tenant's share of the rent from 20 to 25 percent of income has the effect of reducing the cost per family. With the same amount of funds, more families can be assisted.

As a result of these two actions, the amended bill is still expected to assist 500,000 families at an average cost of \$400 per family and a yearly cost of \$200 million; but the income levels of those assisted will be lower while their share of the rent will be higher. More money can be spent by the poor for decent housing.

As we have seen, the public housing program has not, and in all probability, cannot meet the housing needs of all low-income families. Yet there are some people closely identified with public housing who resent any intrusion upon their special preserve. They have staked out a claim upon the poor and seek to prevent any competitor from entering the field.

This deference to the public housing program seems to be the only real rea-

son for originally excluding the poor from rent supplements. I can appreciate the position of those who do not wish to antagonize the professional public housing interests but Congress does not have to operate under such a restraint. There are more than enough low-income families to be helped by both programs. We cannot discriminate against the poor in order to maintain the jurisdictional claims of the housing bureaucrats. No one should have a vested interest in poverty.

IV. RENT SUPPLEMENTS ARE NOTHING NEW

In the bill under consideration, the rent supplement program is contained in section 101.

The basic purpose of the rent supplement program is to increase the supply of decent housing available to low-income families. Rent supplements are a means to this end and not an end in themselves. This bill does not subsidize the rent of every single poor family in the United States as some have wrongly believed.

The effect of the rent supplement provision is far more modest—it will encourage the private market to build about 500,000 units of decent, safe, and sanitary housing for low-income families. There are more than 6 million low-income families living in substandard housing today who apparently have not been able to obtain better housing.

I have already recounted the inability of the public housing program to solve the low-income housing problem. There are 500,000 families on the admission list for public housing and no doubt there are millions more who are discouraged by the futility of such an endless wait.

Since public housing cannot do the entire job, something more is needed. That something is the rent supplement program. Its basic concept is simple—instead of subsidizing the construction of a publicly owned facility, why not encourage the construction of privately owned units by promising to supplement the rent of their prospective tenants?

Far from being a radical or new idea, this proposal has been advanced for years by the homebuilders and just last year we adopted the concept on a limited scale for those families displaced by urban renewal. A number of communities have also experimented with the technique of rent supplements under the low-income housing demonstration program, and the results have been favorable. Further, the use of nonprofit or limited dividend corporations to build and manage housing projects is nothing new. We have relied upon this method for 4 years under FHA's section 221(d)(3) program.

And so the rent supplement program is not a new, or radical, or untested idea. It has been discussed for years and its basic features have been partially implemented or experimented with over the last 5 years. It is really difficult to understand, therefore, what all the controversy is about.

V. HOW THE RENT SUPPLEMENT PROGRAM WORKS

Here, Mr. President, is how the program will work.

First of all, a group within a particular community must decide they want to build and manage a low-income housing project. It is also possible for the group to buy and rehabilitate existing housing. Regardless of the method, the group must either be a nonprofit organization such as a church or labor union, a cooperative, or a limited dividend corporation.

Once the group has been formed and has made a decision, it will then have to borrow the money to construct the housing from a private lending institution. At this point the loan would be insured by the FHA under their 221(d)(3) market rate program. This program insures mortgages up to the cost of replacement if the sponsor is a nonprofit organization or cooperative; if the sponsor is a limited dividend corporation the maximum insurable mortgage is 90 percent of the replacement cost. The terms are at the full market rate of 5¼ percent over 40 years.

In order to qualify for 221(d)(3) insurance, a project must conform to FHA's construction standards, including modest design criteria which already have been established and operating for 4 years. Under these criteria, FHA cannot insure a mortgage if the rentals required to amortize the mortgage exceed what a moderate-income family can afford to pay. In the 4 years the 221(d)(3) program has been operating, mortgages have averaged about \$12,500 per unit.

Once the financing has been completed, the sponsor would then negotiate an agreement with the housing agency. The sponsor would agree to make a specified number of the units available to low-income families who would be assisted by rent supplements. The sponsor would be free, of course, to rent the remainder of the units on the open market. The housing agency would agree to pay rent supplements for the low-income families with a maximum on the total amount which could be paid in 1 year. The agreement for annual payments would run over the 40-year life of the mortgage.

The amount of the rent supplement paid on behalf of each family would vary. The family would have to pay 25 percent of its total income toward the fair economic rent of the unit; the Housing agency would provide the rest. Assume, for example, that a two bedroom apartment constructed under the program rented for \$80 a month. Assume further that a prospective tenant was making \$2,880 a year or \$240 per month. This family would be charged 25 percent of its income for rent, or \$60 per month; the housing agency would pay to the owner of the apartment the remaining \$20 per month.

The owner of the housing would select each tenant; however the housing agency would have to certify their eligibility for rent supplements. In order to qualify a family must meet two conditions:

First. Its total income must be below the ceiling for occupying public housing in the area. These limits which can be set lower by administrative action, will vary from city to city but should average between \$4,000 and \$5,000 per year.

Second. In addition to meeting the income test, the family must also fall within at least one of the following five groups: first, families who live in substandard housing; or second, families whose head is age 62 or over; or third, families whose head is physically handicapped; or fourth, families who are displaced by a Government program such as urban renewal; or fifth, families who are victims of a natural disaster.

Thus, all poor are not eligible for the program nor are all slum dwellers eligible.

With the exception of the elderly, whose incomes generally do not increase over the years, the housing agency would recertify the incomes of aided tenants at least once every 2 years. If a family's income increases its rent supplement would be reduced. Once the family could pay its way with 25 percent of its income, rent supplements would stop. Unlike public housing, however, the family could continue to live in its apartment. It would not be forced to move. This is a great advantage. People can work themselves out of dependency.

Rent supplement payments made under this program could not exceed appropriations of \$50 million in fiscal year 1966 and this amount would increase by \$50 million per year in each of the next 3 fiscal years. Thus by the fourth year the bill would authorize annual rent supplements of up to \$200 million per year; however, the increase in the incomes of assisted families should drastically reduce these payments by the end of the mortgage period.

With this level of financing, the bill provides the means for helping 500,000 families obtain better housing by 1969.

VI. ADVANTAGES OF RENT SUPPLEMENTS

The advantages of this type of rent supplement program are numerous.

First. It permits greater flexibility in helping low-income families to find decent housing. The interminable bickering involved in the public housing site selection would be avoided. Since the projects would be built by private sponsors, much of the redtape now encumbering public housing projects can be bypassed.

Second. Because of this increased flexibility, rent supplement projects could be smaller in size and scattered over a wider area. It would not be necessary to concentrate them in massive, ghetto-like developments.

Third. The amount of the Federal payment would be reduced as family income rises. Rent supplements would stop when the family is able to pay its own way. This feature of the program should be contrasted with subsidizing low-income housing through lower interest rates as some have urged. If this were done, the subsidy would extend the life of the mortgage regardless of any increase in the income of the assisted family.

Fourth. The amount of the Federal payment would vary in accordance with the need. It would be larger for those of lower income and smaller for those of higher income. Again, the comparison with an alternative interest rate subsidy is appropriate.

Fifth. Families could continue to occupy their dwelling units and pay the full rent when their incomes rose beyond the ceiling. They would not be forced to leave.

Sixth. The variation in the amount of rent supplements will avoid a rigid stratification of projects by narrow income levels. Thus the program will provide more diversity in our urban environment and enrich the lives of all.

Seventh. By encouraging the sponsorship of civic minded nonprofit groups, the program will vitalize these organizations. It will provide a constructive outlet for their energies, which when mobilized, will inevitably spill over into the general war on poverty.

Eighth. By encouraging new construction or rehabilitation, the program will add to our long-term stock of standard housing. It will also create construction jobs in hundreds of communities and generate at least \$6 billion of private construction activity.

In short, we will provide decent housing for 500,000 families and around 2 million people under private ownership, private financing, private construction, and private management. The Government will help, but the work will be decentralized, and private groups of a nonprofit nature will be encouraged to take up the tasks. The rent supplement program joins together private initiative and private enterprise with Government to achieve a basic public purpose.

VII. THE PAUPER IN THE PENTHOUSE AND OTHER MYTHS

It is inevitable that new proposals always engender a certain amount of blind criticism. Rent supplements are no exception, as is evidenced by the House minority report. Generating more heat than reason, this report bristles and crackles with philosophical indignation. Just reading the report reminds me of Winston Churchill's famous admonition:

The right honorable gentleman ought not to muster more indignation than he is capable of containing.

I do not want to take all the time to refute every charge made against the rent supplement program, but let me answer some of the more flagrant claims.

First. The cry that rent supplements are socialistic hardly needs comment. This wornout shibboleth has been leveled at virtually every major new program over the last 30 years from social security to medicare. By now the cry should fall upon deaf ears. Actually, the program involves less governmental direction and supervision than the existing public housing program which has been on the books for 28 years. Projects under rent supplements would be built, owned, and managed by private enterprise. But perhaps the most telling refutation can be found in the support given to rent supplements by such entrenched bastions of socialism as the National Association of Home Builders, the Mortgage Bankers Association, the American Bankers Association, and the General Improvement Contractors Association.

Second. It has been charged that poor people can be maintained in luxury housing. The House minority report trembled at the prospect of low income slum dwellers living it up in \$100,000 penthouse apartments. Such an obsession can only be described as the "pauper-in-the-penthouse" psychosis.

In point of fact, construction costs per unit would have to conform to the modest design criteria contained in FHA's 221(d)(3) program. Under that program, FHA cannot insure a mortgage if the rentals required to amortize the mortgage exceed the rent a moderate income family can pay. Per unit mortgages have averaged around \$12,500.

Third. Critics have contended that rent supplements could be extended to cover upper-middle income groups who earn far more than the national median.

The people who make this claim are basing it on inaccurate information. The income ceilings would vary in each community, but they would be based upon the occupancy ceilings for public housing in the area. An HHFA study of 23 cities showed the income ceilings for a family of four would range from \$3,625 to \$6,125 per year and would average about \$4,858 compared to the national median family income of \$6,400. Moreover, the housing agency has said it intends to administratively restrict these ceilings to even lower levels so that the average ceiling would be about \$4,100 per year.

Of course those whose incomes approach the ceiling and who occupy a unit built through the program would receive virtually no rent supplement. The supplement would only become significant for those with incomes well below the ceiling. Thus the program is clearly confined to lower income families.

Fourth. It has been claimed that the rent supplement program will destroy the public housing program. This charge is obviously being made with tongue in cheek, for many who are now shedding crocodile tears over public housing have been lambasting the program for years as being too socialistic. If their charge that rent supplements would destroy public housing were really correct then rent supplements, from their point of view, would be a good thing. They ought to support it.

As a matter of fact, there are enough needy to be assisted by programs. There are 8.5 million families living in substandard housing and nearly two-thirds, or 5 million families make less than the poverty level of \$3,000 per year. By way of contrast the bill we are now considering only authorizes 240,000 units of public housing and 500,000 units under rent supplements over the next 4 years. Both programs combined make but a small dent in the need for better housing.

Fifth. Critics charge that the Housing Administrator is delegated too much power—that he can set income limits and make other determinations in each community.

For those who stress State and local diversity, this is a curious charge. Presumably these critics would write into

the bill national standards to be rigidly applied to each and every community.

In point of fact, the bill allows very little discretion to the Housing Administrator. He could not decide such matters as income ceilings on the basis of his personal whim. He would have to follow the procedures and policies which are clearly set forth in the bill. Thus the policies adopted by us would be tailored to meet the individual circumstances of each community.

Sixth. The claim is made that rent supplements are an \$8 billion experiment. Those who make this claim usually forget to say that first, this figure is the theoretical maximum and is about double the probable cost; and second, the cost is spread over 40 years. Since when have we computed our Federal budget over 40 years? If this is our new standard then the \$4 to \$5 billion rent supplement program ought to be weighed against a \$160 billion farm subsidy program, a \$200 billion space program, and a \$2 trillion defense program.

Seventh. The argument is made that rent supplements destroy a family's incentive to increase its income—that it will forgo added income in order to avoid paying higher rent.

This argument ignores the fact that only 25 percent of each added dollar of income would go to rent. The family would be free to spend the other 75 percent on its other needs. Since most poor families have a large backlog of unmet needs such as clothing or furniture or education, it is difficult to see how an incentive to earn more will be weakened.

Like socialism, the charge of corrupting the poor is an old one. The moral fiber of the poor has long been protected by these self-appointed guardians who profess to see an ominous danger in nearly every piece of major legislation which might benefit the poor. Somehow these warnings sound a little hollow, especially when they are made from the comforts of an FHA-insured home, for which many of the expenses are tax deductible. Millions of middle class homeowners receive an indirect subsidy each year through these special tax privileges. Their moral fiber has seemed to survive.

VIII. THE \$80-BILLION HIDDEN HOUSING SUBSIDY

Let us examine these tax privileges accorded homeowners. It is conservatively estimated that American homeowners pay approximately \$10 billion a year in interest on their home mortgages. These payments, of course, are tax deductible. Assuming an average tax bracket of 20 percent, these special privileges amount to an indirect subsidy of about \$2 billion a year or \$80 billion over a full 40-year period. This is 10 times the maximum cost of the rent supplement program and nearly 20 times its probable cost. This comparison ignores the other special tax privileges available to homeowners such as the ability to deduct State property taxes from Federal income tax payments.

Now I have nothing against homeowners I am one myself. I am delighted that our Federal tax policies have helped

millions of Americans to own their own homes. But these special tax benefits do nothing for families who rent, and generally, this group includes the great bulk of the poor and very little for the low-income homeowner.

Why is the cry of socialism raised whenever we try to extend a small portion of the benefits provided middle income families to those who are in the most desperate need of assistance—the poor and the needy? We are giving an indirect subsidy of \$80 billion over 40 years to middle income homeowners. What is so terrible or immoral about providing a similar subsidy of \$4 to \$5 billion over 40 years to low-income families that cannot afford to buy their own homes?

Can it be that only well to do homeowners have moral fibers sufficiently strong to avoid being corrupted by subsidies? Like matches for children, are subsidies too dangerous for the poor? I think not. I think we can and must extend a helping hand to every American family—rich and poor alike—to provide a decent living environment.

IX. CONCLUSION

Mr. President, I believe a careful reading of the bill will show the rent supplement plan to be a most conservative proposal. Most of its features have been tested, in one form or another, over the last few years.

It will build at least 500,000 units of low-income housing over a 4-year period or an average of 125,000 per year. This will provide the tools to generate at least \$6 billion worth of private construction activity in our economy. Thus should we eliminate the rent supplement program we will not only deprive low-income families of a chance to find better housing—we will deprive our entire economy of a needed stimulus over the next 4-year period.

The housing under this program would be built, owned, and operated by private groups rather than the Government.

It will give 500,000 families a chance to break out of the slums and raise their children in a decent environment.

It will rescue families caught in the endless chain of poverty, ignorance, and crime, and permit them to realize the full promise of American life.

It will renew the vitality and vigor of our American cities and make them better places in which to live and work.

It will help fulfill a commitment Congress made in 1949 to insure a decent home for every American family.

In short, the rent supplement program furthers the basic assumption of American democracy that every citizen should be given a chance to realize his full potential and participate in the benefits of American life.

I call upon all my colleagues to join with me in voting for this bill and for the rent supplement program.

Mr. President, I ask unanimous consent to insert in the RECORD at this point the answers to several questions which I asked the housing agency, together with other materials on the housing bill. These questions deal with the procedures of the proposed rent supplement program, its relationship to the FHA

221(d)(3) program, limitations on the cost of units to be constructed and income ceilings for eligible tenants. I believe the answers, as prepared by the housing agency, will clear up similar questions in the minds of other Members.

The PRESIDENT pro tempore. There being no objection, the questions and other materials are ordered to be printed in the RECORD as follows:

Question. How does FHA process applications from a nonprofit sponsor under its 221(d)(3) program which is the insurance program to be used in conjunction with rent supplements?

Answer. This outline of procedures, which would be employed by the Housing Administrator and the FHA in processing applications under the proposed rent supplement program, is based on the provisions contained in the bill (S. 2213) reported by the Senate Banking and Currency Committee.

This bill provides that three types of private sponsors would be eligible to finance housing projects financed under FHA's section 221(d)(3) program at market interest rates and also to receive from the Housing Administrator rent supplement contracts to make up the difference between the market rent required for such units and the rent which qualified low-income tenants can afford, paying 25 percent of their income for rent. The sponsors are nonprofit, limited-dividend, and cooperative sponsors.

Following are outlines of the step-by-step procedures which FHA would employ in reviewing applications for mortgage insurance for nonprofit sponsors.

The above mortgagor entities are eligible for a maximum 100 percent mortgage except as indicated below for the builder-seller. The terms "housing owner" and "mortgagor" are used interchangeably. A nonprofit mortgagor must be a corporation or other entity organized for purposes other than the making of profit or gain for itself or persons identified therewith and which the FHA Commissioner finds is in no manner controlled by, nor under the direction of, persons or firms seeking to derive profit or gain therefrom. Such entity must execute an appropriate regulatory agreement under which its rents, charges, and methods of operation are subject to control by the Commissioner. Under the nonprofit procedure, FHA requires a nonprofit sponsor in addition to the nonprofit mortgagor as a means of assuring the continuity of the mortgagor. The sponsor normally has historical existence in the field of charitable endeavors or community betterment. Typical of (d)(3) nonprofit sponsors have been individual churches, church groups, conferences, dioceses, or synods, labor unions, fraternal and service organizations, and also eleemosynary foundations. It causes to be formed a nonprofit mortgagor, the officers and directors of which must come from, or be designated by, the officers and directors of the nonprofit sponsor. Under this phase the sponsor and the mortgagor are two separate legal entities even though the power to control the latter is vested in the former. The general contractor may be paid a fee not in excess of that generally applicable in the community for the building of a similar type of structure. This also applies to the builder-seller arrangement.

Under the builder-seller arrangement, a unique marriage combines two mortgagors, an interim or temporary builder-mortgagor and a permanent nonprofit private mortgagor. The former must enter into a contract of sale with the latter under which the

project will be sold to the permanent nonprofit mortgagor at a price not to exceed the actual certified cost of the project. A 100-percent mortgage may issue, 10 percent of which is held in escrow pending consummation of the sale to the nonprofit mortgagor. If for some reason the sale cannot be consummated, at final closing, according to the contract of sale, the interim mortgagor operates the project as a limited distribution mortgagor and executes a special regulatory agreement under the terms of which the Commissioner controls the rents, charges, and methods of operation of such limited distribution entity. Under such circumstances the builder-seller mortgagor is entitled only to a maximum 90 percent mortgage and all requirements pertaining to a limited distribution entity apply. Normally, the changeover from a temporary interim mortgagor to the permanent nonprofit mortgagor takes place at final closing.

Typical processing procedures are as follows:

1. In the very early stage and before any documents, informal or formal, have been filed, representatives of the sponsor or builder-seller discuss with the insuring office their intent to submit a proposal and the need for it in the community.

2. Assuming favorable reaction, a preliminary application without fee, form No. 2012, is filed with the insuring office briefly describing the location, number and composition of units by bedrooms, and the rental rates proposed to be charged. If on analysis the proposal appears feasible, the representatives are advised to obtain architectural drawings and submit a formal application, form No. 2013, with appropriate fee. At the same time an analysis is made of the eligibility of the sponsor to act in such capacity. The determination is predicated on the submission of a form No. 3433 showing all proposed relationships that do, or may, exist between the nonprofit sponsor and mortgagor on the one hand and those seeking a gain or profit from the proposal. This normally will include the general contractor, subcontractors, land ownership, architect, lawyer, housing consultant, and management after completion. We must be assured that there are no adverse identities of interest and that there is no possibility of control by those seeking to make a gain or profit over either the sponsor or the mortgagor.

In some few communities where there has been difficulty in obtaining typical nonprofit sponsorship, FHA, in order to further the program, has permitted a group of public spirited citizens to band together and form a nonprofit corporation under the domiciliary requirements of the jurisdiction and also meet FHA requirements. In order to assure the continuity which normally would be provided by the existence of a sponsorship having historical background, there is substituted a requirement that an official of the community be designated, by office, to at all times serve on the board or as an officer of the nonprofit mortgagor corporation. This is a continuing responsibility of the community and is attested to by its attorney or other officer authorized to certify that the action taken is within the power of the community and legally capable of accomplishment.

3. Such form No. 2013 should generally conform in all substantial aspects to the preapplication proposal and should indicate a financial ability of the sponsor to go forward with the proposal. This latter subsequently is verified by the submission to the

insuring office of financial statement and credit report.

4. Plans and specifications are routed through the architectural section for adequacy and the estimating of the construction costs. A prevailing wage determination if required is obtained from the Labor Department. During this period of review the sponsor will submit a quantity and cost survey prepared by a recognized engineering firm. When considered architecturally acceptable, the case is routed to the valuation section.

5. The valuation section estimates obtainable rentals and operating expenses. Rental rates, including utilities, are also checked against established family incomes. Maximum rentals, including utilities, cannot exceed FHA's judgment of the effective market.

6. Debt service limitations usually control the mortgage amount. This is found by taking 95 percent of the estimated net annual income and dividing this amount by the debt service factor at the market rate of interest.

7. The mortgage credit section then processes the case as to statutory requirements and the financial ability of the sponsor, and the capability of the sponsor to carry out effective management under the rent supplement program.

8. A commitment is then issued with the customary commitment fee payable within 30 days.

9. Between the issuance of the commitment and the initial closing, which usually takes place before start of construction, all legal forms are prepared by the attorney for the sponsor. These include such items as the building loan agreement, trade breakdown for payment of advances, agreements to cost certify, regulatory agreements, and so forth.

A meeting is also held with the sponsor, builder, and others in which prevailing wage requirements if applicable and reporting are explained.

10. At initial closing the sponsor meets all cash requirements and usually draws mortgage funds for costs and fees advanced and for the land, if not used for equity purposes. The note and mortgage are executed at this closing and recorded.

11. After initial closing, the sponsor may start construction. In a few cases construction may be started after issuance of the commitment, upon approval by the Commissioner, and at the risk of the sponsor.

12. Upon completion of the construction, and prior to final closing of the mortgage, the sponsor must certify all costs. These are reviewed by FHA. Statements of rental income must also be submitted. If the allowable costs are less than the mortgage amount, the mortgage is reduced accordingly. If the project shows an operating profit the amount may be applied as an offset against higher than estimated actual costs or placed in the residual receipts account which is under the control of FHA pursuant to the regulatory agreement.

13. Under the regulatory agreement executed between the mortgagor and the FHA Commissioner, the FHA has continual supervision over the general operation of the project for so long as the mortgage is insured or held by the FHA Commissioner.

Question. How does FHA process applications from a limited dividend corporation under its 221(d)(3) program?

Answer. A limited dividend sponsor under section 221(d)(3) is limited to an annual cumulative return of 6 percent of an estimated 10 percent equity. The mortgage

ratio for this type of sponsor cannot exceed 90 percent of the FHA estimate of cost.

A limited dividend sponsor may be an individual, partnership, or corporation. The limited dividend sponsor is entitled to a 10-percent builder's and sponsor's profit and risk allowance, provided there is an identity of interest between the builder and the sponsor. If the builder and sponsor do not have an identity of interest, the builder's profit is limited to the amount prevalent in the area.

The processing procedures, typical of all FHA projects are as follows:

1. A preapplication request is submitted by the sponsor to the local FHA insuring office. This briefly describes the location and the proposed number and composition of the units and the rental rates to be charged.

If the proposal appears acceptable, the sponsor is advised to obtain architectural drawings and submit an application with fee.

2. The formal application which is submitted to the lending institution making the loan, should conform largely to the preapplication proposed and will indicate the financial ability of the sponsor to complete the project. The financial stability of the sponsor is later verified by receipt of a financial statement and a credit report.

3. Plans and specifications are routed through the architectural section for adequacy and the estimating of construction costs. A prevailing wage determination is obtained from the Labor Department. During this period of review the sponsor will submit a quantity and cost survey prepared by a recognized engineering firm. When considered architecturally acceptable, the case is routed to the valuation section.

4. The valuation section estimates obtainable rentals and operating expenses. Rental rates, including utilities, are also checked against established family incomes. Maximum rentals, including utilities, cannot exceed FHA's judgment of the effective market.

5. Debt service limitations usually control the mortgage amount. This is found by taking 90 percent of the estimated net annual income and dividing this amount by the debt service factor at the market rate of interest. The 10 percent of income not computed is to pay the 6 percent return on equity and to provide a residual fund necessary for all project operations.

6. The mortgage is also controlled by 90 percent of the estimated costs.

7. The mortgage credit section then processes the case as to statutory requirements and the financial capability of the sponsor, and the capability of the sponsor carry out effective management under the rent supplement program.

8. A commitment is then issued with the customary commitment fee payable within 30 days.

9. Between the issuance of the commitment and the initial closing, which usually takes place before start of construction, all legal forms are prepared by the attorney for the sponsor. These include such items as the building and loan agreement, trade breakdown for payment of advances, agreements to cost certify, regulatory agreements, etc.

A meeting is also held with the sponsor, builder, and others in which prevailing wage requirements and reporting are explained.

A determination is also made as to escrow requirements and any funds over and above the mortgage proceeds that may be required from the sponsor.

10. At initial closing the sponsor meets all cash requirements and usually draws mortgage funds for costs and fees advanced and for the land, if not used for equity purposes. The note and mortgage are executed at this closing and recorded.

11. After initial closing, the sponsor may start construction. In a few cases con-

struction may be started after issuance of the commitment, upon approval by the Commissioner, and at the risk of the sponsor.

12. Upon completion of the construction, and prior to final closing of the mortgage, the sponsor must certify all costs. These are reviewed by FHA. Statements of rental equipment must also be submitted. If the allowable costs are less than the mortgage amount, the mortgage is reduced accordingly. If the project shows an operating profit the amount may be applied toward amortization of the mortgage, as an offset against higher than estimated actual costs or placed in the reserve escrow account.

13. Under a regulatory agreement executed between the mortgagor (sponsor) and the FHA Commissioner, the FHA has continual supervision over the general operation of the project during the life of the mortgage.

Question. How does FHA process applications from a cooperative under its 221(d) (3) program?

Answer. Under FHA's program of mortgage insurance for cooperatives, applications may be initiated either by an already formed nonprofit cooperative organization, or by a sponsor who intends to assist in organizing a cooperative and ultimately to enable it to acquire the project. If the investor-sponsor fails to make the transfer to the cooperative so as to vest ownership in it, the investor-sponsor retains and operates it as a limited dividend rental project with a 90-percent mortgage ratio rather than the 100 percent allowed for nonprofit cooperatives (see section B above).

In the event the builder-sponsor does not succeed in transferring the project to a management-type cooperative, the builder-sponsor is limited to an annual cumulative return of 6 percent of an estimated 10 percent equity. The builder's fee is held in escrow until the project is transferred to a cooperative. Normal multifamily housing builder's fees are provided for except that in urban renewal areas a 10-percent builder's and sponsor's profit and risk allowance is applicable.

The processing procedures, typical of all FHA projects, are as follows:

1. A preapplication request is submitted by the sponsor to the local FHA insuring office. This briefly describes the location and the proposed number and composition of the units and the rental rates to be charged.

If the proposal appears acceptable, the sponsor is advised to obtain architectural drawings and submit an application with fee.

2. The formal application which is submitted by the lending institution making the loan should conform largely to the preapplication proposed and will indicate the financial ability of the sponsor to complete the project. The financial stability of the sponsor is later verified by receipt of a financial statement and a credit report.

3. Plans and specifications are routed through the architectural section for adequacy and the estimating of construction costs. A prevailing wage determination is obtained from the Labor Department. During this period of review the sponsor will submit a quantity and cost survey prepared by a recognized engineering firm. When considered architecturally acceptable, the case is routed to the valuation section.

4. The valuation section estimates obtainable carrying charges and operating expenses. Carrying charges, including utilities, are also checked against established family incomes. Estimated carrying charges, including utilities, cannot exceed FHA's judgment of the effective market.

5. Debt service limitations come into play only so as to limit the amount of mortgage proceeds available to an investor-sponsor prior to the time the project is transferred to a cooperative. This is found by taking 90 percent of the estimated net annual income and dividing this amount by the debt

service factor at the market rate of interest. The 10 percent of income not computed is to pay the 6 percent return on equity and to provide a residual fund necessary for all project operations.

6. The mortgage in management type cases is controlled by 100 percent of the estimated costs. A cooperative purchasing the project from an investor-sponsor is eligible for the same loan which is applicable to projects initiated on a management type basis.

7. The mortgage credit section then processes the case as to statutory requirements and the financial capability of the sponsor, and the capability of the sponsor to carry out effective management under the rent supplement program.

8. A commitment is then issued with the customary commitment fee payable within 30 days.

9. Between the issuance of the commitment and the initial closing, which usually takes place before start of construction, all legal forms are prepared by the attorney for the sponsor. These include such items as the building and loan agreement, trade breakdown for payment of advances, agreements to cost certify, regulatory agreements, etc.

A meeting is also held with the sponsor, builder and others in which prevailing wage requirements and reporting are explained.

A determination is also made as to escrow requirements and any funds over and above the mortgage proceeds that may be required from the sponsor.

10. Before closing a management type loan, it is normally required that 90 percent of the units be subscribed for by families within the prescribed income limits who are cleared by FHA credit processing as having the financial ability to meet the projected carrying charges. There might need to be some variation of this procedure under a rent supplement program. In investor-sponsor cases no sales are required prior to the start of construction.

11. At initial closing the sponsor meets all cash requirements and usually draws mortgage funds for costs and fees advanced and for the land, if not used for equity purposes. The note and mortgage are executed at this closing and recorded.

12. After initial closing, the sponsor may start construction. In a few cases construction may be started after issuance of the commitment, upon approval by the Commissioner, and at the risk of the sponsor.

13. Upon completion of the construction, and prior to final closing of the mortgage, the sponsor must certify all costs. These are reviewed by FHA. Statements of income must also be submitted. If the allowable costs are less than the mortgage amount, the mortgage is reduced accordingly. If the project shows an operating profit the amount may be applied toward amortization of the mortgage, as an offset against higher than estimated actual costs or placed in the reserve escrow account.

14. Under a regulatory agreement executed between the mortgagor (sponsor) and the FHA Commissioner, the FHA has continual supervision over the general operation of the project during the life of the mortgage.

Question. How will the proposed rent supplement program effect the procedures under the 221(d) (3) program?

Answer. (a) Reservation of rent supplement funds: In processing the loan application for mortgage insurance, FHA would negotiate with the project sponsor to determine the amount of funds which should be reserved for the rent supplement contract, under standards to be prescribed by the Administrator and from an allocation of funds for the area made by the Administrator to the FHA. These standards would be designed to assure that the project would provide a specified minimum number of rent supplement units for low-income families within the range of incomes established for the area. A formal reservation of funds for

the rent supplement contract would be made at or before the time that FHA issues its commitments to insure the mortgage on the project.

(b) Tenant selection: Tenant applicants who believe themselves to be eligible for rent supplement units would apply to the project sponsor who would decide whether the applicants were acceptable in the usual landlord-tenant selection relationship.

(c) Certification of tenants: Among tenant applicants found acceptable to the project sponsor, the eligibility of those applying for rent supplements would be established in accordance with standards and procedures to be established by the Administrator. The determination of eligibility for rent supplements would be delegated to a designated local agent of the Administrator, either an agency employee, or a competent outside group. The eligibility finding would be based on income and one of the following: (1) displaced by Government action; (2) 62 years of age or older; (3) physically handicapped; (4) occupant of substandard housing; (5) occupant of housing extensively damaged or destroyed as a result of a natural disaster.

For applicants who apply for lease-with-option to purchase as authorized by the bill, the income verification would be expanded, in accordance with guidelines to be provided by the Administrator, to assure selection of those applicants who give promise of upward income ability. This determination also would be delegated to a designated local agent of the Administrator.

Rent supplement contract: The amount of rent to be charged to each tenant eligible for a rent supplement as well as the amount of the rent supplement would then be calculated. The rent supplement would amount to the difference between 25 percent of certified tenants income and gross rent required for the unit. The aggregate of such rent supplement payments for the rent supplement units in the project would represent the rent supplement funds needed for the project. Based on this, a formal 40-year rent supplement contract would be negotiated between the project sponsor and the Administrator or his agent for the payment of rent supplements on behalf of the tenants.

Payments under rent supplement contract: The rent supplement contract would specify the maximum dollar amount to be paid, but the periodic payments to be made under the contract would be based on the actual amount of rent supplement payments required. The actual amount of payments required would be reduced as incomes of tenants increased, and other changes would be made when tenants move out and new tenants move in. Such payments would be subject to review and audit. The occupancy and condition of the dwelling units occupied by families on whose behalf rent supplements were paid would be checked by FHA in the course of normal annual inspections of properties covered by FHA-insured mortgages. It will be noted also that, as is customary with all FHA-multi-family projects, the rents for all units in the project would be initially approved by FHA and any subsequent rent increases would also have to be approved by FHA.

The procedure described above for the certification of income would be repeated at least every 2 years for all occupants, except the elderly. On the basis of the incomes thus recertified, the rent to be charged would be recomputed for each tenant (25 percent of income) and correspondingly the amount of the rent supplement payment (gross rent for the unit less rent charged to the tenant). For any tenant whose income increases to the point that 25 percent of his income is sufficient to pay the gross rent, the rent supplement payments with respect to that tenant would cease, but he could continue to occupy the unit by paying the full rent.

A similar procedure would be applied to lease-option cases. When the income of such a tenant increases so that 25 percent of his income is sufficient to enable him to purchase the unit, he would exercise his option to purchase and rent supplement payments would cease.

Question. How will the lease-with-option-to-purchase provision of the rent supplement program operate?

Answer. The lease-with-option-to-purchase part of the rent supplement program will make it possible for families, who have the potential to raise their incomes to the point where they can carry a modest home without subsidy, to rent the home at a price they can afford with their present incomes and exercise their option to purchase the home when they can afford, without assistance, to carry it.

Operation of lease-with-option-to-purchase program

Under the lease-with-option-to-purchase part of the rent supplement program, an eligible family would rent a detached, semi-detached, or row house in a project of such homes and rent supplements would be paid in the same manner as for rent supplement units in other projects. When the income of the family had increased sufficiently so that it could afford to pay the full rent, the rent supplements would be terminated and the family would purchase the unit it occupied with the aid of an FHA-insured section 221 home mortgage.

It is estimated that perhaps 20 percent of the units receiving rent supplements would be the lease-with-option-to-purchase type.

The families selected to occupy lease-with-option-to-purchase units will be those which give evidence of upward income mobility. This would include families where the head of the family has a skill or is improving his skills in such a manner that there is a probability of increased income.

A tenant moving into a lease-with-option-to-purchase unit will be advised beforehand that when his income rises to the point that he can exercise the purchase option, he will be expected to do so. If he does not exercise the option within a reasonable time after an adequate income level is reached, the sponsor could require him to vacate the unit.

No windfall to lease-with-option purchaser or owner of project

Neither the tenant under a lease-with-option-to-purchase arrangement, nor the project owner, will receive a windfall when the tenant exercises his option and purchases the unit with respect to which rent supplement payments have been made.

The Housing Agency contract with the owner-sponsor will require that the option to purchase give the tenant the right to buy at the FHA-appraised value of the unit at the time he exercises his option. If the FHA-appraised value and the sales price are greater than the outstanding balance in the original 221(d)(3) market-rate mortgage with respect to that unit, the amount by which the sales price exceeds the outstanding balance will be returned to the Federal Government.

In the usual case, the house will have depreciated in value approximately to the same extent that the original mortgage has been amortized and there would be no sales proceeds in excess of the outstanding mortgage balance.

In no event, would it be feasible to sell a unit for less than the outstanding mortgage balance since the sponsor would not be able to repay the debt secured by the unit if the sales price did not equal at least the outstanding balance.

Question. What has been the experience under FHA's 221(d)(3) below-market program. How many projects have there been, what has been their cost, and who have been their sponsors?

Answer. From the beginning of the section 221(d)(3) below-market interest rate program through March 1965, a total of 537 project applications were received involving 72,995 units with a mortgage amount of \$879,558,293. During this period, FHA insured commitments on 296 projects containing 39,371 units with a mortgage amount of \$465,739,285. Also, during this period, FHA insured 210 projects containing 29,967 units with a total mortgage amount of \$353,210,000.

The following table shows the average amount of mortgage allocable to dwelling units under the below-market rate program for 1962 and 1963:

Average amount of mortgage per dwelling unit	Percentage distribution of dwelling units	
	1963	1962
Less than \$8,000.....	0.4	9.4
\$8,000 to \$8,999.....	15.9	27.5
\$9,000 to \$9,999.....	27.5	6.1
\$10,000 to \$10,999.....	10.3	23.8
\$11,000 to \$11,999.....	13.5	33.7
\$12,000 to \$12,999.....	10.9	7.8
\$13,000 to \$13,999.....	15.6	1.3
\$14,000 to \$14,999.....	1.3	10.0
\$15,000 to \$15,999.....	4.6	7.9
\$16,000 to \$16,999.....		
\$17,000 to \$17,999.....		
\$18,000 to \$18,999.....		
Total.....	100.0	100.0
Median.....	\$10,601	\$11,317

Through June 1964 (the latest date for which figures are available), of 347 projects for which applications had been received: 137 were sponsored by limited dividend corporations; 95 by private nonprofit corporations or associations; 81 by management-type cooperatives; and 34 by investor sponsors.

(An investor sponsor is a special type of limited dividend corporation organized to build or rehabilitate a project and subsequently transfers it to a cooperative.)

The various types of nonprofit sponsors are nonprofit corporations, church groups, labor unions, foundations, associations, colleges, and local public agencies.

Question. How would per unit limitations be imposed under the rent supplement program?

Answer. The rent supplement program authorized by the bill would be limited to certain housing, low in cost and of modest design, constructed to standards prescribed by the Federal Housing Administration for families of moderate income.

The maximum mortgage limits under the section 221(d)(3) moderate-income housing program vary according to the number of bedrooms in each unit, as follows: \$8,000 per family unit without a bedroom, \$11,250 per family unit with one bedroom, \$13,500 per family unit with two bedrooms, and \$17,000 per family unit with three or more bedrooms. In the case of elevator projects, the limits are \$9,500, \$13,500, \$16,000, and \$20,000, respectively. The dollar limits per unit can be increased by not to exceed 45 percent in high cost areas.

However, rent supplement payment will be made only with respect to housing constructed in accordance with the standards that have been set for the existing section 221(d)(3) below-market interest rate moderate-income housing program. Under that program, the FHA cannot insure a mortgage if the rentals required to amortize the mortgage are greater than the rent that can be paid by a family whose income is less than the median income in the community. Mortgage limits for each community are restricted to the amount required to build in that community a garden-type project of modest standards that such a family can afford to rent. Elevator-type projects are permitted only if they can be built within the cost

limitations prescribed for garden-type projects.

In the 4 years that the section 221(d)(3) below-market interest rate program has been in operation, the average amount of a mortgage per unit under the program has been approximately \$12,500. If the rent supplement program had been in operation during this 4-year period, the average amount of a mortgage per unit under the program would have been about the same.

Question. How does the subsidy under the rent supplement compare to the subsidy under the public housing program?

Answer. The amount of the rent supplement payment that may be made on behalf of a particular family will never be greater than the amount of the subsidy that would be paid for that same family in a public housing unit. As to average costs, it is estimated that the average subsidy cost under rent supplements would run about \$40 a month per unit—the level of the subsidy for public housing units currently being built runs about \$58 a month per unit.

There are several reasons for the lower subsidy cost in the rent supplement programs. Land and construction costs in the rent supplement program would be less than in the public housing program. There will be available to sponsors of rent supplement projects a much wider range of selections of sites, including suburban and outlying land, and generally no clearance would be involved. In addition, certain special construction requirements that add to the cost of public housing would not apply to housing constructed under the rent supplement program.

Under the rent supplement program, the occupant would be required to pay 25 percent of his income for rent compared to the general 20 percent requirement under the public housing program.

These factors alone—lower land and construction costs and greater payments by occupants—will offset the advantages of low-interest rate loans through tax exemptions in

the public housing program. In addition, of course, the tax exemption accorded income on bonds issued in the public housing program involves a very substantial loss of revenue to the Treasury and this represents a cost that must be borne by other tax sources. It is estimated that the tax exemption of the income on public housing bonds now costs the Treasury \$48 million a year in revenues.

Finally, the local property tax exemption accorded public housing represents a very substantial local contribution and is also a part of the economic cost of public housing.

Question. What income limits would be established for tenants under the rent supplement program?

Answer. S. 2213 contains the Muskie amendment which makes clear that the rent supplement program would cover the same income group identified in the public housing law.

The only families eligible for rent supplement payments will be those who meet both of these requirements:

1. Have incomes below the maximum amount which can be established for occupancy in public housing under the Federal public housing law, the U.S. Housing Act of 1937, and

2. Are elderly, handicapped, displaced from their homes by governmental action, living in slums, or victims of natural disasters which have destroyed or damaged their homes.

DETERMINING THE STATUTORY MAXIMUM

As in the public housing program, the statutory maximum income a family may have and still receive a rent supplement will be determined in each area as follows:

1. A market analysis will be conducted to determine the rentals at which there are available a substantial supply of private decent, safe, and sanitary housing consisting of 1-, 2-, 3-, and 4-bedroom units for families of low income.

2. The statutory maximum income limit

will be established, for the corresponding sized unit in the rent supplement program at five times the rental determined by such market analysis (that is, a 20 percent rent-to-income ratio). However, in the case of housing other than for the elderly, handicapped, or displaced, the limit will be reduced by 20 percent to conform to the public housing law requirement that there be a 20 percent gap between upper rental limits in public housing for such persons and the lowest rentals in private housing.

For example, assume the market analysis for the area shows that \$80 per month is the lowest rental at which a substantial supply of private decent, safe, and sanitary 2-bedroom units is available in an area. The statutory maximum annual income limit for a family of the size that requires a 2-bedroom unit will be \$4,800 (5 times \$80 times 12 months) in the case of a unit for the elderly, handicapped, or displaced.

However, in the case of such a unit for an eligible tenant other than a tenant who is elderly, handicapped, or displaced, the statutory annual income limit for the tenant will be \$3,840 (\$4,800 minus 20 percent).

The statutory maximum income ceilings on a general city-by-city basis cannot be stated until a market analysis is done in each of the cities.

ADMINISTRATIVE LIMITATIONS WITHIN STATUTORY MAXIMUM

Consistent with its understanding of congressional intent, the Housing Agency, in administering the rent supplement programs, would impose administrative limitations upon the amount of income (within the statutory maximum) a family may have and still be eligible for a rent supplement.

Attached is a table setting out maximum income limits that would be imposed administratively in a sampling of 26 cities on the basis of preliminary estimates of rentals required to obtain private decent, safe, and sanitary housing units in these cities:

Preliminary estimates of income limits for families of different sizes under proposed rent supplement program in 26 cities

Cities	2 persons (1 bed- room)	3 or 4 per- sons (2 bedrooms)	5 or 6 per- sons (3 bedrooms)	7 or 8 per- sons (4 bedrooms)	Cities	2 persons (1 bed- room)	3 or 4 per- sons (2 bedrooms)	5 or 6 per- sons (3 bedrooms)	7 or 8 per- sons (4 bedrooms)
Atlanta, Ga.	\$3,100	\$3,800	\$4,900	\$5,500	Milwaukee, Wis.	\$3,600	\$4,100	\$4,600	\$6,000
Bangor, Maine	3,400	4,300	4,800	5,700	Mobile, Ala.	3,900	4,000	4,600	5,100
Batavia, N.Y.	3,400	4,100	4,800	6,000	Newark, N.J.	4,600	5,000	5,500	6,000
Boston, Mass.	4,400	4,800	5,300	6,000	Providence, R.I.	3,200	3,700	4,300	4,800
Bridgeport, Conn.	4,100	4,600	4,800	5,300	Patterson, N.J.	4,300	4,800	5,300	5,800
Chicago, Ill.	4,300	5,000	5,800	6,500	Pittsburgh, Pa.	4,200	4,600	5,000	5,600
Columbia, S.C.	3,400	3,700	4,600	5,000	Port Arthur, Tex.	2,400	3,700	4,300	5,800
Columbus, Ohio	3,700	3,900	4,500	4,900	San Antonio, Tex.	3,300	3,700	4,400	4,800
Fresno, Calif.	3,900	4,400	5,100	6,100	St. Louis, Mo.	4,000	4,500	5,500	6,300
Huntington, W. Va.	3,200	3,700	4,200	4,700	Terre Haute, Ind.	3,600	3,900	4,300	4,900
Jefferson City, Mo.	3,600	4,100	4,600	5,500	Toledo, Ohio	4,000	4,500	5,500	6,000
Kansas City, Mo.	3,600	4,100	4,800	5,500	Waco, Tex.	3,400	3,700	4,600	5,800
Louisville, Ky.	3,700	4,300	5,600	6,200	Utica, N.Y.	2,900	3,700	4,500	5,300

Characteristics of substandard housing (1960 census)

	Number	Percent		Number	Percent
1. Number of occupied units:			6. Percent of income paid to rent (renter-occupied units only):		
Standard.....	44,550,000	84	Less than 10 percent.....	511,000	15
Substandard.....	84,474,000	16	10 to 14 percent.....	612,000	18
Total.....	53,024,000	100	15 to 19 percent.....	512,000	16
2. Condition:			20 to 24 percent.....	362,000	10
Sound, but lacking all plumbing.....	3,380,000	40	25 to 34 percent.....	468,000	13
Deteriorating, and lacking plumbing.....	2,826,000	33	35 percent or more.....	987,000	29
Dilapidated.....	2,268,000	27	Total.....	3,452,000	100
Total.....	8,474,000	100	Not available.....	1,292,000	
3. Owned versus rented:			Grand total.....	4,744,000	
Owned.....	3,730,000	44	Median percent paid, 20.8.		
Rented.....	4,744,000	56	7. Rent paid:		
Total.....	8,474,000	100	Less than \$30.....	1,445,000	34
4. Location:			\$30 to \$39.....	749,000	18
Central cities of metropolitan areas.....	1,925,000	23	\$40 to \$49.....	693,000	16
Suburbs.....	1,287,000	15	\$50 to \$59.....	500,000	12
Small cities (2,500 to 50,000).....	471,000	5	\$60 to \$69.....	355,000	9
Towns (under 2,500).....	3,304,000	39	\$70 to \$79.....	196,000	5
Farms.....	1,487,000	18	\$80 to \$89.....	170,000	4
Total.....	8,474,000	100	\$100 or over.....	81,000	2
5. Income level:			Total.....	4,189,000	100
Less than \$2,000.....	3,981,000	47	Not available.....	555,000	
\$2,000 to \$2,999.....	1,320,000	16	Grand total.....	4,744,000	
\$3,000 to \$3,999.....	1,037,000	12	Median rent paid: \$43.		
\$4,000 to \$4,999.....	786,000	9	8. Age:		
\$5,000 to \$5,999.....	547,000	6	Under 65.....	6,457,000	76
\$6,000 and over.....	807,000	10	Over 65.....	2,017,000	24
Total.....	8,474,000	100	Total.....	8,474,000	100
Median income, \$2,200.			9. Race:		
			White.....	6,576,000	78
			Nonwhite.....	1,898,000	22
			Total.....	8,474,000	100

A SUMMARY OF THE MAIN PROVISIONS OF S. 2213 AS REPORTED BY THE SENATE BANKING AND CURRENCY COMMITTEE—"THE HOUSING AND URBAN DEVELOPMENT ACT OF 1965"

HOUSING FOR LOW-INCOME FAMILIES

By broadening existing programs and adding new ones, the bill would multiply many times the volume of good housing that can be provided for low-income families, including the elderly, the handicapped, and the displaced. The set of programs in this bill is estimated to provide some 750,000 units of housing for low-income needs in the next 4 years, compared to less than 200,000 in the past 4 years.

Here are the programs that will help to do this under this bill:

EXISTING PROGRAMS FOR LOW INCOME

Low-rent public housing: Provides for 60,000 low-rent public housing units a year—240,000 in 4 years—with an estimated 35,000 a year to be new construction, 15,000 to be bought and rehabilitated from existing housing, and 10,000 units to be leased for low-rent use from private owners. Bill would modify financing formula for public housing to adapt it to financing of existing housing.

FHA moderate-income housing (sec. 221 (d)(3)): This successful 1961 program to provide housing at below-market interest rates for low- and moderate-income families is continued, and the maximum interest rate is reduced to 3 percent to assure lower rents. Support for such FHA-insured mortgages through the Federal National Mortgage Association's special assistance is continued.

Direct loans, housing for the elderly and the handicapped: This active program for nonprofit housing for the elderly and handicapped of moderate means is extended with an additional \$150 million authorization, and the maximum interest rate is reduced to 3 percent.

NEW PROGRAMS FOR LOW INCOME

Rent supplements: This is a major new program to provide a large volume of private housing within the means of low-income families. It is expected to generate some 500,000 units of nonprofit, cooperative, or limited dividend housing over the next 4 years by attracting private capital into the

housing market for low-income families. With some half million families on the public housing waiting lists and some 6 million families with incomes below \$4,000 living in substandard housing, existing programs alone are not sufficient to make large-scale inroads on the problem.

Here is how the rent supplement program would operate:

How the housing is financed: The housing would be built by nonprofit, cooperative, or limited dividend sponsors under FHA's low-cost housing program (section 221) at regular market interest rates (currently 5½ percent plus one-half of 1 percent insurance premium). It would be subject to FHA's requirements in this program which assure that the housing is modest in cost.

Who is eligible: Only those families and individuals whose incomes are below the maximum that can be established for occupancy in public housing and who, in addition, are elderly, handicapped, displaced from their homes by governmental action, living in slums, and victims of disasters, are eligible for rent supplements.

What the rent supplement pays: Eligible tenants would pay 25 percent of their income toward the fair market rents established under the FHA. The rent supplement would pay any difference above that percentage. As family income rises, the supplement would be reduced, and when the family could pay the full rent, it could continue to live in the same unit without a supplement. If the housing is adapted for individual purchase, the family could also have an opportunity to buy it when its income permitted.

Size of the program: The bill would authorize \$50 million for rent supplement payments in the fiscal year 1966, and an additional \$50 million for each of the following 3 years, making a maximum of \$200 million in such annual rent supplements at the end of 4 years.

Experimental program: As an experiment, the bill would authorize a limited amount—up to 10 percent of the grants—to be used for rent supplements on housing provided under FHA's below-market interest rate program (section 221(d)(3)), FHA's housing for the elderly program (section 231), and

housing for the elderly built with direct Federal loans. Not more than 20 percent of the units in a project could have rent supplements under this experimental program.

Rehabilitation grants: The bill authorizes grants to enable low-income homeowners in urban renewal areas, whose homes are required by the urban renewal plan to be rehabilitated, to improve their homes and remain in them, rather than to compel them to leave and be relocated elsewhere. The Senate bill would authorize such grants up to \$1,500 for families whose incomes do not exceed \$3,000 a year or a lower amount, based on needs, for homeowners with higher incomes.

IMPROVING URBAN AREAS

Land acquisition and development: FHA would be authorized to insure mortgages to acquire and develop land for residential and related uses, provided such development is consistent with a comprehensive plan developed or being developed for the area. Improvements financed could include water and sewer facilities, roads, streets, sidewalks, and other site improvements. The intent is to encourage the provision of a large supply of properly planned and improved building sites, to small as well as large builders.

The FHA-insured mortgage could (1) cover up to 75 percent of the estimated value of the property when developed, or (2) 50 percent of the value before development plus 90 percent of the cost of the site improvements, whichever is less. The insured mortgage amount could not exceed \$10 million.

Grants for basic sewer and water facilities: Grants would be authorized to public bodies to finance up to 50 percent of the cost of expanding, enlarging, and improving basic public water and sewer facilities, in accordance with an areawide or comprehensive plan. Grants could not be used to finance ordinary repairs and maintenance of existing facilities. The bill authorizes \$700 million over a 4-year period for this purpose.

Grants for advance purchase of land for public facilities: Grants would be authorized to assist in financing the acquisition of sites to be used in future construction of public works and facilities. Such grants would be equal to the reasonable interest charges on loans for such land purchases up to the time

of construction, but for not more than 5 years. The Housing Administrator would require that construction of the facility would contribute to the economy, efficiency, and the comprehensively planned development of the area. The bill authorizes \$25 million annually for 4 years for this program.

Grants for neighborhood facilities: Grants would be authorized to local public bodies and agencies to help finance projects for neighborhood facilities, such as community or youth centers, health stations, or similar public buildings. Emphasis would be placed on projects which would support a community action program under the Economic Opportunity Act (antipoverty program), and to projects which are of special benefit to low-income families. Grants could cover up to two-thirds of the project cost, or 75 percent in areas approved under the Area Redevelopment Act. The bill provides an annual authorization of \$25 million for 4 years for such grants.

Grants for urban beautification and improvement: Matching grants would be authorized to assist localities in programs of beautification and improvement of open-space and other public lands. Programs could be included for example for such things as street landscaping, park improvements, tree planting, and upgrading of malls and squares. Ordinarily, grants could not exceed 50 percent of the cost over and above the average previous expenditures for such activities. There would, however, be a \$5 million demonstration grant program to encourage experimentation and innovation under which grants could cover up to two-thirds of the total cost.

Open-space land grants: Grants would be authorized to States and local agencies to cover up to 50 percent (an increase over the 20 to 30 percent now authorized) of the cost of acquiring and developing land for recreational, conservation and other public uses, in accordance with comprehensive area plans. The bill would also authorize the purchase and clearance of land in built-up areas for such open-space needs as parks, squares, playgrounds, and pedestrian malls. The authorization for open-space grants is increased from \$75 million to \$310 million, of which not more than \$64 million may be used for the new program in built-up urban areas and not more than \$36 million for the new aids for urban beautification and improvement. Relocation payments would be authorized in connection with these open-space and urban improvement programs.

URBAN RENEWAL

Title I projects: The bill increases the authorization for urban renewal grants by \$675 million on enactment, \$725 million on July 1, 1966, and by \$750 million on July 1 in each of the years 1967 and 1968.

It permits 40 percent of the amount of new capital grant authority to be used for nonresidential renewal in order to promote economic improvement.

The bill would authorize grants to localities to assist them in carrying out concentrated code enforcement programs. The grants could be up to two-thirds (three-fourths for towns of 50,000 or less) of the cost of code enforcement that exceeds the normal code enforcement program of a locality. It would also authorize two-thirds grants to cities and counties to cover the cost of demolition of unsound structures in renewal areas or on a planned neighborhood basis.

The bill increases urban renewal relocation adjustment payments to small businesses from \$1,500 to \$2,500, provides for Small Business Administration to underwrite rental leases for small businesses facing difficulty in financing reestablishment of business, and extends relocation provisions generally to those displaced by the urban mass transportation program.

PRIVATE HOUSING

The bill extends the FHA mortgage insurance authorization for another 4 years—under present law it would expire October 1, 1965. Extended also to the same date is FHA's low-cost housing program (section 221), including the below-market interest program, for which the maximum interest rate is reduced to 3 percent.

The bill increases the FHA property improvement loan (title I) maximum from \$3,500 to \$5,000, and the maximum term from 5 to 7 years.

It makes various improvements in the FHA programs, including higher cost limits for large units in rental housing, more liberal aid for rehabilitation in renewal areas, and higher mortgage limits (from \$20,000 to \$30,000) on insured mortgages for servicemen.

The bill provides progressive increases for the next 4 fiscal years in the FNMA's authority to purchase mortgages under its special assistance programs.

COLLEGE HOUSING

The bill increases the college housing loan authorization by \$110 million on enactment, by \$285 million on July 1 for the years 1966 and 1967, and by \$275 million on July 1, 1968, and makes clear that new colleges can qualify for loans.

RURAL HOUSING

The bill extends the rural housing programs to October 1, 1969.

It increases authority for grants for non-profit sponsors for low-rent housing for farm labor from \$10 million to \$50 million.

The bill provides a new rural housing insured loan program, authorizing \$300 million a year in insured loans for low- and moderate-income families, and for others above that level. It authorizes the FNMA to purchase mortgages insured under the new program in its secondary market operations.

The bill authorizes rural housing loans for purchase of previously occupied dwellings and structures and for suitable sites, in addition to new home construction.

SENATOR GORE MAKES A DISTINCT CONTRIBUTION

Mr. MANSFIELD. Mr. President, as the Senate knows I supported the proposed constitutional amendment providing for presidential inability and for succession to a vacancy in the vice-presidency. I did so because I was aware of the months of intense work which had gone into this measure on the part of the Senator from Indiana [Mr. BAYH], the Senator from Nebraska [Mr. HRUSKA], the distinguished minority leader [Mr. DIRKSEN], and other able Senators of the Judiciary Committee. I did so, too, because I recognize the immense difficulty in arriving at legislative language which will be completely agreeable to every member of a legislative body.

Nevertheless, I believe that the efforts of the distinguished Senator from Tennessee [Mr. GORE] to clarify certain language just prior to passage of the proposed amendment served a highly useful purpose. Even though he did not prevail, the Senator from Tennessee precipitated a debate on a highly significant aspect of the amendment which, on the part of the Senate at least makes very clear the intent.

So while I would point out again that while I did not go along with him in his opposition to final passage, I do respect his high motive and salute the public service which he performed. And, in

this connection, I am delighted to call to the attention of the Senate a lead editorial in the Nashville Banner of July 7 which recognizes and supports the purposes which the distinguished Senator from Tennessee [Mr. GORE] sought to achieve. I ask unanimous consent that the editorial previously referred to be included at this point in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

ON REPLACING A PRESIDENT—FORMULA OF CHANGE NEEDS PRECISE DEFINITION

Senator ALBERT GORE is right. Ambiguity (language subject to two or more possible interpretations) does not belong in any legislation. And it is dangerously defective when it relates to a statement of method for replacing a President, when, for any cause, he is incapacitated.

Nevertheless, the ambiguous language of the proposed "disability" amendment stands. The Senate approved it yesterday, and the House already had given it sanction. The responsibility of final decision now rests with the States—three-fourths of whose legislatures would have to ratify to make it effective.

Tennessee's senior Senator does not disagree with the necessity of a constitutional provision covering the question. Obviously the emergency situation to which this proposed solution is addressed could occur. A President can become unable to perform his official duties. In extreme, if hypothetical, cases, it could become necessary for somebody else to decide. Similarly, workable arrangements are in order for filling the Vice Presidency when by death or advancement that office is vacated.

The constitutional provision has been adequate in circumstances to date. The present effort is addressed to a situation not as yet encountered—and its authors are exploring new ground, to provide for any contingency. It is for that reason the more imperative that the steps be clearly spelled out, with no provisos conceivably subject to misconstruction.

Far from convincing is the counterargument, that once the amendment is adopted Congress can enact clarifying legislation to implement it. That is putting the cart before the horse. If the amendment is obscure, or imprecise in its wording, who is to say that legal specification born of it would necessarily be less so?

In being asked to ratify a structural change, bearing so directly on a fundamental point of top elective office, the States are entitled to an accurate picture of what is being proposed; not one possible of different interpretations.

This government of law has been blessed by clarity of purpose attesting to the ability of those drafting its Constitution, and those writing the laws based thereon, to state their meanings precisely.

Vagueness is not a virtue; and double-meanings can provide no safeguard in far-reaching legislation. Ambiguity does not belong in a proposed step of this magnitude. It could be redrawn to say exactly what it means. Senator GORE is right.

RADIO BROADCASTING

Mr. METCALF. Mr. President, radio broadcasting has given the American public many hours of entertainment, news and information. The early days of radio provided a common bond of communication between widely scattered parts of the Nation. I can recall the great fascination it held for me as a

small boy in western Montana, tuning across the dial to hear the great radio voices from east, west, north, and south.

Radio broadcasting has changed a great deal since those early struggling years. Not only has the radio spectrum become crowded with the signals from thousands of AM broadcast stations, the content of the radio programs has changed. I have often been frustrated in attempts to tune in on a good discussion program or an expanded recitation of the day's news developments. Instead I am bombarded with hour upon hour of so-called popular music. It appears that radio broadcasters, in an effort to dominate the ratings, have increasingly cast aside "talk" programs in favor of more music. In some instances, radio broadcasting, 1965, sounds like an automated jukebox.

There are many radio broadcasting stations in Montana which are living up to their public trust: to operate in the public convenience and necessity. These stations are doing an outstanding job of balanced programming.

They are providing a forum for discussion of issues important to the people of Montana.

Recently, during the 35th Institute for Education by Radio-Television at Ohio State University, M. S. Novik, radio consultant in New York City, deplored the lack of discussion programs on radio. His remarks clearly outline what has been allowed to happen on the airwaves and what the consequences may be.

I ask unanimous consent that his remarks be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

RADIO—SOUND WITHOUT MEANING

(Remarks by M. S. Novik, radio consultant)

Technically speaking, radio is a lot of hardware. And that hardware has been making remarkable technical progress from the first crystal set to modern transistorized equipment. The only thing that has not kept pace with the technical advances is its intelligent use by the men who control it.

Instead of using the hardware to retain radio's lead as a medium of information, as a fountain of knowledge, programming has been going downhill, away from its once bright promise. As a result, radio has given up its dynamic role and abdicated its leadership to television. It has become a symbol of intellectual silence.

Indeed what's right with radio or wrong with radio is not in the hardware but in ourselves.

Once upon a time, a million years ago it seems now, there was an Edward R. Murrow, a Raymond Gram Swing, an Elmer Davis—men who made the world come alive through radio, who made continents neighbors to each other. These were no headline screamers. They were men who made us a part of their experience, who shared wisdom with us, so that all of us might share democracy with one another.

Once upon a time there was a "Town Meeting of the Air," when the American people flattered themselves with ideas, to be examined for what they were. Ideas, rather than jingles and slogans. There was still room enough—too much room, perhaps—for the soap operas, but at least there was some room some of the time for something else. The listener did have some sort of choice—if not all the time, some of the time.

How did radio get into its present sad state of programming? Partly because of panic over the competition of television; partly because of competition from a flood of new low-powered, low-cost local stations after World War II.

The battle of the ratings gave the format operator his first breakthrough. Program prestige went out of the window.

Instead of holding the line and improving the radio service, the big stations, the network stations capitulated; some more, some less, some all the way.

The disintegration of network radio in these critical times poses a serious problem not only for the radio industry, but for the Nation.

Look at the world we live in. Great questions of foreign policy are bedeviling the American people. What do we do about Vietnam? The recent teach-ins, the recent Washington debates on the subject have barely been touched on by radio, except for brief summaries.

Not only foreign affairs but also pressing domestic questions demand that we know what we are thinking, talking, and voting about. What about civil rights, unemployment, automation, the art of being a wise consumer, education to meet the rising demands of our society? All these great questions have, among our own people, great people who can discuss them intelligently. But they are not heard on radio.

Take the President's own statements on the crisis in Vietnam or at Santo Domingo, or on the domestic issues of our time that are involved in creating the Great Society. They, too, are summed up in quick headlines.

Radio has time for brief summaries, but no time for anything resembling real information. And this brings us to the all-important question: what is information?

Information is knowledge. It is both fact and opinion. It is the raw material for wisdom. It is not just a shouted headline torn from the teletype machine. It is not just 5 minutes of news on the hour. It is not just whether it's going to rain today or not, or how the traffic is on the bridge. It is, in short, the material men need if they are to make a nation work, especially a democratic nation.

We are a self-governing people. This high order of self-challenge demands that we be an informed people.

Broadcasters speak of radio's forthcoming \$1-billion-a-year income. Is this the ultimate proof of radio's viability? Crime pays three times as much, but you can't quite measure virtue this way. You can't say that you're rich, therefore you're right. It's not quite that simple.

How many radio stations, beginning, say, with the Kennedy-Nixon debates in 1960 and continuing to the current nationwide Vietnam discussions, have carried even portions of these great discussions, or any other discussions? Presidential press conferences, statements of world leaders, community problems presented in forum or debate, any of these?

Radio today has the opportunity, as well as the obligation, to become the medium it might be, it was planned to be long, long ago. For radio to say that television and the newspapers should be doing the informing is equivalent to saying that radio has no responsibilities in this direction. The law says otherwise, and it is high time that Congress and the FCC make sure that the law is clear.

Who was it who decided that none of the American people want anything but music and instant news on their radio sets? I don't know. How is it that a major law of the land, the Communications Act of 1934, can continue in existence if it is not enforced? Respect for law itself, and with it free institutions, depends upon equal treatment under law, enforcement of the law, and clarity of its

meaning. Who has exempted radio men from these truths?

Many of these same radio stations that offer only rock-and-roll and headlines; classical music and headlines, talk jockeys and headlines, or conversation and headlines, excluding all else, are owned by responsible networks, responsible newspapers, magazines, nonprofit institutions, and respectable corporations. Do these people realize these policies are contributing to radio's delinquency?

These station owners are public-spirited citizens, they serve their communities faithfully, they give generously to charity. But they fail their communities where they can best serve—by using their radio facilities to serve the public welfare.

They, of all people, should know that the fastest, quickest buck is not synonymous with the public interest, convenience, and necessity.

The United States is no longer in a position, and I don't think she ever was, to waste great natural resources. Radio is one of the greatest of these treasures.

Radio is not quite a private enterprise. It involves the use of limited frequencies that are available on the publicly owned airwaves. For this reason, the radio station owner is a licensee. He operates under privilege, not by right.

One reason why laws and governments are set up among men is to moderate self-interest in terms of a more generalized public interest, and necessity and convenience. A driver's license is a case in point: certain ground rules are posted under which we operate. But the ground rules for drivers are clearly stated; we even have signs and lights on highways to remind us of the laws.

Radio could use a touch or two of the same.

In 1934, Congress when it passed the Communications Act thought it had spelled out the rules of the airwaves. The rules of the highways made in 1934, are unworkable today, and they have been changed.

But not the rules of the airwaves—they haven't been updated. They've just been ignored. And, mind you, the usage of the airwaves has changed even more than the use of the highways. We now have FM, TV, pay-TV and now the flood of CATV. And it's the people—the public—that are the victims of today's airwave traffic jam.

It is no longer enough to say to the people that you can just turn off the set if you don't like it. The people who don't like radio today pay the same taxes and live in the same times as the people who walk the street with transistors to their heads. Thinking, talking, interested people have the same rights as others. You keep telling them to lump it and the lumps will end up in unexpected places. The public will not be damned indefinitely.

And what is it that the people want? They want, and this is so little, just a bit of time on radio—time to talk, to discuss, to argue, to debate, and to analyze. Is this so much to ask? Will this favor, if that is the word, impoverish the industry?

Too many stations simply have no room for what they call "talk" programs. They will not even sell 15 minutes or half an hour for a political campaign, whether local or national.

Where does this leave a political candidate? He can buy spot announcements. He may even have time for a recording of his own voice, delivering a 60-second commercial for himself.

Does this promote public information? Does this lead to a better understanding of the campaign issues? I doubt it.

Those of us who have been in broadcasting for a long time remember the course of the congressional debates on the Communications Act of 1934. No one in Congress—and very few outside of Congress—anticipated a

accept and use donations of funds, property, personal services, or facilities, (3) to acquire selected areas of lands or interests in lands by donation, acquisition with donated funds, devise, or exchange for acquired lands or public lands under his jurisdiction which he finds suitable for disposition, (4) to administer such lands or interests for experimental purposes, including the observation and manipulation of natural areas, and (5) to issue such regulations as he deems necessary with respect to the administration of such lands.

SEC. 4. Activities authorized by this Act may be carried out on lands under the jurisdiction or control of other departments or agencies of the Government only with the approval of the head of the department or agency concerned.

SEC. 5. The Secretary shall consult with and provide technical assistance to departments and agencies of the Government, and he is authorized to obtain from such departments and agencies such information, data, reports, advice, and assistance as he deems necessary or appropriate and which can reasonably be furnished by such departments and agencies in carrying out the purposes of this Act. Any Federal agency furnishing advice or assistance hereunder may expend its own funds for such purposes, with or without reimbursement by the Secretary.

SEC. 6. Nothing in this Act is intended to give, or shall be construed as giving, the Secretary any authority over any of the authorized programs of any other department or agency of the Government, or as repealing, modifying, restricting, or amending existing authorities or responsibilities that any department or agency may have with respect to the natural environment. The Secretary shall consult with the heads of such departments and agencies for the purpose of identifying and eliminating duplication of effort.

SEC. 7. (a) The Secretary is authorized to establish such advisory committees as he deems desirable for the purpose of rendering advice and submitting recommendations to him relating to the carrying out of the purposes of this Act. Such advisory committees shall render advice and submit recommendations to the Secretary upon his request and may submit recommendations to the Secretary at any time on their own initiative. The Secretary may designate employees of the Department of the Interior to serve as secretaries to the committees.

(b) Members of advisory committees appointed by the Secretary may receive not to exceed \$100 per day when engaged in the actual performance of their duties, in addition to reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties.

SEC. 8. The Secretary is authorized, pursuant to such terms and conditions as he deems desirable, to make grants to public and nonprofit private universities and colleges, as well as to museums and botanical and zoological gardens and other scientific or conservation organizations in the several States and possessions of the United States, for the purpose of training persons, including scientists, technicians, and teachers, needed in the field of ecology and related fields.

SEC. 9. The Secretary is authorized to participate in environmental research in surrounding oceans and in other countries in cooperation with appropriate departments or agencies of such countries or with coordinating international organizations if he determines that such activities will contribute to the objectives and purposes of this Act.

SEC. 10. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

HOUSING AND URBAN DEVELOPMENT ACT OF 1965—AMENDMENT

AMENDMENT NO. 346

Mr. TOWER submitted an amendment, intended to be proposed by him, to the bill (S. 2213) to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities, which was ordered to lie on the table and to be printed.

AMENDMENTS NOS. 347 AND 348

Mr. JAVITS submitted two amendments, intended to be proposed by him, to Senate bill 2213, supra, which were ordered to lie on the table and to be printed.

ADDITIONAL COSPONSORS OF BILLS

Mr. McCARTHY. Mr. President, I ask unanimous consent that the name of the Senator from Arkansas [Mr. FULBRIGHT] be added to the list of cosponsors of Senate Joint Resolution 85, the measure I introduced proposing a constitutional amendment relating to equal rights of men and women, and that his name be listed among the sponsors at the next printing of the bill.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. McCARTHY. Mr. President, I also ask unanimous consent that the name of the Senator from Tennessee [Mr. STENNIS] be added to the list of cosponsors of S. 2143, the Great River Road bill, and that his name be listed among the sponsors at the next printing of the bill.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. HARTKE. Mr. President, at the time I introduced S. 2228, a bill to correct inequities in the basic compensation of overseas teachers, I had hoped to ask unanimous consent that it might lie at the desk. However, I was unable to make the request and subsequently invited other Senators to express their interest with the intent of seeking unanimous consent.

I therefore now ask unanimous consent that the following Senators may be added to the bill as cosponsors: Mr. MAGNUSON, Mr. BOGGS, Mr. McGEE, Mr. McCARTHY, Mr. MOSS, Mr. NELSON, Mr. RIBICOFF, Mr. INOUE, Mr. RANDOLPH, Mr. MONDALE, Mr. CLARK, Mr. MORSE, Mr. TOWER, and Mr. JAVITS.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. BAYH. Mr. President, I ask unanimous consent that the names of the following Senators be added as cosponsors to S. 1861, which, as the distinguished Presiding Officer knows, is a comprehensive measure designed to provide additional assistance for areas suffering from major disasters: Mr. BOGGS, Mr. COOPER, Mr. FONG, Mr. MURPHY, Mr. MUSKIE, Mr. PEARSON, and Mr. ALLOTT.

The PRESIDENT pro tempore. Without objection, it is so ordered.

NOTICE CONCERNING NOMINATIONS BEFORE COMMITTEE ON THE JUDICIARY

Mr. EASTLAND. Mr. President, the following nominations have been referred to and are now pending before the Committee on the Judiciary:

Gerald D. O'Brien, of Maryland, to be an Assistant Commissioner of Patents, vice Horace B. Fay, Jr.

Richard A. Wahl, of Virginia, to be an Assistant Commissioner of Patents, vice Ezra Glaser.

Donald H. Fraser, of Georgia, to be U.S. attorney, southern district of Georgia, term of 4 years. (Reappointment.)

Thomas B. Mason, of Virginia, to be U.S. attorney, western district of Virginia, term of 4 years. (Reappointment.)

Edmund A. Nix, of Wisconsin, to be U.S. attorney, western district of Wisconsin, term of 4 years, vice Nathan S. Heffernan, resigned.

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in these nominations to file with the committee, in writing, on or before Tuesday, July 20, 1965, any representations or objections they may wish to present concerning the above nominations, with a further statement whether it is their intention to appear at any hearings which may be scheduled.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announced that the House had passed the bill (S. 26) to authorize the Secretary of the Interior to acquire lands for, and to develop, operate, and maintain, the Golden Spike National Historic Site, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to the concurrent resolution (S. Con. Res. 17) to express the sense of Congress against the persecution of persons by Soviet Russia because of their religion, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills and joint resolutions, in which it requested the concurrence of the Senate:

H.R. 546. An act to authorize the Secretary of the Army to adjust the legislative jurisdiction exercised by the United States over lands within Camp McCoy Military Reservation, Wis.;

H.R. 722. An act to amend certain provisions of existing law concerning the relationship of the Coast and Geodetic Survey to the Army and Navy so they will apply with similar effect to the Air Force;

H.R. 725. An act to clarify the responsibility for marking of obstructions in navigable waters;

H.R. 728. An act to amend section 510 of the Merchant Marine Act, 1936;

H.R. 729. An act to amend section 510(a) (1) of the Merchant Marine Act, 1936;

H.R. 3037. An act to amend section 1485 of title 10, United States Code, relating to the transportation of remains of deceased dependents of members of the Armed Forces, and for other purposes;

H.R. 3957. An act to authorize establishment of the Fort Union Trading Post Na-

tional Historic Site, N. Dak. and Mont., and for other purposes;

H.R. 5034. An act to amend section 2575 (a) of title 10, United States Code, to authorize the disposition of lost, abandoned, or unclaimed personal property under certain conditions;

H.R. 5041. An act to provide for safety regulation of common carriers by pipeline under the jurisdiction of the Interstate Commerce Commission, and for other purposes;

H.R. 7779. An act to provide for the retirement of enlisted members of the Coast Guard Reserve;

H.R. 8030. An act to provide for the discontinuance of the Postal Savings System, and for other purposes;

H.R. 8095. An act to authorize travel and transportation allowances under certain circumstances for members of the uniformed services when ordered to make changes of permanent station while away from their permanent stations under orders, and for other purposes;

H.R. 8111. An act to establish the Herbert Hoover National Historical Site in the State of Iowa;

H.R. 8211. An act to amend title 37 of the United States Code to provide that a family separation allowance shall be paid to any member of a uniformed service assigned to Government quarters providing he is otherwise entitled to such separation allowance;

H.R. 8720. An act to amend the Organic Act of Guam to provide for the payment of legislative salaries and expenses by the government of Guam;

H.R. 8721. An act to amend the Revised Organic Act of the Virgin Islands to provide for the payment of legislative salaries and expenses by the government of the Virgin Islands;

H.R. 8761. An act to provide an increase in the retired pay of certain members of the former Lighthouse Service;

H.J. Res. 454. Joint resolution to provide for the development of Ellis Island as a part of the Statue of Liberty National Monument, and for other purposes; and

H.J. Res. 481. Joint resolution to amend the joint resolution of March 25, 1953, to expand the types of equipment furnished Members of the House of Representatives.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills:

S. 956. An act to amend the act entitled "An act to provide better facilities for the enforcement of the customs and immigration laws," to extend construction authority for facilities at Guam and the Virgin Islands of the United States (76 Stat. 87; 19 U.S.C. 68);

S. 998. An act to amend section 4 of the Fish and Wildlife Act of 1956 to authorize the Secretary of the Interior to make loans for the financing and refinancing of new and used fishing vessels, and to extend the term during which the Secretary can make fisheries loans under the act;

S. 1462. An act to authorize the Secretary of the Interior to contract with the Middle Rio Grande Conservancy District of New Mexico for the payment of operation and maintenance charges on certain Pueblo Indian funds; and

S. 2154. An act to amend the act establishing the United States-Puerto Rico Commission on the Status of Puerto Rico.

HOUSE BILLS AND JOINT RESOLUTIONS REFERRED

The following bills and joint resolutions were severally read twice by their titles and referred as indicated:

H.R. 546. An act to authorize the Secretary of the Army to adjust the legislative jurisdiction exercised by the United States over lands within Camp McCoy Military Reservation, Wis.;

H.R. 3037. An act to amend section 1485 of title 10, United States Code, relating to the transportation of remains of deceased dependents of members of the Armed Forces, and for other purposes;

H.R. 5034. An act to amend section 2575 (a) of title 10, United States Code, to authorize the disposition of lost, abandoned, or unclaimed personal property under certain conditions;

H.R. 8095. An act to authorize travel and transportation allowances under certain circumstances for members of the uniformed services when ordered to make changes of permanent station while away from their permanent stations under orders, and for other purposes; and

H.R. 8211. An act to amend title 37 of the United States Code to provide that a family separation allowance shall be paid to any member of a uniformed service assigned to Government quarters providing he is otherwise entitled to such separation allowance; to the Committee on the Armed Services.

H.R. 722. An act to amend certain provisions of existing law concerning the relationship of the Coast and Geodetic Survey to the Army and Navy so they will apply with similar effect to the Air Force;

H.R. 725. An act to clarify the responsibility for marking of obstructions in navigable waters;

H.R. 728. An act to amend section 510 of the Merchant Marine Act, 1936;

H.R. 729. An act to amend section 510 (a) (1) of the Merchant Marine Act, 1936;

H.R. 7779. An act to provide for the retirement of enlisted members of the Coast Guard Reserve; and

H.R. 8761. An act to provide an increase in the retired pay of certain members of the former Lighthouse Service, to the Committee on Commerce.

H.R. 3957. An act to authorize establishment of the Fort Union Trading Post National Historic Site, N. Dak. and Mont., and for other purposes;

H.R. 8111. An act to establish the Herbert Hoover National Historical Site in the State of Iowa;

H.R. 8720. An act to amend the Organic Act of Guam to provide for the payment of legislative salaries and expenses by the government of Guam;

H.R. 8721. An act to amend the Revised Organic Act of the Virgin Islands to provide for the payment of legislative salaries and expenses by the government of the Virgin Islands; and

H.J. Res. 454. Joint resolution to provide for the development of Ellis Island as a part of the Statue of Liberty National Monument, and for other purposes; to the Committee on Interior and Insular Affairs.

H.R. 8030. An act to provide for the discontinuance of the Postal Savings System, and for other purposes; to the Committee on Post Office and Civil Service.

H.J. Res. 481. Joint resolution to amend the joint resolution of March 25, 1953, to expand the types of equipment furnished Members of the House of Representatives; to the Committee on Rules and Administration.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. CASE:

Article dealing with the abuse of diplomatic immunity by representatives of foreign governments in connection with violation of traffic laws, published in the New York Daily News on June 23.

elg

DEPARTMENT OF AGRICULTURE AND RELATED AGENCIES APPROPRIATIONS, 1966

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to the consideration of Calendar No. 409, House bill 8370.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H.R. 8370) making appropriations for the Department of Agriculture and related agencies for the fiscal year ending June 30, 1966, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations with amendments.

Mr. HOLLAND obtained the floor.

Mr. HOLLAND. Mr. President, I wish to yield briefly to the Senator from Iowa [Mr. MILLER], and then I shall be willing to yield to any other Senator who wishes to speak briefly; but we do have an extremely complicated bill ahead of us, and I should like to get started.

Mr. MILLER. Mr. President, I ask for the yeas and nays on passage of the bill.

The yeas and nays were ordered.

NATIONAL PUERTO RICAN DAY

Mr. JAVITS. Mr. President, I send to the desk, and ask unanimous consent that it may be appropriately referred, a joint resolution on behalf of my colleague [Mr. KENNEDY] and myself, designating July 25 of each year as Puerto Rican Day.

The PRESIDING OFFICER. The joint resolution will be received and appropriately referred.

The joint resolution (S.J. Res. 97) designating July 25 of each year as "Puerto Rican Day in the United States of America," introduced by Mr. JAVITS (for himself and Mr. KENNEDY of New York), was received, read twice by its title, and referred to the Committee on the Judiciary.

Mr. JAVITS. Mr. President, the purpose of this joint resolution is to focus the attention of the Congress and the people of the United States on the strong bonds which exist between us and the people of Puerto Rico.

The Commonwealth of Puerto Rico is an island outpost of democracy in the Caribbean. It serves as a link between the mainland of the United States and our neighbors to the south. Sharing a common language and cultural background with large areas of Latin America, Puerto Rico is a channel through which we can work for increased intra-hemispheric understanding.

The island has often been called the "showcase of democracy." Its economic development is a testament to the strength and vitality of the private enterprise system when welcomed and en-

"Maximum car loading and tire selection"

"The original equipment 4-ply rated 2-ply tires are designed and thoroughly tested to meet all normal requirements of your vehicle and are adequate for occasional full-load service with the inflation pressures recommended above.

"Oversize optional tires are capable of greater load capacity. Their use is applicable to all models, particularly station wagons. These tires are recommended for continued full-load service.

"Full-load service of the car is (each passenger is considered 150 pounds):

"All models except station wagons and convertibles: 3 passengers front seat, 3 passengers rear seat, 200 pounds luggage, 1,100 pounds.

"Convertibles: 3 passengers front seat, 2 passengers rear seat, 300 pounds luggage, 1,050 pounds.

"Classic 6, 2-seat station wagons: 3 passengers front seat, 3 passengers rear seat, 300 pounds of luggage, 1,200 pounds.

"Classic 6, 3-seat station wagons: 3 passengers front seat, 3 passengers second seat, 2 passengers third seat, 100 pounds luggage, 1,300 pounds.

"Classic V-8, 2- and 3-seat station wagons: 3 passengers front seat, 3 passengers second seat, 400 pounds luggage or 2 passengers in third seat, and 100 pounds luggage, 1,300 pounds.

"NOTE.—Station wagon roof rack luggage should be limited to 150 pounds, evenly distributed, included in above capacity. When towing trailers, the allowable passenger and cargo load must be reduced by an amount equivalent to the trailer tongue load.

"For cars driven at sustained rates of high speed or on trips where above-average speeds or loads are maintained, tire pressures may be increased up to 30 pounds (cold before running.) The higher pressure will increase stability with some sacrifice of riding quality. The higher pressure will also improve fuel economy under all driving conditions, and is also recommended when hauling heavy loads. Continued use of higher pressures at light loads will adversely affect tread wear and ride.

"Check tires often for visible underinflation and for signs of uneven wear, which may indicate need for front-end alignment.

"In accordance with the diagram, rotating tires every 4,000 to 8,000 miles (normally) is recommended to assure longer overall tire life by equalizing wear.

"If no spare tire is used, move right to left front and follow balance of diagram." (Not printed in the RECORD.)

"Lifeguard safety tires"

"This special tire is standard equipment in sets of four tires on three-seat station wagons, optional on other models in sets of four or five tires. The single air valve automatically fills both the outer and inner air chambers at the same time. The inner chamber automatically receives a higher pressure of 40 pounds per square inch as the outer chamber is normally filled to 24 pounds per square inch.

"Each tire has a built-in spare tire. The outer tire is of premium-quality construction. The inner tire, which acts as a safety air chamber, has a honeycomb-patterned tread, plus a tube chamber. In the event of outer tire injury, causing pressure loss in the outer air chamber, the inner tire carries the load. In such event, the unique "safety signal," a built-in flat spot on the thread of the inner tire, will produce a thump or vibration warning the driver that repair service is required and to proceed at speeds under 40 miles per hour."

In reply to the second part of the question, we road test our tires under loaded conditions to ascertain satisfactory tread wear and tire fatigue life. Further tire fatigue tests are conducted in connection with our

normal vehicle tests over all types of roads, and include our tortuous proving ground cobblestone surfaces. Tires are also tested for high-speed performance, on test tracks at speeds substantially beyond legal speed limits in this country. These tests subject the tires to abusive treatment far in excess of that which may be encountered in general field operation. Additional tire tests are conducted to determine the satisfactory tire qualities with respect to: Handling (traction and cornering), steering response, stability, ride quality, noise characteristics.

In addition, our tire supplier companies also run laboratory and vehicular tests, and furnish us with these results to further substantiate our ultimate conclusions.

3. Question. How do you explain this discrepancy (regarding statement that some compact station wagons should be equipped with 8-ply instead of 2-ply tires), and what steps are taken by you to notify motorists that they may require much stronger tires than those you supply with new cars?

Answer. In answer to this question, we want to repeat a portion of the information supplied in our owners manual which is quoted as follows:

"MAXIMUM CAR LOADING AND TIRE SELECTION"

"The original equipment 4-ply rated 2-ply tires are designed and thoroughly tested to meet all normal requirements of your vehicle and are adequate for occasional full-load service with the inflation pressures recommended above.

"Oversize optional tires are capable of greater load capacity. Their use is applicable to all models, particularly station wagons. These tires are recommended for continued full-load service."

It should be pointed out that the purpose of offering optional oversize tires is not to increase the safety of the tire, but to assure the vehicle owner of increased tread life to cope with more severe operating conditions.

Question. What is your comment on the Goodyear tire recommendation to use an 8-ply tire? Is a 2-ply rated tire adequate equipment on your large station wagons when fully loaded and used for cross-country travel?

Answer. First, we believe there is a misunderstanding in this part of your question, in that you stated a 2-ply rated, rather than a 4-ply rated 2-ply tire.

Our 4-ply rated 2-ply tires are adequate for cross-country travel and high-speed travel, being within occasional full-load service usage, when inflated in accordance with recommendations outlined in the owners manual. Our Rambler owners manual also recommends the use of optional oversize tires for improved tread wear, where unusually heavy loads or continued high-speed operation is anticipated.

Original equipment tires used on American Motors cars will perform satisfactorily at highway speeds under full-load conditions for the full life of the tread. However, tread life will, of course, be reduced proportionate to the degree of such operation. It is our opinion that the oversize tires provide more overall benefits than the use of 8-ply rated tires.

4. Question. Do you feel that the present labels on automobile tires are adequate to enable a motorist to make an intelligent selection based on his anticipated needs?

Answer. Original equipment tires used on American Motors cars have the manufacturer's name, the tire size, the ply rating, and the tire designation molded on the side of the tire. With regard to our current suppliers, Goodyear's designation is "Power Cushion" and Goodrich's is "Silvertown." We recognize that in the aftermarket the motorist has available numerous brand names, as well as various tire designations, and we would believe it desirable to have such aftermarket tires designed as "original equipment quality."

The above identifications, we believe, adequately identify the quality level of our original equipment tires.

R. H. ISBRANDT.

LETTER SENT BY SENATOR NELSON ON JULY 12 TO THE PRESIDENTS OF FORD, GENERAL MOTORS, CHRYSLER, AND AMERICAN MOTORS

DEAR SIR: On June 7, 1965, I wrote to the four major American automobile manufacturers asking a series of questions on automobile tire safety. All of the manufacturers have answered the questions in that letter, and I have forwarded their replies to the Senate Commerce Committee which is considering my bill (S. 1643) to set up a national system of tire grading and labeling. I thank you for the courtesy and promptness of your reply.

At this time I would like to ask further questions growing out of this earlier exchange of correspondence.

As I stated in my earlier letter, expert testimony before the Federal Trade Commission and the Senate Commerce Committee has indicated that many new-car tires are seriously overloaded when the vehicles are filled to their designed capacity with passengers and luggage.

I think you will agree that your replies to my questions about this testimony have fully confirmed it. The automobile manufacturers concede that most new cars have tires which will not safely carry the full load of the car unless the tires are specially inflated. I think this is a shocking situation.

For example, American Motors, in reply to my June 10 letter, stated that: "Original equipment 4-ply rated 2-ply tires * * * are adequate for occasional full-load service with the inflation pressures recommended above."

This statement concedes that the vehicle as delivered is not adequate for full-load service unless the motorist takes special precaution to inflate his tires to high pressure. Secondly, it indicates that even after taking those precautions the tires are not adequate for more than occasional full-load service.

General Motors stated that its cars could safely carry a full load provided tire inflation was increased from 24 to 30 pounds. Ford stated that its 6-passenger sedan could carry a full load of six passengers and 200 pounds of luggage provided the tires were specially inflated from 24 to 32 pounds, and that a Ford station wagon could carry eight passengers and 100 pounds of luggage if the rear tires were inflated to 36 pounds. Chrysler did not answer in such detail, merely stating that tires were adequate to carry loads "provided they are properly maintained." However, I assume that the same requirement as to overinflation exists with Chrysler cars because they appear to use similar tires and to have similar weights when compared with their competitors.

I think it is both unrealistic and dangerous to expect the average American motorists to calculate the weight of their cars and passengers and their accessories to within 100 pounds, and then inflate and deflate their tires to handle such loads.

Furthermore, a Tire & Rim Association official tells me that the overinflation of tires carries serious risks and that tire pressures as high as some which you recommend—in order to carry a perfectly typical load—create the danger of blowouts.

Your own safety research shows that the tires on many of your cars cannot safely carry the people and the luggage for which the cars are designed without special inflation precautions. Why not correct this situation by supplying the next larger size of tire?

I think it would be much more satisfactory if the manufacturers corrected this situation. However, if it is not corrected, I think legislation is necessary and inevitable.

From my reading of the manuals and other literature which you and the other

automakers have supplied me as a result of my June 7 letter, it would appear that you are already prepared to supply fully adequate tires at prices ranging from \$15 to \$22 extra per car. This would be a very modest increase in the automobile price and would greatly increase highway safety for all.

In my letter of June 7, I asked whether the present labels on tires were adequate in order to enable motorists to make an intelligent selection. All of the automobile makers replied by stating that the tires supplied with their cars were adequately marked with the size and ply rating.

However, it was not indicated that the important matter of ply or ply rating is, in most cases, carried on the inner sidewall of the tire where it is invisible to an automobile customer—where he could not see it, in fact, without crawling under the car or removing the wheel.

Would you please advise me whether the placement of the ply rating on the inside of the tire was done at the request of the auto manufacturers or on the initiative of the tire manufacturers.

If the ply rating label is of any significance at all, it is difficult to understand why it should be placed in a position on the tire so as to be invisible to the customer. The natural assumption arises that it was so placed to conceal this important fact.

I thank you again for the information which you have provided.

Sincerely yours,

GAYLORD NELSON,
U.S. Senator.

TRANSACTION OF ADDITIONAL ROUTINE BUSINESS

By unanimous consent, the following additional routine business was transacted:

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed without amendment the bill (S. 571) for the relief of Denise Hojebane Barrood.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 559) to regulate the labeling of cigarettes, and for other purposes.

The message further announced that the House had disagreed to the amendment of the Senate to the bill (H.R. 8439) to authorize certain construction at military installations, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. RIVERS of South Carolina, Mr. PHILBIN, Mr. HÉBERT, Mr. PRICE, Mr. FISHER, Mr. BATES, Mr. ARENDS, Mr. O'KONSKI, and Mr. BRAY were appointed managers on the part of the House at the conference.

The message also announced that the House had disagreed to the amendment of the Senate to the bill (H.R. 5401) to

amend the Interstate Commerce Act so as to strengthen and improve the national transportation system, and for other purposes; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. HARRIS, Mr. FRIEDEL, Mr. JARMAN, Mr. PICKLE, Mr. SPRINGER, Mr. DEVINE, and Mr. CUNNINGHAM were appointed managers on the part of the House at the conference.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 89. An act to authorize establishment of the Delaware Valley National Recreation Area, and for other purposes;

H.R. 242. An act to extend the apportionment requirement in the Civil Service Act of January 16, 1883, to temporary summer employment, and for other purposes;

H.R. 727. An act to provide for the administration of the Coast Guard Band;

H.R. 1044. An act to authorize the Secretary of the Navy to convey to the city of Norfolk, State of Virginia, certain lands in the city of Norfolk, State of Virginia, in exchange for certain other lands;

H.R. 2035. An act to provide for cost-of-living adjustments in star route contract prices;

H.R. 3320. An act to authorize the establishment of the Hubbell Trading Post National Historic Site, in the State of Arizona, and for other purposes;

H.R. 7466. An act to provide for the disposition of funds appropriated to pay judgments in favor of the Miami Indians of Indiana and Oklahoma, and for other purposes; and

H.R. 7595. An act to amend title 10, United States Code, to authorize transportation at Government expense for dependents accompanying members of the uniformed services at their posts of duty outside the United States, who require medical care not locally available.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles, and referred, as indicated:

H.R. 89. An act to authorize establishment of the Delaware Valley National Recreation Area, and for other purposes;

H.R. 3320. An act to authorize the establishment of the Hubbell Trading Post National Historical Site, in the State of Arizona, and for other purposes; and

H.R. 7466. An act to provide for the disposition of funds appropriated to pay judgments in favor of the Miami Indians of Indiana and Oklahoma, and for other purposes; to the Committee on Interior and Insular Affairs.

H.R. 242. An act to extend the apportionment requirement in the Civil Service Act of January 16, 1883, to temporary summer employment, and for other purposes; and

H.R. 2035. An act to provide for cost-of-living adjustments in star route contract prices; to the Committee on Post Office and Civil Service.

H.R. 727. An act to provide for the administration of the Coast Guard Band; to the Committee on Commerce.

H.R. 1044. An act to authorize the Secretary of the Navy to convey to the city of Norfolk, State of Virginia, certain lands in the city of Norfolk, State of Virginia, in exchange for certain other lands; and

H.R. 7595. An act to amend title 10, United States Code, to authorize transportation at Government expense for dependents accompanying members of the uniformed services at their posts of duty outside the United States, who require medical care not locally available; to the Committee on Armed Services.

ADDITIONAL REPORT OF A COMMITTEE

The following additional report of a committee was submitted:

By Mr. LONG of Louisiana, from the Committee on Finance, with amendments:

H.R. 5768. An act to extend for an additional temporary period the existing suspension of duties on certain classifications of yarn of silk (Rept. No. 433).

HOUSING AND URBAN DEVELOPMENT ACT OF 1965—AMENDMENT

AMENDMENT NO. 349

Mr. MILLER (for himself and Mr. MORSE) submitted an amendment, intended to be proposed by them, jointly, to the bill (H.R. 7984) to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development and to extend and amend laws relating to housing, urban renewal, and community facilities, which was ordered to lie on the table and to be printed.

AMENDMENTS NOS. 350 AND 351

Mr. MILLER submitted two amendments, intended to be proposed by him, to House bill 7984, supra, which were ordered to lie on the table and to be printed.

ADJOURNMENT

Mr. CASE. Mr. President, if there is no further business to come before the Senate, I move, pursuant to the order previously entered, that the Senate adjourn until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 8 o'clock and 3 minutes p.m.) the Senate adjourned, under the order previously entered, until tomorrow, Wednesday, July 14, 1965, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 13 (legislative day of July 12), 1965:

CALIFORNIA DEBRIS COMMISSION

Brig. Gen. Ellis E. Wilhoit, Jr., Corps of Engineers, to be a member of the California Debris Commission, under the provisions of section 1 of the act of Congress approved March 1, 1893 (27 Stat. 507; 33 U.S.C. 661).

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
FOR INFORMATION ONLY;
(NOT TO BE QUOTED OR CITED)

Issued July 15, 1965
For actions of July 14, 1965
89th-1st; No. 127

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HIGHLIGHTS; Senate debated housing bill, including title on rural housing. Senate agreed to conference report on water resources development bill. Rep. Cabel praised USDA inspection services.

SENATE

1. HOUSING LOANS. Began debate on S. 2213, on housing and urban redevelopment, including a title on rural housing loans (pp. 16132, 16137-42, 16149-90). Sen. Kuchel submitted, but later withdrew, a proposed amendment to provide that the terms "rural" and "rural area" mean any area, open country, place, town, village, or city having a population of 5,500 inhabitants or less that is not part of or associated with an urban area, after Sen. Sparkman assured him that this question would be considered by the conference committee (p. 16172). Agreed to a unanimous-consent agreement by Sen. Mansfield to limit further debate on the bill and amendments beginning Thurs., July 15 (p. 16185).
2. WATER RESOURCES. Agreed to the conference report on S. 21, the proposed Water Resources Planning Act (pp. 16142-4). This bill will now be sent to the President. See Digest 123 for provisions of this bill.

Sens. Anderson, McGee, and Javits expressed concern over the water shortage in many parts of the Nation and inserted an article, "Special Report: A Nation Can Dry Up." pp. 16127-9, 16130-2, 16134-7

3. SALINE WATER. Conferees were appointed on S. 24, to expand, extend, and accelerate the saline water conversion program conducted by Interior (p. 16144). House conferees have not yet been appointed.
4. ELECTRIFICATION. Sen. Thurmond criticized Secretary of the Interior Udall's "attempt to block Duke Power Co. from constructing a proposed \$700 million power generating complex" in S. C., and inserted several items in support of his criticism. pp. 16190-5
5. WATERSHEDS. The Public Works Committee approved plans for works of improvement on the following watersheds: Cooper Creek, Ark.; Lower Little Tallapoosa River, Ga. and Ala.; Limestone Stream, Me.; Long Creek, Miss.; Tuscumbia River, Miss. and Tenn.; Grindstone-Lost-Muddy Creek, Mo.; Stewarts Creek-Lovills Creek, N. C. and Va.; Uncle John Creek, Okla.; Upper Elk Creek, Okla.; Wilson Spring Creek, Tenn.; Attoyac Bayou, Tex.; Castleman Creek, Tex.; Donahoe Creek, Tex.; and Ferron, Utah. pp. 16124-5
6. BUILDINGS. Sen. McNamara submitted a listing of public building prospectuses approved by the Public Works Committee. pp. 16123-4

HOUSE

7. INSPECTION SERVICES. Rep. Cabell praised the "highly valuable but little publicized" quarantine service of USDA stating that it "has saved consumers and the economy untold millions of dollars." p. 16252
8. FARM PROGRAM. Rep. MacGregor inserted an article, "The Back of Freeman's Hand," critical of the Secretary's "ridicule" of those who have "questioned Department proposals." pp. 16260-1
Rep. Findley called the farm bill the "most expensive...in the history of farm legislation" and inserted a 4-year breakdown of the estimated costs. pp. 16261-2
Rep. Purcell spoke in favor of the farm bill and said, "Let us not be fooled by any fraudulent 'bread tax' arguments against it." p. 16281
9. PERSONNEL. The Rules Committee reported a resolution for the consideration of H. R. 8469, to provide certain increases in annuities payable from the civil service retirement and disability fund. p. 16206
10. HIGHWAYS. The Public Works Committee reported with amendment H. R. 6790, to increase the limitation on emergency relief for the repair or reconstruction of highways under 23 U.S.C. 125 (H. Rept. 614). p. 16286
11. ATOMIC ENERGY; ELECTRIFICATION. The Rules Committee reported a resolution for the consideration of H. R. 8856, to amend the Atomic Energy Act to clarify the intent of Congress regarding regulation of the sale, generation, or transmission of electric power produced through the use of nuclear facilities licensed by the Atomic Energy Commission. pp. 16251-2
12. EDUCATION. The Education and Labor Committee was granted until midnight July 14 to file a report on H. R. 9567, the proposed Higher Education Act. p. 16252

In a program modeled on the highly successful agricultural experiment stations, the Federal Government will work with the States to set up water research departments in universities in all 50 States and Puerto Rico. While new knowledge about water is the major goal of the centers, they also are expected to add significantly to the Nation's grossly inadequate pool of scientific manpower in the water resources field.

"This is just a beginning," said Dr. Roland Renne, director of the new agency. "We can't expect impressive results right away, but you can't overestimate the importance of this program over the next few decades."

Scientists all over the country already are sending in suggestions for research projects, and a few show promise of making significant scientific contributions.

Joe R. Eagleman, an assistant professor of meteorology at the University of Kansas, for example, thinks he has found a way to check the amount of moisture in the soil at various depths by measuring the radio waves from commercial broadcasting stations. If his method works, it could give the farmer a quick, easy way to tell how much more water he had to add by irrigation.

THE QUEST FOR CLEAN WATER

When the Department of Health, Education and Welfare's water pollution control agency asked people, in a series of TV spot announcements, to write to "Clean Water, Washington, D.C.," 25,000 letters flooded in. Some people were so concerned about the problem they sent in dead fish and other unpleasant examples of the effects of pollution.

When the Office of Water Resources Research asked for research suggestions, every proposal from scientists in Ohio had to do with a single problem: pollution of streams by acids draining from abandoned mines.

Except for the two extremes of flood and drought, no problem concerned with water is more apparent than pollution. A filthy stream is an offense to sight and smell. A lake unfit for swimming, water skiing, or fishing is a dead loss.

By the time the Delaware River reaches Philadelphia, it has been estimated, its waters already have been used six times. The river, one critic said, is almost literally a part of the human alimentary canal.

Testifying before the Delaware River Basin Commission last week, Samuel S. Baxter, chief engineer for the Philadelphia Water Department, told how much water the city needed from the river and then added, proudly: "We put back in what we take out."

Recently, the skipper of a freighter unloaded a cargo at Cleveland and then started back down the Cuyahoga River. But without his load, the ship was riding too high in the water to go under a bridge across the river. It was suggested that he fill his tanks with river water so he could get under the bridge. He took one look at the dirty river—and ordered his crew to saw off the top of the mast.

Despite a sewage treatment plant that is highly efficient by present standards, the District of Columbia pours a steady stream of pollution into the Potomac River estuary. If methods of treatment are not drastically improved by the year 2000, when the area's population is expected to reach 5 million, the city will foul the river with the equivalent of the untreated sewage of a city of 250,000 persons.

But pollution is not always visible. So many industries in the Youngstown (Ohio) area use the Mahoning River for cooling that its summertime temperature has been measured at 105 degrees—too hot for most fish and virtually worthless for industry.

As population grows, and as the use of water grows even more rapidly, it is becoming increasingly apparent that the available water must be used over and over again before it reaches the sea or is lost by evapora-

tion. And although there still are technical—and financial—problems to be solved, it is now apparent that good water can be produced from raw sewage.

At Santee, in an arid area south of Los Angeles, people swim in water from a series of small lakes whose only source is the city's sewage treatment plant.

A new sewage treatment plant at Lake Tahoe in California produces water of drinking quality. But instead of being fed into the municipal water supply, it will be piped over the hill to help irrigate the farms in the area surrounding Reno.

To the scientists of the Public Health Service, water is no longer something to be taken free and pure from a sparkling stream or a crystal lake. Instead, it is a product to be manufactured, using some pretty unpleasant substances as the raw material.

If this manufacturing process is not completed in the sewage treatment plants of the cities upstream, it has to be finished in the water treatment plants of the downstream cities. A major—though still inadequate—effort is being made to improve sewage treatment facilities so more of the job will be done upstream.

But, it has been suggested, the only way to really force a city to make the ultimate improvements in its treatment facilities is to require it to put its sewage outflow line above its water intake pipe.

FRESH WATER FROM THE SEA

Ever since the first thirsty man stood at the edge of the sea and thought of all that water with not a drop to drink, the mind of man has been fascinated by the possibilities for extracting fresh water from the sea.

That dream is about to come true.

Before this decade is over, a large experimental plant should be operating in southern California, producing 50 million gallons a day. The cost will be high, but it will be competitive with the price Los Angeles will have to pay in the near future to import water for its expanding population.

With the strong backing of Presidents John F. Kennedy and Lyndon B. Johnson, the work of the 12-year-old Office of Saline Water has been vastly expanded in recent years. This year, it will spend \$22.5 million for research, development, and plant construction.

"The program is designed to advance the technology of water desalting so that within the next decade this developing technique will be a significant factor in meeting municipal and industrial requirements for high quality water on a local and regional basis, both in the United States and abroad," Secretary of the Interior Stewart L. Udell and Atomic Energy Commission Chairman Glenn Seaborg said in a report to the President.

Desalting plants could become an important source of supplementary water for major coastal cities. In the current drought, New York could take water from the ocean and Philadelphia wouldn't have to worry about the salt coming up the Delaware River if they each had desalting plants.

"Eventually, every major water utility may incorporate a desalting unit in its treatment plant," Frank C. DiLuzio, Director of the Office of Saline Water, recently told a Senate committee.

For years, desalting probably will remain only a supplement to some other system of water supply in most places because of cost. But in some areas, even the costly processes now available are worthwhile.

In Coalinga, Calif., most homes still have three water faucets. One is marked "hot," another "cold," and the third, "good." Until the city built a water desalting plant to treat the water it takes from the alkaline hills of the west side of California's San Joaquin Valley, the "good" water was trucked in at a cost of \$7.50 a thousand gallons.

Although the problems of Coalinga and Buckeye, Ariz., which also built a desalting plant recently, may be extreme they are not unusual. Of the 19,740 water supply systems in the United States, 1,099 have brackish water—with more salt than the Public Health Service considers permissible in drinking water. Of these, 30 provide water with 3 to 10 times more salt than the permissible level.

Hundreds of these communities might have good water for the first time if the price of desalting can be reduced to a reasonable level.

But DiLuzio also hopes that the techniques being worked out in OSW research may help improve sewage treatment and even provide a way to remove acid mine drainage from streams.

BIG DAMS AND LITTLE ONES

The two big boys in the big dam business are the Army's Corps of Engineers and the Interior Department's Bureau of Reclamation—but the biggest by far is the corps.

The corps budget this year is about \$1.3 billion—somewhat more than the entire Interior budget. Of this, it will spend about \$940 million in its civil works program for a vast variety of projects designed to control the Nation's water resources. It is now working to bring oceangoing ships to Tulsa, Okla. and to the foot of the Rockies at Lewiston, Idaho, and is, not surprisingly, the world's largest single user of concrete.

While the corps can go anywhere in the country that Congress sends it, the Bureau of Reclamation, which was formed in 1902 to "make the deserts bloom," is limited to the Western States, on the Pacific side of the 100th meridian.

While its budget is small (\$146.8 million this year) compared to that of the corps, the bureau has built some of the world's most spectacular and famous dams, including Hoover and Grand Coulee.

The two agencies, once rather notorious rivals, got together just after World War II to develop the Missouri River Basin project and they now find themselves frequently linked together as the "bad guys" when conservationists try to protect scenic damsites from the dam builders.

At the other extreme from the big dam builders is the Agriculture Department's Soil Conservation Service, which has helped farmers create 1,354,000 small ponds in the last 30 years and will spend more than \$98 million this year for small watershed development projects.

In addition, States and private industries have their own plans for dams and water development. California recently voted a \$1.1 billion bond issue to continue with its huge California water plan, designed to carry water nearly a thousand miles from the surplus areas of the north to the arid lands of the south.

THE WILD BLUE YONDER

If the dam building plans of the corps, the bureau, the States and the power companies sometimes seem overly ambitious, they all sink into insignificance beside the North America Water and Power Alliance (NAWAPA) proposed by the Ralph M. Parsons Co., one of the country's major engineering and construction firms.

At a cost of \$100 billion—far more than the cost of putting a man on the moon—the company proposes that water now going to waste in Alaska and northern Canada be diverted south to provide water for seven Provinces of Canada, 33 States in the United States, and the three northern States of Mexico.

The series of reservoirs, lakes, canals, and waterways would solve the problem of the dropping water level in the Great Lakes, provide a \$25 billion payroll, develop up to 150 million kilowatts of electricity, make it possible to sail across the continent—and pay

for itself in 50 years, according to the company proposal.

The plan captured the imagination of Senator Moss, who saw what the added water would do for his State of Utah and he held hearings on the proposal last fall. But in a Senate speech on July 1, he complained:

"There is not an agency in the Federal Government that has the authority or the means to evaluate this proposal in terms of the interest of the United States. All that we have been able to do so far is to assemble from various sources information on their water resources plans and programs and present them in a Senate committee print."

To solve this bureaucratic problem, he suggested turning the Interior Department into a department of natural resources in which all the Nation's efforts toward a solution of its water problems would be grouped under one Assistant Secretary for Water Resources.

But, as one hydrologist noted, if you start putting everything related to water in one place, soon you're got not only water but trees, people, livestock, soil, ships, weather, and the White House fountains in one agency.

When the Interior Department was asked how much it spends on water problems, it took a week to get the answer.

Altogether, the Government will spend about \$2.2 billion this year—nearly half a billion dollars less than the Senate Select Committee recommended on a very conservative basis should be spent each year before 1980.

But Federal spending on water problems may rise sharply in the next few years, with increases for grants for pollution control expected to go up in 1967 and with expected passage in the near future of the Water Resources Planning Act, which provides for orderly development of the Nation's river basins.

And as more people become aware of the country's water problems, there is certain to be increasing pressure on Congress for further action. As Di Luzio told a Senate committee recently:

"It is not always practical to attempt to assign a reasonable market value to water. One thing is absolutely clear—there is no water as expensive as no water."

Mr. MANSFIELD. Mr. President, is there any further morning business?

The PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

HOUSING AND URBAN DEVELOPMENT ACT OF 1965

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the unfinished business be laid before the Senate.

The PRESIDENT pro tempore. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 2213), to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

The Senate resumed the consideration of the bill.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. BASS in the chair). The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. TOWER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TOWER. Mr. President, I ask unanimous consent that staff members of the Committee on Banking and Currency, both majority and minority, may be granted the privilege of the floor during the consideration of the housing bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TOWER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. TOWER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TOWER. Mr. President, I ask unanimous consent that the distinguished Senator from Ohio [Mr. Young] may, out of order, be permitted to speak for 4 minutes.

The PRESIDING OFFICER. Without objection, the Senator from Ohio is recognized for 4 minutes.

THEY DOWNGRADE OHIO STATE UNIVERSITY

Mr. YOUNG of Ohio. Mr. President, on July 8, the board of trustees of the Ohio State University voted to retain the infamous gag rule which has been in existence in that institution since 1951. The vote of the board of trustees was 5 to 3 in favor of retention of the gag rule. I commend the three members of the board of trustees who voted in the minority—Stanley C. Allyn, of Dayton; Jacob E. Davis, of Cincinnati; and Alan B. Loop, of Toledo—for their courageous stand in favor of academic freedom and freedom of speech. It is unfortunate that the majority on the board is still composed of those rightwing, arch-conservatives, who seem to yearn for the William McKinley era.

During the last few years, this speakers' ban rule has come under increased condemnation by students and faculty alike. As a result many outstanding professors and instructors in all fields of learning have left Ohio State University to teach at other colleges and universities where this policy does not exist. Likewise many fine students who might otherwise have attended Ohio State University have elected to enroll in one of the many other excellent State universities in Ohio. The prestige of Ohio State University and the morale of its faculty and student body are at an alltime low. Outstanding educators who might otherwise join the faculty of Ohio State University have made their decisions to go elsewhere.

It is unfortunate that Ohio State University, potentially one of the great centers of learning in our Nation and in the world, is at the mercy of a small group of anti-intellectual reactionaries who are fearful of the liberties guaranteed all Americans in the first amendment to our

constitution guaranteeing freedom of speech. Ohio State University is one of the very few universities in America still employing a speakers' ban rule. Even in the 1950's only eight universities instituted this undemocratic procedure.

I, along with other Ohioans, am proud of the fine colleges and universities in my State. Few States in the Union can match them in quantity and quality. We are proud of our graduates who have distinguished themselves in every field of endeavor in every part of the world. This has been true of Ohio State University, and we would like it to continue to be true. However, this cannot be the case if the board of trustees continues its detrimental, ultra-conservative policy. In fact, if the trustees persist in their stand, they risk the loss of the university of its formal accreditation.

Speaking for the majority on the board of trustees, former U.S. Senator John W. Bricker defended their action by saying:

Communists, Nazis, and Fascists and members of other subversive organizations and their supporters have no right to speak at a tax-supported State university for they are not free men and hence, are incapable of the objectivity which must attach itself to all speakers at a State university.

Mr. President, evidently former Senator Bricker would have us emulate the tactics used by Communists, Nazis, and Fascists who seek to crush by force those who disagree with their ideologies. All of us remember the book burnings of the Nazi era. The whole world knows that there is not a university, a college, or a school in the Communist bloc that permits freedom of expression or permits ideas to be expounded that differ from the official party line.

In any form of government, except in dictatorships of the extreme left and Fascist dictatorships, freedom of speech should be taken for granted. People should be free to criticize to challenge, to expose. There is an implied sense of weakness, and implied lack of confidence and evidence of fear, when citizens' minds are stifled. Fear of speaking our minds can do much more to harm our Nation than Communists or Fascists could ever hope to do. Communist and Fascists ideologies cannot stamp out our faith in human dignity, but fear can.

It may be dangerous to permit certain opinions to be expressed. It is more dangerous to suppress the expression of such opinions. To attempt to prevent and explosion in a boiler by sitting on the safety valve is obviously foolish.

Ideas cannot be exterminated with clubs; clubs only scatter them. Combat wrong opinions with right opinions; combat fallacies with facts.

I have confidence that our young people today have enough faith in our form of government and in our American way of life to reject any foreign ideologies, whether they be communism, fascism, or whatever. In attempting to withhold from them the right to hear the viewpoints of others, we do our young people a disservice. Surely, each generation should be entitled to know what it is we are struggling to preserve and what it is that threatens democracy in our time.

"There is not an agency in the Federal Government that has the authority or the means to evaluate this proposal in terms of the interest of the United States. All that we have been able to do so far is to assemble from various sources information on their water resources plans and programs and present them in a Senate committee print."

To solve this bureaucratic problem, he suggested turning the Interior Department into a department of natural resources in which all the Nation's efforts toward a solution of its water problems would be grouped under one assistant secretary for water resources.

But, as one hydrologist noted, if you start putting everything related to water in one place, soon you've got not only water but trees, people, livestock, soil, ships, weather and the White House fountains in one agency.

When the Interior Department was asked how much it spends on water problems, it took a week to get the answer.

Altogether, the Government will spend about \$2.2 billion this year—nearly 1/2 of a billion dollars less than the Senate Select Committee recommended on a very conservative basis should be spent each year before 1980.

But Federal spending on water problems may rise sharply in the next few years, with increases for grants for pollution control expected to go up in 1967 and with expected passage in the near future of the Water Resources Planning Act, which provides for orderly development of the Nation's river basins.

And as more people become aware of the country's water problems, there is certain to be increasing pressure on Congress for further action. As DiLuzio told a Senate committee recently:

"It is not always practical to attempt to assign a reasonable market value to water. One thing is absolutely clear—there is no water as expensive as no water."

HOUSING AND URBAN DEVELOPMENT ACT OF 1965

The Senate resumed the consideration of the bill (S. 2213) to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

Mr. SPARKMAN. Mr. President, before we begin debate on the pending housing bill, S. 2213, I should first like to express my appreciation to members of the Housing Subcommittee and the full Committee of the Banking and Currency Committee for their cooperation and their patience and diligence in considering the many complex matters brought before us in writing this bill and getting it reported to the Senate. Commendation should also go to the staff for its contribution in analyzing and preparing the material for committee consideration.

The bill before us today is a comprehensive bill involving, in one way or another, all of the important programs of housing and urban development in which our Government is involved. It is a 4-year bill carrying all of the programs to October 1, 1969. It carries with it a heavy commitment by the Federal Government to help provide decent housing for needy

American families and to help the cities of our Nation provide a better living environment for their citizens.

I am satisfied that the bill before us is the best bill that we could expect to get out of the committee. As usual, of course, all members did not agree on all of its provisions and I personally have some reservations about some of the items.

The Housing Subcommittee started work on housing legislation back in March, holding 10 days of hearings on 16 bills pending at that time. Subsequent to the hearings, the Housing Subcommittee met in executive session on six different occasions at the conclusion of which recommendations were made to the full committee. The full committee met for 3 days in late June and reported S. 2213 on June 28 for consideration of the Senate.

The PRESIDING OFFICER. The Senator will suspend.

The Chair asks for order in the Chamber; and he is going to have it or the Senate is not going to do business.

The Senator from Alabama.

Mr. SPARKMAN. Mr. President, in general, the bill can be divided into three categories. First, those provisions that would establish new programs; second, those provisions that would continue existing programs either by extending dates, or by authorizing additional funds; and, third, those provisions that would amend and perfect existing programs.

The committee bill is a broad and complex one and is, in general, in keeping with the administration's proposals submitted to the Congress by the President in early March.

Briefly, S. 2213 contains new programs which would establish a new rent supplement program to assist in housing low-income families. Homeowners in urban renewal areas would be assisted through rehabilitation grants. The FHA would be authorized to institute a new insurance program for land development. Grants would be authorized to help finance water and sewer systems; also to finance neighborhood facilities for recreational and community service purposes. Relief would be provided for distressed mortgagors affected by the closing of military bases, and a new mortgage insurance program would be authorized for rural housing.

These are the outstanding new programs, but the bill contains many provisions which the committee believes will give the President the tools he needs to provide decent housing for our people.

I have a brief statement on the principal provisions of the bill, and I ask unanimous consent that it be printed at this point in my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

JULY 14, 1965.

SUMMARY OF PRINCIPAL PROVISIONS OF 1965 HOUSING LEGISLATION (S. 2213) AS REPORTED TO THE SENATE

I. NEW PROGRAMS

1. Rent supplements (sec. 101):

(a) To nonprofit, cooperative, or limited dividend sponsors of moderate cost housing financed at market interest rates.

(b) For low-income families (eligible for public housing) who are elderly, handicapped, displaced, victims of natural disaster or living in substandard housing.

(c) For an amount by which market rent exceeds 25 percent of tenants income.

(d) Up to a limit, as authorized by appropriation acts, of \$50 million a year prior to July 1, 1966, which amount would be increased by \$50 million on July 1 of 1966, 1967, and 1968.

(e) To sponsors of housing for the elderly (secs. 202 and 231) and below market 221 (d) (3) housing on an experimental basis up to 10 percent of appropriated funds.

2. Rehabilitation grants up to \$1,500 for low-income families in urban renewal areas (sec. 103).

3. Relief to distressed mortgagors affected by closing of Federal bases (sec. 107, 108).

4. FHA mortgage insurance for land development (sec. 201).

5. Grants for water and sewer facilities at 50 percent of cost—4-year authority, \$700 million (sec. 602).

6. Grants for neighborhood facilities at 66 2/3 percent of cost—4-year authority, \$200 million (sec. 603).

7. Grants to pay interest charges for advance acquisition of public works sites—4-year authority, \$100 million (sec. 604).

II. EXTENSION OF EXISTING PROGRAMS

Extend programs with 4-year authority as follows:

1. All FHA programs (sec. 202).

2. Urban renewal—\$2.9 billion (sec. 302).

3. Urban planning grants (sec. 701)—\$125 million (sec. 1001).

4. Open space grants—\$235 million (sec. 804).

5. Public housing—60,000 units a year (sec. 403).

6. College housing—\$955 million (sec. 501).

7. Housing for elderly—\$150 million (sec. 1004).

8. Public works planning (sec. 702)—\$50 million (sec. 1003).

9. Federal-State training—\$20 million (sec. 1002).

10. FNMA—\$1.625 billion (sec. 701).

11. Low-income housing demonstration program—\$5 million (sec. 1005).

12. Low-rent housing for domestic farm labor—\$40 million (sec. 905).

III. AMENDMENTS TO EXISTING LAW (SELECTED PROVISIONS)

1. Federal Housing Administration:

(a) Require FHA to establish procedures and approve technically suitable materials (sec. 211).

(b) Require community water and sewer facilities where feasible as prerequisite to FHA and VA assistance (sec. 212).

(c) Liberalize the terms for title I home improvement loans and require lenders to assume dealer responsibility (sec. 213).

2. Urban renewal:

(a) Increase nonresidential exception to 40 percent of new funds (in lieu of CBD provision) (sec. 303).

(b) Authorize direct grants to cities for two thirds of cost for demolition of unsafe structures and local code enforcement (sec. 305).

(c) Clarify 1954 Housing Act to authorize nonresidential urban renewal in the District of Columbia (sec. 307).

3. Low-rent housing:

(a) Authorize greater use of existing housing for low-rent public housing (sec. 402).

(b) Authorize sale of public housing to tenants (sec. 407).

4. FNMA: (a) extend FNMA's authority to sell participations and to act as servicing agent for all Government-held residential mortgages (sec. 702).

5. Open space land and urban beautification: (a) Extend grant authority to acquire

developed land and finance cost of beautification of parks and recreation areas, title VIII.

(b) Increase grant to 50 percent of cost, title VIII.

6. Repeal provision in Mass Transit Act which prohibits use of foreign-made manufactured articles (sec. 1010).

7. Institute new mortgage insurance program for rural housing by Department of Agriculture, title IX.

8. Institute new lease-guarantee program by SBA for small businesses displaced by urban renewal (sec. 1008).

9. Authorize FSLIC to require savings and loan associations to deposit up to 1 percent of savings as necessary for liquidity purposes (sec. 1013).

10. Lower maximum interest rate to 3 percent for housing for elderly (sec. 202), and housing for moderate-income families (sec. 221(d)(3), secs. 102, 105).

11. Authorize public facility loans for non-profit groups serving small communities or rural areas (sec. 1007).

Mr. SPARKMAN. Mr. President, it is obvious from this summary that S. 2213 is indeed a comprehensive and involved bill, and it would take too much time of the Senate to explain every phase of it. However, there are several important features which I believe need clarification.

RENT SUPPLEMENTS

First I should like to say something about rent supplements.

This provision represents the most far-reaching effort yet conceived to help private enterprise provide decent housing for low-income families.

The genesis of this legislation goes back to 1949 when, in the Housing Act of that year, a National Housing Policy was established which reads in part:

The general welfare and security of the Nation and the health and living standards of its people require * * * the realization as soon as feasible of the goal of a decent home and a suitable living environment for every American family.

Since 1949, a number of important steps have been taken to reach this goal. Each step has made a significant contribution, but, despite all, here in 1965—16 years later—we still have large numbers of American families living in slums and blight and under deplorable living conditions.

According to the latest census, 8½ million U.S. families live in substandard housing and, in some cities, as high as 30 percent live in slums and blighted neighborhoods. In rural areas, the Census Bureau reported that 3 million families live in deteriorating houses and another 1 million live in dilapidated houses.

In our great Nation, considering all of its resources of materials, manpower, and ingenuity, there is no excuse for these conditions.

The bill before us contains the tools which the committee believes will enable us to solve these housing problems.

Our existing programs, particularly the FHA and VA, have done a remarkable job in helping to provide homeownership and decent rental housing for the great majority of American families of middle and upper-middle income. In fact, 62 percent of our families are homeowners largely due to these programs.

The public housing program, established 28 years ago, has done a reasonably

good job in taking care of the low-income families, but it is not geared to do the whole job, and it has been obvious for some time that new programs would need to be developed to supplement the public housing program.

In 1961, the Congress approved a new FHA program for moderate-income families under section 221 of the National Housing Act. Many of us had high hopes that, by building enough moderate cost housing for middle-income families, existing lower cost housing would be released for the low-income families, thus solving both the middle-income and the low-income housing problems. As time went on and we could see that construction and land costs on the section 221(d)(3) programs were such as to limit the results to a much smaller income class, it was obvious that further action needed to be taken.

The rent supplement program was conceived to fill this need. As I said before, its purpose is to utilize all of the resources of private enterprise, in partnership with the Federal Government, to construct housing at prices that low-income families can afford. This would be accomplished through Federal payments made directly to nonprofit or limited dividend corporations or cooperatives on behalf of low-income tenants.

Rent supplement payments are not new. Such a plan has been advocated for years by certain industry groups. In fact, as early as 1936, witnesses appeared before the Congress advocating rent certificate payments as a substitute for public housing. The rent certificate plan was proposed on and off all through the years up to 1949, and lengthy debate took place on this in 1946 and 1949 on the floor of the Senate.

I have had a memorandum prepared for me on the history of rent certificates, and, without objection, I should like to place it in the RECORD at this point in my remarks.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

SUMMARY OF LEGISLATIVE HISTORY OF CONGRESSIONAL CONSIDERATION OF RENT CERTIFICATE PLANS

Over the period 1936 to 1949 a number of witnesses appeared before various congressional committees advocating a plan of rent certificates as a substitute for public housing for low-income families.

During the hearings preceding enactment of the U.S. Housing Act of 1937, the U.S. Building & Loan League advocated the use of rent relief and differential renting in connection with local administration of relief and public housing programs. The league's plan would have authorized annual contributions to be utilized at the discretion of public housing authorities to provide differential rents or rebates based on the needs and ability of tenant families to pay. Such rent relief would have been administered by the local public housing authorities in collaboration with Federal, State, and local relief authorities in areas where an approved program for safe and sanitary housing for the underprivileged had been established.

The Building & Loan League proposal was apparently based on a similar general plan put forth by the U.S. Chamber of Commerce Special Committee on Housing. The special committee's report suggested that "direct assistance to the family's rent" was the most effective method the Government could use

to find adequate shelter for families of the lowest income groups, and that such assistance should be provided like other forms of relief for such families by local relief agencies. In testifying on behalf of this proposal, the chairman of the chamber's special committee disagreed with the assumption that "the lowest income groups can be housed only in new housing." He stated that there was no essential relationship between slum clearance and the building of Government-subsidized new dwellings for the lowest-income groups and that such groups should instead move into acceptable, second-hand housing vacated by middle-income groups.

These proposals were rejected by the Senate Committee on Education and Labor in 1937. The report of the Senate committee stated:

"The committee is convinced that in dealing with the housing of families of low income, systematic low-rent housing should be substituted for relief. This procedure will be cheaper for the Government, more beneficial to business, and infinitely more desirable to those of our citizens who are now living in slums and blighted areas, both in urban and rural parts of the country."

Similar rent certificate proposals were made in 1943 by the National Association of Real Estate Boards and in 1944 by the Producers' Council. The NAREB proposal was presented in general terms and was substantially identical to the earlier proposals of the Building & Loan League and the chamber of commerce; that is, public assistance was to be given directly to families unable to pay economic rents; such assistance to be administered through local welfare boards in the form of rent certificates adjusted to the needs and requirements of the family.

The Producer's Council presented the first detailed rent certificate program:

1. A local housing board in each community would undertake to find suitable rental accommodations for particular relief families selected by the local government's welfare agency.

2. Such families would be selected from among the neediest in the community by individual case studies made by welfare workers.

3. Selection of properties for such families would be accomplished by inviting private owners to submit properties for approval.

4. Local housing boards would determine, for each family, the amount of rent required to house the family properly and would offer approved units of proper size and character to the family.

5. The amount of the subsidy would consist of the difference between the rent paid to landlord and the amount toward rent paid by the family. (Families whose incomes rise, after admission as tenants, to an amount which is 3½ times the rent of the quarters they occupy would be required to pay the entire rent and would thereafter not receive any assistance.)

6. Actual payment of rents would be in one of two ways, either by furnishing the money directly to the family or by having the housing board collect the family's share and pay the full rent to the landlord.

The Producer's Council plan was strongly objected to by representatives of social welfare agencies and housing groups during the hearings before the Taft Subcommittee on Housing and Urban Redevelopment in 1945. The objections of these organizations may be summarized as follows:

1. A large number of individuals would be added to the rolls of relief agencies, each bearing the stigma of the "relief client."

2. Local administration of rent certificate plans would be costly and complicated and would require greatly increased appropriations for additional staff and facilities.

3. The rent certificate plan would be more costly to taxpayers than the existing public housing programs.

4. A necessary new supply of housing would not be provided.

5. Substandard housing would not be eliminated.

The Taft subcommittee rejected the plan in its final report, stating its reasons as follows:

"It has been argued before the subcommittee that such families should be assisted by rent certificates just as grocery stamps have been furnished to needy families. The number of families entitled to rent certificates upon any such basis would be infinitely larger than those requiring other relief. It is not at all certain that such a plan would bring about improvement in the bad housing accommodations that now exist. In fact, the scheme might work to maintain the profitability of slum areas and, consequently, to retard their elimination. It would certainly require a detailed regulation of private rental quarters both as to condition and rent.

"While rejecting the proposal of rent relief as a solution for the housing difficulties of all low-income families, the subcommittee recognizes that rent relief will, to some extent, have to be given to families in special conditions of poverty or sickness that cannot even pay the rents for public housing."

The plan was discussed again in 1946 and 1949 on the floor of the Senate in the debates leading up to the enactment of the Housing Act of 1949. No arguments were advanced in favor of the plan on the floor. Senator ELLENDER opposed it because it would "most likely prove more expensive to the taxpayer" and because "wherever some such method has been tried in the past it has tended to result not in the subsidization of existing decent housing but in the actual subsidization of slum dwellings." Senator Taft opposed it because "The issuance of rent certificates would not insure the building of new houses or getting rid of slums * * * [It] simply would enable the landlords to obtain more money, and no one would build any new houses or any new rental housing in the hope that when built, there would be a sufficient number of people with rent certificates to rent it. So it seems to us that the rent certificate plan would not in any way accomplish the purpose. Furthermore it would be more expensive. It would cover more people but it would be more expensive because everyone whose income was less than a certain amount would be entitled to an equal division of the rent certificate."

— Mr. SPARKMAN. Mr. President, the rent supplement proposal was intensively discussed at the public hearings and at executive session of both the Housing Subcommittee and the full committee.

The committee amended the original language in several important respects, and I believe that the provision as reported is as good as we can expect to get in carrying out the intent of the committee that this program be utilized for low-income, ill-housed families, and elderly people.

It contains the following principal features:

HOUSING OWNER

Sponsors of projects would be private nonprofit or limited dividend organizations or cooperatives. Church groups sponsoring housing for the elderly will probably be the most common type of sponsor.

QUALIFIED TENANT FOR RENT SUPPLEMENTS

Payments would be limited to—

First. Elderly persons, handicapped persons, displaced persons, persons occupying substandard housing, or victims of a natural disaster.

Second. Those whose gross incomes are below the public housing admission ceiling as determined by Federal law.

Both of the above requirements must be met. There was some disagreement on the precise income level for eligibility. This was largely resolved by an amendment introduced by the Senator from Maine [Mr. MUSKIE] to limit eligibility to the same group eligible for public housing under the Federal law. To clarify this, I have a full explanation of the procedure for establishing income limits under the bill, and I ask unanimous consent that this explanation be placed in the RECORD at this point in my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

INCOME LIMITS UNDER RENT SUPPLEMENT PROGRAM (S. 2213)

S. 2213 contains the Muskie amendment which makes clear that the rent supplement program would cover the same income group identified in the public housing law.

The only families eligible for rent supplement payments will be those who meet both of these requirements:

(1) Have incomes below the maximum amount which can be established for occupancy in public housing under the Federal public housing law, the U.S. Housing Act of 1937, and

(2) Are elderly, handicapped, displaced from their homes by governmental action, living in slums, or victims of natural disasters which have destroyed or damaged their homes.

DETERMINING THE STATUTORY MAXIMUM

As in the public housing program, the statutory maximum income a family may have and still receive a rent supplement will be determined in each area as follows:

Preliminary estimates of income limits for families of different sizes under proposed rent supplement program in 26 cities

Cities	2 persons (1 bedroom)	3 or 4 persons (2 bedrooms)	5 or 6 persons (3 bedrooms)	7 or 8 persons (4 bedrooms)
Atlanta, Ga.	\$3,100	\$3,800	\$4,900	\$5,500
Bangor, Maine	3,400	4,300	4,800	5,700
Batavia, N. Y.	3,400	4,100	4,800	6,000
Boston, Mass.	4,400	4,800	5,300	6,000
Bridgeport, Conn.	4,100	4,600	4,800	5,300
Chicago, Ill.	4,300	5,000	5,800	6,500
Columbia, S.C.	3,400	3,700	4,600	5,000
Columbus, Ohio	3,700	3,900	4,600	4,900
Fresno, Calif.	3,900	4,400	5,100	6,100
Huntington, W. Va.	3,200	3,700	4,200	4,700
Jefferson City, Mo.	3,600	4,100	4,600	5,500
Kansas City, Mo.	3,600	4,100	4,800	5,500
Louisville, Ky.	3,700	4,300	5,600	6,200
Milwaukee, Wis.	3,600	4,100	4,600	6,000
Mobile, Ala.	3,900	4,000	4,600	5,100
Newark, N.J.	4,600	5,000	5,500	6,000
Providence, R.I.	3,200	3,700	4,300	4,800
Paterson, N.J.	4,300	4,800	5,300	5,800
Pittsburgh, Pa.	4,200	4,600	5,000	5,600
Port Arthur, Tex.	2,400	3,700	4,300	5,800
San Antonio, Tex.	3,300	3,700	4,400	4,800
St. Louis, Mo.	4,000	4,500	5,600	6,300
Terre Haute, Ind.	3,600	3,900	4,300	4,900
Toledo, Ohio	4,000	4,500	5,500	6,000
Waco, Tex.	3,400	3,700	4,600	5,800
Utica, N. Y.	2,900	3,700	4,500	5,300

(1) A market analysis will be conducted to determine the rentals at which there are available a substantial supply of private decent, safe, and sanitary housing consisting of 1-bedroom, 2-bedroom, 3-bedroom, and 4-bedroom units for families of low income.

(2) The statutory maximum income limit will be established, for the corresponding sized unit in the rent supplement program, at five times the rental determined by such market analysis (that is, a 20-percent rent-to-income ratio). However, in the case of housing other than for the elderly, handicapped, or displaced, the limit will be reduced by 20 percent to conform to the public housing law requirement that there be a "20 percent gap" between upper rental limits in public housing for such persons and the lowest rentals in private housing.

For example, assume the market analysis for the area shows that \$80 per month is the lowest rental at which a substantial supply of private decent, safe, and sanitary 2-bedroom units is available in an area. The statutory maximum annual income limit for a family of the size that requires a 2-bedroom unit will be \$4,800 (5 times \$80 times 12 months) in the case of a unit for the elderly, handicapped, or displaced.

However, in the case of such a unit for an eligible tenant other than a tenant who is elderly, handicapped, or displaced, the statutory annual income limit for the tenant will be \$3,840 (\$4,800 minus 20 percent).

The statutory maximum income ceilings on a general city-by-city basis cannot be stated until a market analysis is done in each of the cities.

ADMINISTRATIVE LIMITATIONS WITHIN STATUTORY MAXIMUM

Consistent with its understanding of congressional intent, the housing agency, in administering the rent supplement program, would impose administrative limitations upon the amount of income (within the statutory maximum) a family may have and still be eligible for a rent supplement.

Attached is a table setting out maximum income limits that would be imposed administratively in a sampling of 26 cities on the basis of preliminary estimates of rentals required to obtain private decent, safe, and sanitary housing units in these cities.

Public housing income limits for admission for families of different sizes in 24 cities ¹

Cities	2 persons (1 bedroom)	4 persons (2 bedrooms)	6 persons (3 bedrooms)	8 persons (4 bedrooms)
Atlanta, Ga.	\$3,000	\$3,200	\$3,500	\$3,500
Boston, Mass.	3,600	3,800	4,100	4,400
Bridgeport, Conn.	4,500	4,900	5,400	5,800
Chicago, Ill.	4,200	4,600	5,000	5,200
Columbia, S.C.	3,200	3,400	3,600	3,600
Columbus, Ohio	3,700	4,400	5,000	5,400
Fresno, Calif.	3,000	3,400	4,000	4,000
Huntington, W. Va.	2,700	2,900	3,200	3,200
Jefferson City, Mo.	3,200	4,000	4,300	4,500
Kansas City, Mo.	3,000	3,600	4,100	4,100
Louisville, Ky.	2,950	3,800	4,100	4,300
Milwaukee, Wis.	3,500	3,800	4,200	4,200
Mobile, Ala.	3,400	3,600	3,900	3,900
Newark, N.J.	4,200	4,560	4,920	5,280
Providence, R.I.	3,800	4,200	4,600	4,800
Paterson, N.J.	3,700	3,900	4,200	4,400
Pittsburgh, Pa.	4,000	4,400	4,600	4,800
Port Arthur, Tex.	2,500	3,000	3,300	3,300
San Antonio, Tex.	2,900	3,100	3,400	3,400
St. Louis, Mo.	3,700	4,400	4,900	4,900
Terre Haute, Ind.	3,800	4,400	4,800	5,100
Toledo, Ohio	4,000	4,400	4,800	5,400
Utica, N.Y.	4,000	4,400	4,800	5,000
Waco, Tex.	2,800	3,000	3,500	3,500

¹ Income limits established by local housing authorities are stated in terms of total family income less deductions and exemptions permitted by the local housing authorities. These deductions and exemptions from total family income vary from locality to locality. They include such items as payroll deductions for social security, unusual medical expenses, expenses of a serviceman living away from home, etc. They also include such exemptions as a flat \$100 per minor or dependent adult, some income exemptions for certain family members (in some cases, all income of secondary wage earners is excluded) and VA service-connected disability and death benefits.

Mr. SPARKMAN. Mr. President, attached to this statement is a table on preliminary estimates of income limits for families of different sizes under the proposed rent supplement program in 26 cities. These have been prepared by the Administrator of the Housing and Home Finance Agency based on information now available to him for these cities.

AMOUNT OF RENT PAYMENT

The amount of the rent supplement payment that could be paid on behalf of any family would not exceed the difference between the full rent for the dwelling unit it would occupy and 25 percent of the tenant's income, as determined by the Administrator pursuant to procedures and regulations established by him.

At present, under the public housing program, local housing authorities are permitted, and do, exempt certain income of minors and secondary wage earners, in computing the total family income upon which the rent charged is based. Similarly, in the rent supplement program, it is expected that the Administrator will establish procedures and regulations spelling out certain exemptions from gross family income for the purposes of determining the rent a family will pay. It is obvious that it is far more difficult for a man, wife, and three children to allocate 25 percent of gross family income for rent than it is, for example, for an elderly couple. It may, therefore, be desirable to establish exemptions from gross income for larger families, and the bill provides sufficient authority for the Administrator to do so.

Such exemptions, if any, would apply only to the requirement in the law that the tenant pay 25 percent of income. It is understood no such exemptions would be recognized in regard to family income for eligibility of a family for rent supplement payments.

COST OF DWELLING UNITS

The rent supplement program authorized by the bill would be limited to certain housing, low in cost and of modest design, constructed to standards prescribed by the Federal Housing Administration for families of moderate income.

AMENDMENT NO. 340

Mrs. NEUBERGER. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I am glad to yield to the Senator from Oregon.

Mrs. NEUBERGER. I call up my amendment No. 340 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The legislative clerk proceeded to state the amendment.

Mrs. NEUBERGER. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and the amendment will be printed in the RECORD at this point.

The amendment (No. 340) offered by Mrs. NEUBERGER is as follows:

S. 2213

REFINANCING OF HOUSING FOR ELDERLY PROJECTS

SEC. 214. Section 231(c)(7) of the National Housing Act is amended by striking out "with 50 per centum" and inserting in lieu thereof "or involves the refinancing of a mortgage covering an existing property or project in which it has been determined by the Commissioner that such refinancing is necessary or desirable in order to avoid hardship for elderly or handicapped persons or families who are tenants or prospective tenants of such project: *Provided*, That, in either case, such property or project shall contain 50 per centum."

Mrs. NEUBERGER. Before I comment on my brief amendment, I should like to take this opportunity to pay tribute to the Senator from Alabama on whose committee I serve and whom I think of as "Mr. Housing." Since I have been a member of the committee, I find that I am in sympathy with his approach and his generous attitude on providing the public housing which is so sorely needed in this country.

The Senator from Alabama knows the subject of housing legislation forward and backward. It was always a pleasure to work with him on preparation of the bill.

I come somewhat as a supplicant with my amendment because of an unusual hardship case in the State of Oregon regarding a retirement home.

Let me make it clear to the Senate that this home is not poorly financed or ill-conceived but is very well planned. A group of elderly citizens who tried, on their own, to provide for their retirement years, have constructed approximately 400 units into which most of these elderly citizens have invested their life savings. It was planned on the basis that they would be exempt from certain real estate taxes, as is true in many of the States with retirement homes.

Suddenly, their well laid plans "gang aft a-gley."

The best relief I can find for these senior citizens is to ask the Senator from Alabama to accept the amendment that was introduced in the House, and accepted there, which would be a genuine relief program in providing that these persons would receive FHA financing to save their investment in the retirement home.

Mr. President, the amendment would authorize FHA insurance for refinancing existing housing for the elderly where it is determined by the Commissioner that such refinancing is necessary or desirable to avoid hardship for elderly or handicapped persons.

Briefly, the circumstances which occasioned the need for this amendment involve the Rouge Valley Manor, a retirement home in Medford, Oreg., with just under 400 units. At the time of construction, this nonprofit corporation, and others in Oregon, justifiably assumed that they would be exempt from real property taxes under Oregon law as are similar projects in many other States. Their financing was, therefore, planned accordingly. A subsequent Oregon Supreme Court decision disabused them of this assumption and held that they would have to pay real property taxes. They are now faced with a back tax liability of just under \$500,000 in addition to payment of a short-term loan and mortgage and are facing a tax foreclosure proceeding in August.

While this amendment would not add any new units, it would provide the tool which would prevent the loss of almost 400 units already in existence. With long-term financing and the renegotiation of care contracts and loans from residents, it appears that all of their obligations can be met. An FHA guarantee is available for new construction and for refinancing housing for the elderly where the initial financing was through FHA. It seems incongruous not to make the FHA guarantee available to prevent the loss of housing where the project is otherwise sound and the loan has a reasonable chance of repayment simply because the institution was originally funded privately. This amendment closes this gap and I urge its adoption.

I could not serve that especial situation here, and I wish that the Senator could see fit to accept the amendment to ease a situation which I did not know about while the committee was considering the bill.

Mr. SPARKMAN. First, let me express my appreciation to the very able

Senator from Oregon, who is a valuable member of our Banking and Currency Committee, for the remarks which she has just made. Frankly, I must say that the proposal comes to me completely cold.

Mrs. NEUBERGER. Yes; I know that.

Mr. SPARKMAN. I wish to be helpful, and I know that the Senator from Oregon believes me. I am sure that the committee also wishes to be helpful. However, I am so completely unfamiliar with the facts relative to the case that I wonder whether the Senator would not be willing to have it taken to conference—it is already in the House bill—and rely upon my promise to be as sympathetic in conference as the facts will allow me to be, and let us keep it at the stage where at least we can do some further work on it if that should be necessary.

The Senator realizes that if we accept the amendment, then our hands would be tied and it would not go to conference. I should like to take it to conference, because then we can get at the facts and study them, and perhaps receive more information from the Senator from Oregon and work it out with the House conferees.

I am sure that the Senator from Texas [Mr. TOWER] would agree with me that we would be sympathetic to the amendment. I am sure that the Senator from Texas knows more about it than I do.

Mr. TOWER. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. TOWER. Let me say that I associate myself with the position of the Senator from Alabama on this matter, and would like to supplement his pledge with mine that I would be very much inclined to be sympathetic, too, in conference and, therefore, would subscribe to the position of the Senator from Alabama.

Mrs. NEUBERGER. I appreciate those remarks. I know how sympathetic the two Senators would be.

Let me reiterate that adoption of the amendment would not be bailing out anyone. It is just an unfortunate situation which has suddenly arisen. This retirement home is not poorly financed or ill-conceived. It was really getting caught in a bind with the State of Oregon concerning the financing plan. I am sure that my colleague, Mr. MORSE, would agree with me on that.

Mr. MORSE. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. MORSE. Let me say to the Senator from Alabama that I completely associate myself with the position taken by my colleague [Mrs. NEUBERGER]. This is an equitable and a fair amendment. We are not asking for any special consideration. We are simply asking the committee to do equity based on the facts which my colleague has presented.

The Senator from Alabama expresses his sympathetic interest, which is very much appreciated. I hope that in conference, if we can supply any additional information in support of the amendment, the Senator will feel free to call upon us.

Mr. SPARKMAN. I certainly shall do that. If the Senator from Oregon [Mrs. NEUBERGER] would withhold her amendment for the time being, it will be taken to conference and will give us the opportunity to take a good look at it.

Mrs. NEUBERGER. Mr. President, I withdraw my amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. SPARKMAN. Mr. President, under existing law, ceilings on the mortgage amount under section 221(d)(3) housing vary from \$8,000 per unit without a bedroom to \$17,000 per unit with three or more bedrooms. Elevator apartment units may have higher ceilings up to \$20,000 for a three-bedroom unit. On top of this, dollar ceilings may be increased by 45 percent in high cost areas. It is possible therefore to have a \$29,000 maximum in some high cost areas.

However, rent supplement payment will be made only with respect to housing constructed in accordance with the standards that have been met for the existing section 221(d)(3) below-market interest rate, moderate-income housing program. Under that program, the FHA cannot insure a mortgage if the rentals required to amortize the mortgage are greater than the rent that can be paid by a family whose income is less than the median income in the community. Mortgage limits for each community are restricted to the amount required to build in that community a garden-type project of modest standards that such a family can afford to rent. Elevator-type projects are permitted only if they can be built within the cost limitations prescribed for garden-type projects.

In the 4 years that the section 221(d)(3) below-market interest rate program has been in operation, the average amount of a mortgage per unit under the program has been approximately \$12,500. If the rent supplement program had been in operation during this 4-year period, the average amount of a mortgage per unit under the program would have been about the same.

SUBSIDY UNDER RENT SUPPLEMENT COMPARED WITH PUBLIC HOUSING

The amount of the rent supplement payment that may be made on behalf of a particular family will never be greater than the amount of the subsidy that would be paid for that same family in a newly built public housing unit of comparable size. As to average costs, it is estimated that the average subsidy cost under rent supplements would run about \$40 a month per unit—the level of the subsidy for public housing units currently being built runs about \$58 a month per unit.

There are several reasons for the lower subsidy cost in the rent supplement program. Land and construction costs in the rent supplement program would be less than in the public housing program. There will be available to sponsors of rent supplement projects a much wider range of selections of sites, including suburban and outlying land, and generally no clearance would be involved. In addition, certain special construction requirements that add to the cost of pub-

lic housing would not apply to housing constructed under the rent supplement program.

Under the rent supplement program, the occupant would be required to pay 25 percent of his income for rent compared to the general 20-percent requirement under the public housing program.

These factors alone—lower land and construction costs and greater payments by occupants—will offset the advantages of low-interest rate loans through tax exemptions in the public housing program. In addition, of course, the tax exemption accorded income on bonds issued in the public housing program involves a very substantial loss of revenue to the Treasury and this represents a cost that must be borne by other tax sources. It is estimated that the tax exemption of the income on public housing bonds now costs the Treasury \$48 million a year in revenues.

Finally, the local property tax exemption accorded public housing represents a very substantial local contribution and is also a part of the economic cost of public housing.

LEASE WITH OPTION TO PURCHASE

The lease-with-option-to-purchase part of the rent supplement program will make it possible for families, who have the potential to raise their incomes to the point where they can carry a modest home without subsidy, to rent the home at a price they can afford with their present incomes and exercise their option to purchase the home when they can afford, without assistance, to carry it.

OPERATION OF LEASE-WITH-OPTION-TO-PURCHASE PROGRAM

Under the lease-with-option-to-purchase part of the rent supplement program, an eligible family would rent a detached, semidetached, or row house in a project of such homes, and rent supplements would be paid in the same manner as for rent supplement units in other projects. When the income of the family had increased sufficiently so that it could afford to pay the full rent, the rent supplements would be terminated and the family would purchase the unit it occupied with the aid of an FHA-insured section 221 home mortgage.

It is estimated that perhaps 20 percent of the units receiving rent supplements would be the lease-with-option-to-purchase type.

NO WINDFALL TO LEASE-WITH-OPTION PURCHASER OR OWNER OF PROJECT

Neither the tenant under a lease-with-option-to-purchase arrangement, nor the project owner, will receive a windfall when the tenant exercises his option and purchases the unit with respect to which rent supplement payments have been made.

The Housing Agency contract with the owner-sponsor will require that the option to purchase give the tenant the right to buy at the FHA-appraised value of the unit at the time he exercises his option. If the FHA-appraised value and the sales price are greater than the outstanding balance in the original 221(d)(3) market-rate mortgage with respect to that unit, the amount by which the

sales price exceeds the outstanding balance will be returned to the Federal Government.

In the usual case, the house will have depreciated in value approximately to the same extent that the original mortgage has been amortized and there would be no sales proceeds in excess of the outstanding mortgage balance.

In no event, would it be feasible to sell a unit for less than the outstanding mortgage balance since the sponsor would not be able to repay the debt secured by the unit if the sales price did not equal at least the outstanding balance.

DEVELOPMENT OF THE NATION'S NATURAL RESOURCES—CONFERENCE REPORT

Mr. ANDERSON. Madam President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 21) to provide for the optimum development of the Nation's natural resources through the coordinated planning of water and related land resources, through the establishment of a water resources council and river basin commissions, and by providing financial assistance to the States in order to increase State participation in such planning. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER (Mrs. NEUBERGER in the chair). The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of July 8, 1965, pp. 15406-15409, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. ANDERSON. Madam President, today the President of the United States issued a statement pointing out that the water resources of this country need to be mobilized, both in the East and in the West, and stating further that the Water Resources Council, of which Secretary of the Interior Stewart L. Udall is Chairman, will be convened immediately, together with the officials of Federal agencies concerned with water resources "to assess what further actions might be taken to assist the States in meeting the problems now confronting the New England and Middle Atlantic region."

The bill has been before Congress for more than 4 years. The Senate passed it at one time, but the House did not act on it. Now the House has acted on it. There was a difference between the Senate and the House which related to compacts between various groups. That problem has been solved.

I should like to have the attention of the Senator from California and the Senator from Arizona, because they are both interested in this type of legislation. We hope to have it passed in short order.

Mr. TOWER. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. TOWER. Madam President, I ask unanimous consent that further proceedings under the quorum call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ANDERSON. Madam President, the conference report provides for the optimum development of the Nation's natural resources through the coordinated planning of water and related land resources, through the establishment of a water resources council and river basin commissions, and by providing financial assistance to the States in order to increase State participation in such planning.

The conferees met and discussed the subject fully. The conference report is signed by all conferees on both sides of the aisle. I hope it may be adopted promptly. I understand that some Senators desire to ask questions. I hope they may be dealt with promptly.

Mr. KUCHEL. Madam President, the purpose of S. 21, to provide for the development of the Nation's natural resources, in the text now before us in the conference report, is of course an admirable and laudable one.

I believe it is fair to say that it is designed to encourage the prudent and reasonable development of the Nation's water and related land resources through comprehensive and coordinated planning in which the governments of our several States would participate.

I ask Senators to listen carefully to my remarks because I want some confirmation of my understanding of the intent of the bill.

The bill is designed to create certain entities and then provide jurisdiction for those entities by which the water resources of each river basin in America, composed in the main of more than one State, would be suitably cataloged under the provisions of the bill.

I invite attention to section 3 of the bill, as it appears in the conference report. I ask unanimous consent that the entire text of section 3 be printed at this point in the RECORD.

There being no objection, the section was ordered to be printed in the RECORD, as follows:

EFFECT OF EXISTING LAWS

SEC. 3. Nothing in this Act shall be construed—

(a) to expand or diminish either Federal or State jurisdiction, responsibility, or rights in the field of water resources planning, development, or control; nor to displace, supersede, limit or modify any interstate compact or the jurisdiction or responsibility of any legally established joint or common agency of two or more States, or of two or more States and the Federal Government; nor to limit the authority of Congress to authorize and fund projects;

(b) to change or otherwise affect the authority or responsibility of any Federal official in the discharge of the duties of his office except as required to carry out the provisions of this Act with respect to the prepa-

ration and review of comprehensive regional or river basin plans and the formulation and evaluation of Federal water and related land resources projects;

(c) as superseding, modifying, or repealing existing laws applicable to the various Federal agencies which are authorized to develop or participate in the development of water and related land resources or to exercise licensing or regulatory functions in relation thereto, except as required to carry out the provisions of this Act, nor to affect the jurisdiction, powers, or prerogatives of the International Joint Commission, United States and Canada, the Permanent Engineering Board and the United States Operating Entity or Entities established pursuant to the Columbia River Basin Treaty, signed at Washington, January 17, 1961, or the International Boundary and Water Commission, United States and Mexico;

(d) as authorizing any entity established or acting under the provisions hereof to study, plan, or recommend the transfer of waters between areas under the jurisdiction of more than one river basin commission or entity performing the function of a river basin commission.

Mr. KUCHEL. Madam President, I refer to section 3, which reads in part:

Nothing in this act shall be construed (d) as authorizing any entity established or acting under the provisions hereof to study, plan, or recommend the transfer of waters between areas under the jurisdiction of more than one river basin commission or entity performing the function of a river basin commission.

I assume the legislative intent to be that the bill, as it is now before the Senate, would restrict the jurisdiction of study by commissions to be set up in any river basin in the country, to the needs of that particular river basin.

My able friend the Senator from New Mexico indicates his agreement by nodding his head.

Mr. ANDERSON. Yes. I inform the distinguished Senator from California that is the purpose.

Mr. KUCHEL. Madam President, I refer to the CONGRESSIONAL RECORD of yesterday, in which the distinguished chairman of the Committee on Interior and Insular Affairs of the House of Representatives, in discussing the conference report, said, at page 15966 of the CONGRESSIONAL RECORD:

The provision adopted by the conference committee prohibiting any entity established by this legislation from studying the transfer of waters between areas under the jurisdiction of more than one river basin commission or a similar planning entity has caused considerable comment. I want to make it clear that this simply means that the authority for such studies is beyond the scope of this legislation. There is no intention to indicate such studies are not needed or to prejudice the merits of any proposal to study the transfer of waters between major river basins. It simply means that the authority for such studies must be based upon other than this legislation or must be obtained by additional authorization by the Congress.

That reflects my understanding of the intention of the legislation.

I ask the able and distinguished Senator from New Mexico if that is correct.

Mr. ANDERSON. That is my understanding.

with which he has had cause to differ in the United Nations as our representative. The world, and the cause of peace through the cooperative efforts of the United Nations, is the poorer for his passing.

I need not expatiate on his career as Governor, as candidate for the Presidency of the United States, as a brilliant diplomat at the seat of world confrontation across the negotiating tables and within the halls of the United Nations. Rather, I wish to suggest that as we contemplate his career of great service there, we should begin immediately to make the most strenuous effort, as a fitting memorial to him, to reorganize the United Nations into a still more effective instrument of international amity and peace. Some of the recurring problems which we need to face realistically there, and to which the great intellect, skill, and urbanity of Adlai Stevenson would have surely been directed in the times ahead, are those of the veto, the position of Red China outside the organization, the financing of peacekeeping operations, and a wide gamut of other internal problems to which attention is due.

Adlai Stevenson was a friend to me, as he was to many others. Out of my deepest regard for him, I was moved to address a letter to the Nobel Peace Prize Committee last August 26 in which I nominated Adlai Stevenson for that great international honor. I believe he deserved it, and it was my intention to submit his nomination again this year, a fact of which I informed him after the Committee made another selection late last year.

One of the bases on which I believe Adlai Stevenson deserved such international recognition, but one which has too often been lost sight of, was his proposal nearly 10 years ago, in 1956, of a nuclear test ban treaty as a national policy. Then, few embraced the idea; now, its acceptance as a great contribution to the world's stability is universal. Here was not only a statesman, but a prophet ahead of his time, who suffered the fate so common to prophets, that others in taking up his vision of the future forgot the source from whence it came.

In my letter to the Nobel Committee I spoke of the great contributions of Adlai Stevenson to the cause of world peace, and a part of my words I quote now as my eulogy to a great American:

To this task (in the United Nations) he has brought the utmost patience, a profound intelligence, the wisdom of humane consideration of all viewpoints, and a deep dedication to the cause of peace in the framework of freedom.

We shall miss Adlai Stevenson, but we shall never forget him.

Mr. McCARTHY. Madam President, by the death of Adlai Stevenson, I lost a great personal friend but more significantly we, that is all of the peoples of the world, have lost the purest politician of our times.

His approach to politics was marked by three principal characteristics:

First, a decent respect to the opinions of mankind in world affairs.

Second, a willingness to accept the judgment of the majority and popular

will in domestic politics, as manifest in party conventions or in general elections.

And third, by unselfish surrender of his own personal reputation and image for the good of the common effort if, in his judgment, that surrender would advance the cause of justice and order and civility.

Adlai Stevenson did not grow in honor and in reputation from the organizations which he served, but rather they grew by virtue of his service.

He demonstrated early in his career and throughout his public life the highest degree of political humility in his indifference to what historians and biographers might say about him.

He was not ahead of his times or outside of his times, as some of his critics said, but he was a true contemporary, passing judgment on his own day, expressing that judgment in words proving his deep concern for the integrity of the language, and finally committing himself to the consequences of his judgment.

He was a "truly perfect, gentle knight," as Chaucer has said, "who from the moment when he first began his ride about the world loved chivalry, truth, honor, freedom, and courtesy."

Mr. DODD. Madam President, I join the countless millions in this country and around the world who mourn the death of Adlai Stevenson.

I mourn his loss as a great patriot and public servant, as one of the few men of our time who could truly be regarded as a citizen of the world, and as a dear personal friend.

Adlai Stevenson was a man of impeccable integrity and luminous intellect, a man with a warm heart for all humanity.

No more eloquent or respected spokesman ever represented the United States at the United Nations.

We have all been diminished by his loss.

HOUSING AND URBAN DEVELOPMENT ACT OF 1965

The Senate resumed the consideration of the bill (S. 2213) to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

Mr. SPARKMAN. Madam President, I shall conclude the presentation of the bill with a very brief statement.

I have spent considerable time on probably the most outstanding new part of the bill; namely, the rent supplement program.

The bill is made up largely of three parts. The first part deals with new programs, the second part with extensions of existing programs, and the third with amendments to various programs which are made necessary after experience of dealing with existing law.

Madam President, it has been 16 years since Congress passed the Housing Act of 1949. These have been a number of great housing acts since then, but I believe that the Housing Act of 1949 is the basic housing act.

I am pleased to take note of the fact that one of the authors of the bill is with us in the Chamber today. Of course, I refer to the distinguished Senator from Louisiana [Mr. ELLENDER].

At various times, the Housing Act of 1949 was known as the Wagner-Ellender-Taft bill, when the Democrats were in control. It was known as the Taft-Ellender-Wagner bill when the Republicans were in control. The Senator from Louisiana facetiously told me today that he was always in the middle. However, he was one of the mainsprings in the production of that bill. We had a hard time having it enacted into law. There were new programs that many were reluctant to accept, but they were finally accepted. We have improved on these programs from year to year. None of them is perfect, of course, but we have tried to improve them as we forged ahead.

Today, I believe we have a fine overall housing bill with which to carry out the mandate of the housing policy laid down in the Housing Act of 1949.

Madam President, there have been some 20 million housing units built in this country in the last 20 years. The country has changed from a large percentage of tenants to homeowners, mainly due to the incentives and the impulses given by the Housing Act of 1949.

The second part of the bill represents a continuation of existing programs. We have set the date in the bill for all the programs to expire on October 1, 1969. It is a 4-year bill. It is a big bill because it is of 4 years duration. One of the things that we sometimes overlook, in trying to measure how big a bill really is, is the fact that one particular program may involve a great expenditure and another may involve none at all.

Urban renewal, for instance, will cost \$2.9 billion in 4 years in the pending bill. Yet we are continuing this program at the rate it has operated upon for the last several years. FHA, on the other hand, which has more than 20 different programs of its own, costs the country nothing.

FHA and the Federal National Mortgage Association combined make money. They make enough money to carry the housing programs generally. And all of this grows out of what has been developed over the years in housing legislation.

Today we are trying to improve on the existing programs, we are extending them to bring in innovations to improve them and further perfect them.

The rent supplement program for instance, is an innovation, but it is also an effort to improve and possibly to replace the old public housing program.

Madam President, I continue now, with my prepared remarks.

AUTHORIZATION

Under the bill, Federal rent supplement payments could not exceed \$50 million prior to July 1, 1966, \$100 million prior to July 1, 1967, \$150 million prior to July 1, 1968, and \$200 million annually thereafter. The aggregate amount of the contracts could not exceed amounts approved in appropriation acts nor the above amounts.

EXPERIMENTAL PROGRAM

As an experiment, 10 percent of the total funds approved in appropriation acts may be used to determine the market and the effectiveness of rent supplements with respect to housing for the elderly under section 202 and section 231 housing and under section 221(d)(3) below market housing.

I have given a great deal of time in explaining the rent supplement program because of the wide interest in it and the necessity for a full explanation of its terms.

However, the bill before us has many other outstanding features. I should like to explain the more important ones.

FOUR-YEAR AUTHORIZATION RELATIVE TO EXISTING PROGRAMS

First of all, I should restate what I said earlier—this is a 4-year bill and carries authorization for 4 years for urban renewal, urban planning assistance, open-space grants, public housing, college housing, housing for the elderly, public works planning, Federal-State training programs, FNMA, low-income housing demonstration program, and low-rent housing for domestic farm labor.

If the bill did nothing more than extend these very worthwhile programs we could truthfully say this is indeed a great bill.

Now I should like to discuss briefly a few of the more important new programs authorized by the bill.

LAND DEVELOPMENT

One new program would authorize FHA to insure mortgage loans used to acquire and develop large subdivisions held for residential housing purposes. The new title would provide FHA mortgage insurance of private loans to private subdivision developers who may or may not themselves be homebuilders.

This will encourage the provision of a large supply of properly planned and improved residential building sites. It is expected that the mortgage insurance device, which has proven so helpful in providing a stimulus to the construction of good homes, will prove equally helpful in providing a stimulus to the production of good building sites in good neighborhoods.

The availability of FHA credit assistance during the land development stage will enable private developers to provide a more steady supply of improved building sites in an orderly and more economical manner. It should also open up cheaper suburban land for planned economic and marketable development and help to combat the rapid rise of prices for homebuilding sites.

RELIEF TO DISTRESSED MORTGAGORS AFFECTED BY THE CLOSING OF FEDERAL BASES

Sections 107 and 108 of the bill would help provide relief to families caught in the economic chaos resulting from the closing of military bases or Federal installations.

Section 107 would authorize the FHA and VA to grant a 1-year moratorium on principal and interest payments where the mortgagor is unemployed because of the closing of a Federal installation.

Section 108 would authorize the Secretary of Defense to acquire homes near a

military base where the owner's unemployment at the base is terminated by its closing. The purchase price would be established at fair value at the time the announcement was made about the base closing.

GRANTS FOR WATER AND SEWER FACILITIES

Section 602 of the bill would authorize the Housing and Home Finance Administrator to make grants to local public bodies and agencies to finance 50 percent of the cost of projects for basic public water and sewer facilities.

Authority for appropriations for a total of \$700 million for 4 years would be granted.

The most pressing problem facing many American communities is the provision of adequate water and sewer facilities. This has been testified to repeatedly in hearings held by the committee in recent years. The committee found that local governments have not been able to keep pace with the rising need of adequate water and sewer facilities. It is deemed essential, therefore, that local governments be provided with Federal assistance to carry out this very necessary activity.

GRANTS FOR NEIGHBORHOOD FACILITIES

Section 603 of the bill would authorize the Administrator to make grants to local public bodies and agencies to finance specific projects for neighborhood facilities, including neighborhood or community centers, youth centers, health stations, and other public buildings to provide health or recreational or similar social services. The grants generally would be limited to 66⅔ percent of the cost in the case of a project located in an area designated as a redevelopment area under section 5 of the Area Redevelopment Act.

The bill would authorize appropriations of not to exceed \$50 million a year for 4 years.

GRANTS FOR ADVANCE ACQUISITION OF LAND

Section 604 of the bill would authorize the Housing Administrator to make grants to State and local public bodies and agencies to assist in financing the acquisition of sites planned to be utilized in connection with the future construction of public works or facilities. The grant could not exceed the aggregate amount of reasonable interest charges on a loan or other financial obligation incurred to finance the acquisition of such land for a period not exceeding the lesser of, first, 5 years from the date the loan is made, or second, the period between the date the loan is made and the date on which construction of the public work or facility is begun.

Grants totaling \$100 million for 4 years would be authorized to pay interest charges for advance acquisition of public works sites.

FEDERAL HOUSING ADMINISTRATION AMENDMENTS

A number of amendments were made to the National Housing Act to improve and perfect existing programs to make them more effective in carrying out the national housing policy. I should like to mention several of the provisions about which there has been some misunderstanding.

APPROVAL OF TECHNICALLY SUITABLE MATERIALS

Section 211 of the bill would include a provision that the Federal Housing Commissioner shall adopt a uniform procedure for the acceptance of materials and products to be used in housing approved for loans it insures. Under this procedure any material or product which is technically suitable for the use proposed shall be accepted.

The committee's purpose in including this provision was to make certain that no materials or products which are technically suitable will be barred from use in FHA-financed housing. The committee believed that present practice often resulted in discrimination against many newly developed products which are either equally as suitable or more suitable than presently accepted materials. This practice has frustrated improvements in materials and the development of new ideas and has thus held back the technological advances in homebuilding which have been so outstanding in other industries.

By requiring the Commissioner to adopt a uniform procedure for the acceptance of materials, the committee hoped to eliminate many of these restrictions.

WATER AND SEWER FACILITIES WHERE FEASIBLE AS PREREQUISITE TO FHA AND VA ASSISTANCE

Section 212 of the bill would prohibit FHA and VA from financing new home construction if the housing is not served by a public or adequate community water and sewerage system unless, first, the property is served by a system approved by the FHA or VA under the new mortgage insurance program for land development authorized by the bill, or, second, the property is situated in an area certified by appropriate local officials to be an area where the establishment of public or adequate community water and sewerage systems is not economically feasible.

The committee believed this requirement would help prevent water pollution and other health hazards resulting from housing being built without adequate community water and sewerage services. The provision is sufficiently broad, however, to permit the assistance of housing without these services where it is not possible for them to be provided as part of a community system at this time. Existing law provides Federal assistance to the provision of these facilities, and the bill enlarges and supplements these aids.

PROPERTY IMPROVEMENT PROGRAM UNDER TITLE I

Section 213 of the bill increases the limit on the amount of an FHA title I property improvement loan from \$3,500 to \$5,000 and permits the term of a loan to be up to 7 years, rather than the present maximum maturity of 5 years.

In recognition of some of the questionable experiences presently connected with the FHA title I property improvement program, the committee has included a provision which subjects a lender purchasing a property improvement loan from a dealer or home improvement contractor to the same defenses against payment which might be asserted against

the dealer or contractor. Presently, the lender may take the loan instrument as a holder in due course.

The amendment is intended to encourage title I lenders to be more diligent in checking the dealers or contractors from whom they purchase title I loans. Under the present law, a lender can require a homeowner to pay the loan even though it may develop that the dealer or contractor did not perform their contract with the homeowner. The committee believed that the lenders should not rely upon this remedy and should instead be sure that the dealers or contractors are reliable and will perform their responsibilities.

URBAN RENEWAL

In addition to authorizing additional contract authority of \$2.9 billion for 4 years, the bill adds one significant provision about which there has been considerable discussion. This is the increase in the nonresidential exception from 30 percent of funds to 40 percent of the new capital grant authority.

Because a tight limitation on projects being undertaken under the nonresidential exception would have a tendency to distort local urban renewal efforts, the committee believed it desirable to liberalize the present limitation and to depend more on other control factors to obtain the proper mix of residential and nonresidential redevelopment within each local community.

The committee agreed, therefore, to increase the present limitation from 30 percent of aggregate grants not yet contracted for as of the acts of the 1959 Housing Act to 40 percent of the new funds authorized by the 1965 legislation. This will make available nearly \$1.2 billion of the new funds for this purpose.

LOW-RENT PUBLIC HOUSING—NEW CONTRACT AUTHORITY

The committee bill extends the public housing program by adding contract authority adequate to finance about 60,000 units a year for 4 years.

The committee was impressed by the backlog of 50,000 units at the present time and the need for continuing the program at least until such time as the new rent supplement program proved itself as an effective substitute for this program.

GREATER USE OF EXISTING HOUSING

The new annual contributions formula provided in section 402 of the bill would permit local housing authorities to make greater use of the housing supply through the purchase, purchase and rehabilitation, or lease of units which are available on the local market and suitable for low-rent housing purposes. A principal use of this formula would be in the acquisition or leasing of existing structures, with or without rehabilitation, for use over whatever period may be appropriate considering the condition and nature of the property and any other relevant circumstances. Under this new authorization, the PHA would be able to finance acquisition or leasing for any term of units in individual houses or in multifamily structures; it could finance joint private-public owned or leased units; and it could subsidize units financed through

other means such as FHA-insured, conventional, or State or municipal financing. The flexibility provided by this formula is intended to assist efforts of the type already undertaken by the PHA to encourage voluntary association between public and private organizations to provide housing for low- and middle-income families in joint ventures.

Use of existing housing will constitute a valuable supplement—but nevertheless, merely a supplement—to new construction. Existing housing can be effectively used for low-income families only where a combination of certain conditions exist. There must, first, be a supply of vacant housing on the local market, and that housing must freely be made available, since eminent domain will, of course, not be used under the new program. Moreover, the vacant housing, especially that owned by the FHA and VA, could meet the needs of the low-income families. Its cost, design, and physical condition must be appropriate, and its use should be consistent with the community plans and urban renewal programs and in accord with the wishes of the local governing body.

The committee made it clear that a public housing program is a local option and this bill does not remove any of the autonomy found in existing law which is left to local governing bodies in public housing undertakings.

REALLOCATION OF UNITS

The authorization proposed in section 404 would permit the PHA to transfer units from localities which have failed, for a period of 5 years, to place them under construction, to other localities where the units are needed and could be utilized without delay by the local housing authorities, without regard to the statutory limit on funds for any one State. This authorization would be subject to any annual contributions contractual obligations in effect on the date of enactment of the Housing and Urban Development Act of 1965, but would not grant any additional rights to local housing authorities, so that the PHA could reallocate units which have been placed under contract before the enactment date by terminating the contract, even though the local housing authority might object and the PHA might have to absorb the loss of any loan advances.

COLLEGE HOUSING

In addition to new authority for Federal college housing loans amounting to \$955 million, the only amendment to this program clarified the language of "educational institution" to make new colleges eligible under the program.

FEDERAL NATIONAL MORTGAGE ASSOCIATION

In addition to new authority for FNMA to purchase mortgages under its special assistance function of \$1.625 million, the bill also gives FNMA authority to purchase any residential mortgage loan from other Government agencies.

The modifications of FNMA's authority to purchase mortgages under section 306(e) would permit steps to centralize the Government's ownership, management—servicing—and sale of mortgages to the extent determined desirable from time to time. The committee believed

that efficiency and economy would generally be promoted to the extent the FNMA facilities are taken advantage of. Both FNMA and the selling agency would be expected to exercise discretion as to whether there should be any purchase-sale transaction and, if so, discretion would be exercised as to all related factors, including the pricing of the mortgages.

OPEN SPACE LAND AND URBAN BEAUTIFICATION

This title would continue the open space land program authorized by title VII of the Housing Act of 1961 in an expanded and more liberal form to provide aid for built-up areas as well as the suburbs and to encourage communities to increase their expenditures for park improvement and other urban beautification activities that will make towns and cities more attractive and better places in which to live.

In order to assist State and local agencies to realize the full potential of the land acquired with assistance under the open space land program, the bill contains a provision permitting 50-percent grants for the development of such land for open space uses. Open space uses are defined as any use of open space land for park and recreational purposes, conservation of land and other natural resources, or historic or scenic purposes. Grants could be made for developing land acquired under both the present program and the new program, described above, of assistance in acquiring developed land in built-up areas.

RURAL HOUSING

Title IX of the bill would extend the existing rural housing program and institute a new insurance program for farm and rural nonfarm families.

The hearings clearly demonstrated the need for greatly expanding the rural housing program. Almost half of the substandard housing of this Nation is in rural areas although only 30 percent of our population lives there.

A widespread housing credit gap continues to exist in rural areas despite the efforts of the Federal Housing Administration to reach farther and more effectively into rural areas with its existing insured loan programs.

The new rural housing insured loan program of the Farmers Home Administration authorized by title IX will increase the opportunities available to those rural families who cannot qualify for housing loans from other sources. Under this new program, loans up to \$300 million a year could be insured for families of low and moderate income levels who would pay interest at a rate not exceeding 5 percent per annum. Additional loans could be insured for families with incomes above the moderate level. These families would pay rates on their loans comparable to the rates paid on insured Federal Housing Administration loans. The new authority will serve to reduce in some degree the inequality between urban and rural families in the field of housing without increasing the strain on the Federal budget.

Madam President, I ask unanimous consent to have printed in the RECORD a section-by-section analysis of the bill.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

SECTION-BY-SECTION SUMMARY

Section 1: Provides that the bill shall be cited as the "Housing and Urban Development Act of 1965."

TITLE I—SPECIAL PROVISIONS FOR DISADVANTAGED PERSONS

Financial assistance to enable certain private housing to be available for lower income families who are elderly, handicapped, displaced, victims of a natural disaster, or occupants of substandard housing

Section 101: Authorizes the Housing and Home Finance Administrator to make rent supplement payments to help make housing available to individuals and families who are elderly, handicapped, displaced, victims of a natural disaster, or occupants of substandard housing and who have incomes that do not exceed the maximum amount that can be established for occupancy in public housing under the Federal public housing law.

The annual rent supplement payment for any dwelling unit cannot exceed the amount by which the fair market rental for the unit exceeds one-fourth of the tenant's income.

The housing owner can be a private nonprofit or limited dividend corporation or organization, or a cooperative housing corporation who is a mortgagor of housing financed with market interest rate mortgages under the FHA section 221(d)(3) mortgage insurance program. Annual rent supplements can be paid over periods of up to 40 years.

The aggregate amount of the payments that can be contracted for is limited to amounts prescribed in annual appropriation acts but could not exceed \$50 million a year prior to July 1, 1966. The \$50 million limit is increased by \$50 million a year on July 1 in each of the years 1966, 1967, and 1968.

An experimental program of rent supplements is permitted for housing financed with below market interest rates. This includes the FHA section 221(d)(3) below market housing, and housing for the elderly financed under the direct loan program. Another provision of the bill reduces the interest rate to 3 percent on the housing for the elderly loans and the (d)(3) below market mortgages. The experimental program will also be available for FHA section 231 mortgage insurance housing if the mortgage is endorsed for insurance after the date of enactment of the bill.

Under the experimental program not more than 20 percent of the dwelling units in the project can be eligible for rent supplements. Also, not more than 10 percent of the amounts approved in annual appropriation acts for rent supplement payments can be utilized for rent supplements in the below market projects.

The Administrator will provide for certification to the housing owners of eligibility of the tenants. The incomes of the occupants (except the elderly tenants) will be reexamined at least every 2 years.

Tenants may receive rent supplements where they occupy units under leases with an option to purchase their dwelling unit.

The workable program for community improvement requirement for FHA section 221(d)(3) mortgage insurance does not apply in the case of housing to be used under the rent supplement program unless the program was already required and in effect in the community.

On or before January 1, 1968, the Administrator is required to submit a report to the Congress on the rent supplement program, together with his recommendations with respect to the program.

Extension of FHA section 221 programs; modification of interest rate

Section 102(a): Amends section 221(b) of the National Housing Act to continue for 4 years (from September 30, 1965, to October 1, 1969) the authority of FHA to insure mortgages under its section 221 programs of housing for lower income families. This includes extension of the (d)(3) below market rental housing and the (d)(2) low down-payment sales housing programs.

Subsection (b) amends section 221(d)(5) of the act to place an interest rate ceiling of 3 percent (or the rate derived under the existing formula, if lower) on mortgages which may be insured by FHA under the section 221(d)(3) below market interest rate program. (The rate is now 3½ percent and is expected to rise to 4 percent or higher on June 30, 1965.)

Rehabilitation grants to homeowners in urban renewal areas

Section 103: Adds a new section 115 to the Housing Act of 1949 to authorize the limited use of urban renewal capital grant funds for rehabilitation grants to certain homeowners in urban renewal areas whose income does not exceed \$3,000 a year. Such grants may be in an amount up to the lesser of \$1,500 or the cost of the repairs. If the income exceeds \$3,000 a year, grant cannot exceed that portion of cost of repairs which can be paid for with a loan which could be amortized, along with the borrower's other monthly housing expense, with 25 percent of his monthly income.

Existing contracts for Federal assistance to urban renewal can be amended to provide for these rehabilitation grants.

Parity of treatment for the handicapped and elderly in public housing

Section 104: Amends section 2(2) of the U.S. Housing Act of 1937 to establish parity of treatment between the handicapped and elderly in low-rent public housing. It increases by \$1,000 (\$500 in the case of Alaska) the maximum room cost limits applicable to public housing designed specifically for the handicapped; authorizes a special contribution of up to \$120 per unit per year to dwelling units occupied by the handicapped; and exempts the handicapped from the requirement that there be a 20-percent gap between the upper rental limits for admission to a proposed low-rent housing project and the lowest rents at which private enterprise is providing a substantial supply of standard housing.

Modification of interest rate on loans to provide housing for elderly or handicapped

Section 105: Amends section 202(a)(3) of the Housing Act of 1959 to fix the ceiling on interest rates of loans made under the elderly and handicapped direct loan program at a maximum of 3 percent. (By cross-reference in existing law, also fixes 3 percent maximum on rural elderly housing direct loan program; sec. 515, Housing Act of 1949.)

Relocation payments under the Urban Mass Transportation Act of 1964

Section 106: Amends section 7(b) of the Mass Transportation Act of 1964 to make the payments to individuals, families, business concerns, and nonprofit organizations displayed by federally aided urban mass transportation projects after March 4, 1965, the same as those provided under the urban renewal and low-rent public housing programs.

Mortgage relief for homeowners who are unemployed as the result of the closing of a Federal installation

Section 107: Authorizes FHA and VA to pay for not more than 1 year the principal and interest payments on FHA or VA mortgages where the mortgagors are unemployed

as a result of the closing of a Federal installation and such action is the only means whereby a foreclosure can be avoided. The mortgagor must be the occupant of the housing, and he must agree to reimburse the FHA or VA for the payments made by them.

Acquisition of certain properties situated at or near military bases which have been ordered to be closed

Section 108: Authorizes the Secretary of Defense to acquire one- or two-family dwellings situated at or near a military base or installation which is closed or partially closed after November 1, 1964, if he determines that there is no present market for the sale of the property upon reasonable terms and conditions and that the owner's employment at the base or installation is terminated by its closing.

The purchase price shall be equal to the average price at which similar properties in the locality were sold prior to announcement of the closing of the base or installation.

The properties acquired shall be transferred to the Federal Housing Commissioner for disposal. Any net receipts remaining after disposal shall be covered into the U.S. Treasury as miscellaneous receipts.

Appropriations are authorized to carry out the provisions of this section and any sums appropriated shall remain available until expended.

TITLE II—FHA INSURANCE OPERATIONS

Land development

Section 201(a): Adds to the National Housing Act a new title X to authorize a new program of FHA mortgage insurance for land improvement and site development for subdivisions.

FHA would be authorized to insure mortgages to finance the acquisition of land and the installation of improvements such as water and sewer lines, streets, curbs, sidewalks, and storm drainage facilities.

Commissioner would be directed to adopt appropriate requirements to encourage the maintenance of a diversified local homebuilding industry, broad participation by builders, and a proper balance of housing for low- and moderate-income families.

The maximum mortgage for a single land insurance undertaking could not exceed \$10 million. The mortgage maximum would be limited to 50 percent of the Commissioner's estimate of the value of the land before development plus 90 percent of his estimate of the cost of such development, subject to an overall ceiling of 75 percent of the value upon completion.

The maximum maturity of the mortgage would be limited to 7 years, or such longer maturity as the Commissioner deems reasonable in the case of a privately owned system for water or sewerage. The Commissioner is authorized to prescribe maximum interest rates and the premium charges.

To be eligible, the mortgage would have to represent a good mortgage insurance risk in the Commissioner's estimation, and the development would have to be consistent with sound land use patterns and consistent with comprehensive planning being carried on for the area in which the land is situated. It would also have to be served by such shopping, school, recreational, transportation, and other facilities as the Commissioner deems adequate or necessary.

Cost certification would be required to assure that the amount of the mortgage loan outstanding at reasonable intervals during construction does not exceed the maximum loan ratios described above.

No mortgage could be insured under the new program after October 1, 1969, except pursuant to a commitment to insure issued before that date.

(b) Amends various provisions of existing law to make land development mortgages

insured under the new title X eligible for FNMA's regular secondary market program and for investments by national banks and Federal savings and loan associations.

Extension of insurance authorizations

Section 202: Amends sections 2(a), 217, 809(f) and 810(k) of the National Housing Act to continue for 4 years (until October 1, 1969) FHA's authority to insure property improvement loans under the title I program and to insure housing loans and mortgages under all of its programs except the section 221 program which is continued by section 102 of the bill.

Downpayment requirement in case of low-income housing demonstration homes

Section 203: Amends section 203(b) (9) of the National Housing Act to permit the downpayment on the purchase of a home financed with a mortgage insured by FHA under the regular section 203(b) home mortgage insurance program to be made by someone other than the mortgagor in the case of a home being purchased under the low-income housing demonstration program assisted pursuant to section 207 of the Housing Act of 1961.

Multifamily mortgage limits for four or more more bedrooms units

Section 204: Amends sections 207, 213, 220, 221, 231, and 234 of the National Housing Act to increase the dollar limitation on the amount of an insurable mortgage in the case of dwelling units having four or more bedrooms. The amount of the increase would range from \$2,250 to \$2,500 per family unit. No change would be made in the existing limits for dwelling units having less than four bedrooms.

Rehabilitation in urban renewal areas

Section 205: Amends section 220 of the National Housing Act (FHA's urban renewal housing program) to increase the maximum amount of an insurable mortgage in a case where the mortgagor is not the occupant of the property but intends to hold it for rental purposes from 85 percent of the amount which an owner-occupant could receive to 93 percent of such amount. The existing 85-percent limit would continue to apply where the nonoccupant mortgagor intends to hold the property for sale rather than rental. Where refinancing is involved, existing indebtedness for improvement of the property could be included in the computation of the mortgage amount whether or not the indebtedness is secured by a mortgage against the property.

Nondwelling facilities for urban renewal housing

Section 206: Amends section 220 of the National Housing Act (FHA's urban renewal housing program) to permit more nondwelling facilities to be included in a rental housing project financed with a mortgage insured under the section 220 program.

Under the amendment the project could include such nondwelling facilities as the Commissioner deems desirable and consistent with the urban renewal plan. However, the project must be predominantly residential and the Commissioner must find that any nondwelling facility included in the project is essential to the economic feasibility of the project, and that its financing will not result in a disadvantage to other business enterprises in the vicinity of the project.

Larger insured mortgages for servicemen

Section 207: Amends section 222 of the National Housing Act (the FHA mortgage insurance program for servicemen) to increase from \$20,000 to \$30,000 the maximum amount of a mortgage which can be insured by FHA under that program.

The downpayment required would be 5 percent of the first \$20,000 of the appraised

value of the property (or the amount required under the regular sec. 203(b) home mortgage program, which ever is lesser), and 15 percent of the value in excess of \$20,000.

Refinancing of insured mortgages

Section 208: Amends section 223 of the National Housing Act to give FHA the authority to insure mortgages executed for the purpose of refinancing existing mortgages insured under any of FHA's programs. This authority is now available only for mortgages insured under sections 220, 221, 903, 908, and (in certain cases) 608.

Consolidation of FHA insurance funds

Section 209: Adds a new section 519 to title V of the National Housing Act to provide for the consolidation into a single general insurance fund of all of FHA's existing insurance funds except the mutual mortgage insurance fund, which would continue without change in its present coverage of section 203 mortgages (although sec. 203(k) home improvement loans would be transferred to the new fund).

Optional cash payment of insurance benefits

Section 210: Adds a new section 520 to title V of the National Housing Act to authorize the FHA Commissioner in his discretion to pay either in cash or in debentures any insurance claim filed by a mortgagee under any of FHA's programs after the enactment of the bill. (Under existing law payment must be in debentures, except in the case of mortgages insured under secs. 220, 221, and 233 after the enactment of the 1961 Housing Act and loans insured under sec. 203(k) after the enactment of the 1964 act.)

Any such cash payment would be in an amount equivalent to the face amount of the debentures which would otherwise be issued plus the interest such debentures would have earned.

Approval of technically suitable materials

Section 211: Adds a new section 521 to title V of the National Housing Act to require the FHA Commissioner to adopt a uniform procedure for the acceptance of materials and products to be used in housing approved for mortgages or loans insured by the FHA. Under the procedure any material or product which is technically suitable for the use proposed shall be accepted.

Water and sewer facilities in connection with certain federally assisted housing

Section 212(a): Adds a new section 522 to the National Housing Act to prohibit the insurance of any mortgage which covers new construction (except pursuant to a commitment to insure made prior to the date of enactment of the bill) if the housing is not served by a public or adequate community water and sewerage system unless (1) the property is served by a system approved by the Federal Housing Commissioner under the new mortgage insurance program for land development authorized by the bill, or (2) the property is situated in an area certified by appropriate local officials to be an area where the establishment of public or adequate community water and sewerage systems is not economically feasible.

(b) Adds similar provisions to title 38 of the United States Code to be applicable to housing loans under the veterans' housing program administered by the Veterans' Administration.

Property improvement program under title I

Section 213(a): Amends section 2(b) of the National Housing Act to increase the limit on the amount of a property improvement loan that can be insured by the FHA under its title I property improvement program from \$3,500 to \$5,000, and to permit the loans to have a maturity of up to 7 years rather than the present 5 years.

(b) Subjects a lender purchasing FHA title I property improvement loans from a dealer or contractor to the same defenses against payment which might be asserted against the dealer or contractor. Presently, the lender may take as a holder in due course.

TITLE III—URBAN RENEWAL

General neighborhood renewal plans

Section 301: Amends section 102(d) of the Housing Act of 1949 to permit a general neighborhood renewal plan to cover adjoining areas having specially related problems as well as the urban renewal area itself, thereby eliminating the present requirement that the whole area covered by a general neighborhood renewal plan be an urban renewal area, and authorizes such a plan even though the area involved includes subareas which are not themselves so blighted or deteriorated as to require urban renewal treatment.

Increase in authorization for capital grants

Section 302: Amends section 103(b) of the Housing Act of 1949 to increase the urban capital grant authorization by \$2.9 billion in the following manner: \$675 million on enactment, by \$725 million on July 1, 1966, and by \$750 million on July 1 in each of the years 1967 and 1968.

The Housing Administrator is also directed to undertake a study of the existing urban renewal program with a view to making recommendations for strengthening the program, or for establishing a new or alternative program.

Increase in nonresidential exception

Section 303: Amends section 110(c) of the Housing Act of 1949 to increase the limit on nonresidential capital grant authority by permitting, after the date of enactment of the bill, up to 40 percent of the amount of grants authorized by the bill to be available for projects in areas which are predominantly nonresidential both before and after renewal. Under present law 30 percent of the aggregate amount of grants authorized after the Housing Act of 1959 can be used for nonresidential projects.

Relocation payments

Section 304: Amends section 114(b) (2) of the Housing Act of 1949 to increase the relocation adjustment payment for small businesses displaced by urban renewal or public housing activities from \$1,500 to \$2,500.

Demolition of unsafe structures and code enforcement

Section 305(a): Adds a new section 116 to the Housing Act of 1949 to authorize the Housing Administrator to make grants to cities, other municipalities, and counties to assist in financing the cost of demolishing structures which have been determined to be structurally unsound or unfit for human habitation. The amount of the grant cannot exceed two-thirds of the cost of the demolition.

The section also adds a new section 117 to the Housing Act of 1949 to authorize the Housing Administrator to make grants to cities, other municipalities, and counties to assist them in carrying out programs of concentrated code enforcement in deteriorating areas in which the code enforcement, together with public improvements to be provided by the locality, may be expected to arrest the decline of the area. The grants cannot exceed two-thirds (or three-fourths in the case of a city or county having a population of 50,000 or less) of the cost of carrying out a code enforcement program over and above its normal code enforcement program.

(b) Amends section 110(c) of such act to remove existing provisions relating to code enforcement which are inconsistent with the provisions of the bill.

(c) and (d) Amends section 220 of the National Housing Act to make FHA-insured

housing mortgages and home improvement loans insured under that section available for the code enforcement areas assisted under the bill.

(e) Amends section 312(a) of the Housing Act of 1964 to permit the low-interest rate rehabilitation loans authorized by that section to be made for property located in the code enforcement areas assisted under this section of the bill.

Eligibility of certain local grants-in-aid

Section 306: Makes certain local expenditures available as local grants-in-aid to urban renewal in the cities of Jasper, Ala., Joliet, Ill., Johnson City, Tenn., New Brunswick, N.J., and St. Louis, Mo.

Amendment of section 316 of the Housing Act of 1954

Section 307: Amends section 316 of the Housing Act of 1954 to clarify the authority of the Redevelopment Land Agency of the District of Columbia to undertake urban renewal projects in nonresidential areas.

Rehabilitation loans

Section 308(a): Amends section 312 of the Housing Act of 1964 to provide that a rehabilitation loan can be made under that section if the Housing Administrator finds that the applicant is unable to secure the necessary funds from other sources upon comparable terms rather than reasonable terms as now provided.

(b) Amends section 312 of the 1964 act to make it clear that moneys in the revolving fund for the rehabilitation loan program can be used for the necessary expenses of servicing the loans.

TITLE IV—LOW-RENT PUBLIC HOUSING

Acceptance of local certification of equivalent elimination

Section 401: Amends section 10(a) of the U.S. Housing Act of 1937 to permit acceptance of certifications by local governing bodies that they have complied with the equivalent slum housing elimination requirements of that act.

Greater use of existing housing

Section 402: Amends section 10(c) of the U.S. Housing Act of 1937 by perfecting the annual contributions formula to permit local housing authorities to make greater use of the existing housing supply through the purchase, purchase and rehabilitation, or lease of units which are available on the local market and suitable for low-rent housing purposes.

Increase in authorization for annual contributions

Section 403: Amends section 10(e) of the U.S. Housing Act of 1937 to increase by \$47 million immediately, and by an additional \$47 million in each of the years 1966 through 1968, the existing limit on the aggregate amount of contracts for annual contributions which may be entered into by PHA under the low-rent housing program. This increase would provide an estimated 60,000 additional units of low-rent housing annually over the 4-year period, to be available both for conventional low-rent housing projects and for the new approaches to low-rent housing contained in the bill.

Reallocation of units

Section 404: Amends section 10(e) of the U.S. Housing Act of 1937 to provide that, subject to any contractual obligation outstanding on the date of enactment of the bill, any low-rent public housing units not under construction within 5 years from the date they were reserved to a public housing agency may be reallocated and placed under contract for annual contributions in any State without limitation as to the aggregate amount of units which may be placed under contract in any one State.

Sale of federally owned projects to private purchasers

Section 405: Amends section 12(c) of the U.S. Housing Act of 1937 to permit sale of a federally owned public housing project to a nonprofit organization for continued use as low-rent housing.

Increase in per room limitations

Section 406: Amends section 15 of the U.S. Housing Act of 1937 to increase the limitations per room on the cost of construction and equipment of low-rent public housing from \$2,000 to \$2,400 for regular units and from \$3,000 to \$3,500 in the case of Alaska or housing designed specifically for the elderly. The per room limit in the case of housing for the elderly in Alaska is also increased from \$3,500 to \$4,000.

Purchase of units by tenants

Section 407: Amends section 15 of the U.S. Housing Act of 1937 to permit any member of a tenant family in a low-rent public housing project to purchase a dwelling unit which is detached, semidetached, or a row house for his occupancy or occupancy by a member or members of his family.

TITLE V—COLLEGE HOUSING

Increase in authorization for college housing loans

Section 501: Amends section 491(d) of the Housing Act of 1950 to increase the college housing loan authorization by \$110 million upon the enactment of the bill, with further increases of \$285 million on July 1 in each of the years 1966 and 1967, and \$275 million on July 1, 1968. This section would also increase on July 1 in each of the years 1965 through 1968 (1) by \$30 million the ceiling on loans for other educational facilities (such as dining halls, health facilities, and student unions), and (2) by \$15 million the ceiling on loans to hospitals for nurses and intern housing.

Participation by new colleges

Section 502: Amends section 404 of the Housing Act of 1950 to make it clear that a college housing loan can be made to a new educational institution if such institution provide satisfactory assurance to the Housing Administrator that it will offer a baccalaureate degree within a reasonable time after completion of the facilities for which the loan is requested.

TITLE VI—GRANTS FOR BASIC PUBLIC WORKS, NEIGHBORHOOD FACILITIES, AND THE ADVANCE ACQUISITION OF LAND

Purpose

Section 601: States that the purpose of title VI is to assist and encourage the communities of the Nation (1) to construct adequate basic water and sewer facilities needed to promote their efficient and orderly growth and development; (2) to construct neighborhood facilities needed to enable them to carry on programs of necessary social services; and (3) to acquire, in a planned and orderly fashion, land to be utilized in connection with the future construction of public works and facilities.

Grants for basic water and sewer facilities

Section 602: Authorizes the Housing Administrator to make grants (up to 50 percent of the development cost) to local public bodies and agencies to finance basic public water facilities (including works for the storage, treatment, purification, and distribution of water), and basic public sewer facilities (other than "treatment works" as defined in the Federal Water Pollution Control Act). No grant can be made for any sewer facilities unless the Secretary of Health, Education, and Welfare certifies to the Administrator that any waste material carried by the facilities will be adequately treated before it is discharged into any public waterway.

In the case of a community having a population of less than 10,000 which is in dire need of such facilities because of special prescribed circumstances, the Housing Administrator may increase the amount of a grant for a basic public sewer facility to not more than 90 percent of the development cost of the facility.

Grants for neighborhood facilities

Section 603: Authorizes the Housing Administrator to make grants of up to two-thirds of the development cost of the project (except grant could be 75 percent of development cost in case of a project located in a redevelopment area under sec. 5 of the Area Redevelopment Act) to local public bodies and agencies (or through them to private nonprofit organizations) to finance specific projects for neighborhood facilities, including neighborhood of community centers, youth centers, health stations, and other public buildings to provide health or recreational or similar social services.

Advance acquisition of land

Section 604: Authorizes the Housing Administrator to make grants to local public bodies and agencies to assist in financing the acquisition of land to be utilized in connection with the future construction of public works or facilities.

The Administrator may require an applicant for a grant to agree to repay the grant if (1) the land is not utilized within 5 years after the grant agreement is entered into for construction of the public work or facility for which the land was acquired, or (2) the land is diverted to other uses.

General provisions

Section 605: Confers upon the Administrator the usual functions, powers, and duties, and authorizes him to make advance or progress payments on account of any grant made under this title of the bill.

Definitions

Section 606: Defines the terms used in the title.

Labor standards

Section 607: Makes applicable to construction work financed with assistance under sections 602 and 603 the prevailing wage requirements of the Davis-Bacon Act (and the usual time and a half overtime provisions), along with the authority generally available to the Secretary of Labor with respect to the enforcement of the requirements.

Appropriations

Section 608(a): Authorizes appropriations for grants for basic public water and sewer facilities not to exceed \$100 million for the fiscal year commencing July 1, 1965, and \$200 million for each fiscal year commencing after June 30, 1966, and ending prior to July 1, 1969.

(b) Authorizes appropriations for each fiscal year commencing after June 30, 1965, and ending prior to July 1, 1969, not to exceed \$50 million for grants for neighborhood facilities, and not to exceed \$25 million for grants for advance acquisition of land. This section also provides that any amounts appropriated shall remain available until expended, and that any amounts authorized for any fiscal year under the section but not appropriated may be appropriated for any succeeding fiscal year commencing prior to July 1, 1969.

TITLE VII—FEDERAL NATIONAL MORTGAGE ASSOCIATION

Increase in special assistance authority

Section 701(a): Amends section 305(c) of the National Housing Act to increase by \$1,625 million the amount of special assistance that the President of the United States can authorize the Federal National Mortgage

Association to provide for housing and urban development.

(b) Amends section 305(f) of the National Housing Act to increase the President's special assistance authority further by transferring the special assistance authority remaining from a special authorization in that section for FHA title VIII housing for the military, AEC, and NASA, except \$58,750,000 which is required to be reserved for section 809 mortgages.

Purchase of mortgages held by Federal instrumentalities

Section 702: Amends section 302 of the National Housing Act to authorize FNMA to purchase, service, or sell mortgages covering residential property offered to it by other Federal agencies, and other obligations offered to it by the Housing and Home Finance Agency or by any of that Agency's constituent agencies or units. FNMA is also authorized in its fiduciary capacity to deal in obligations of the Housing Agency which are not first mortgages.

Purchase of below-market interest rate mortgages covering properties located in urban renewal areas

Section 703: Amends section 302(b) of the National Housing Act to except FHA section 221(d)(3) below-market interest rate mortgages financing housing in urban renewal areas from the \$17,500 per dwelling unit limit imposed by section 302(b) of the National Housing Act on the amount of a mortgage that can be purchased by FNMA under its special assistance operations.

TITLE VIII—OPEN SPACE LAND AND URBAN BEAUTIFICATION AND IMPROVEMENT

Change in name of program, findings and purpose

Section 801: Amends title VII of the Housing Act of 1961 to make changes in the name of the existing open space land program so that it will include a reference to "urban beautification and improvement." It also expands the existing statement of congressional findings and purpose.

Development grants for open space uses

Section 802 (a) and (b): Amends section 702 of the Housing Act of 1961 to permit grants under that section to be used to assist in the development, for open space uses, of land acquired under title VII.

(c) Adds provisions to section 706 of the Housing Act of 1961 which define the term "open space uses" to mean any use of open space land for (a) park and recreational purposes, (b) conservation of land and other natural resources, or (c) historic or scenic purposes.

Increased grant level for preservation and development of open space land

Section 803: Amends section 702(a) of the Housing Act of 1961 to permit grants for the acquisition of land and its development for open space uses to be up to 50 percent of the total cost of the acquisition and development. Under existing law, the grant limit is 20 percent, except that grants may be made for up to 30 percent where the applicant exercises open space responsibility for all or a substantial part of the urban area.

Contract authorization

Section 804: Amends section 702(b) of the Housing Act of 1961 to increase the limit on grants that can be made for open space land and urban beautification and improvement (as authorized by subsequent sections) from \$75 to \$310 million. Grants for the provision of open space land in built-up urban areas would be limited to \$64 million, and grants for urban beautification and improvement would be limited to \$36 million.

Open space planning and program requirements

Section 805: Amends section 703(a) of the Housing Act of 1961 to require a finding by

the Housing Administrator that each grant for the acquisition and development of open space land is needed for carrying out a unified or officially coordinated program, meeting criteria established by the Housing Administrator, for the provision and development of open space land as part of the comprehensively planned development of the urban area. Under existing law the Administrator must find that (1) the proposed use of the land for open space is important to the execution of a comprehensive plan for the urban area, and (2) a program of comprehensive planning is being actively carried on for the urban area.

Grants for provision of open-space land in built-up urban areas and for urban beautification and improvement

Section 806: Adds new sections 705 and 706 to the Housing Act of 1961. The new section 705 authorizes grants to States and local public bodies to assist in financing the acquisition of developed land in built-up portions of urban areas to be cleared and used as permanent open-space land. The grants cannot exceed 50 percent of the cost of acquiring the interests in the land and of necessary demolition and removal of improvements, and can be made only where the local governing body determines that adequate open-space land cannot effectively be provided through the use of existing undeveloped or predominantly undeveloped land.

(b) Authorizes financial assistance extended under title VII of the Housing Act of 1961 (all open-space land and urban beautification and improvement assistance) to include grants for relocation payments like those provided under the urban renewal program. They will be available to those displaced after March 4, 1965.

The new section 706 authorizes grants to States and local public bodies to assist in carrying out local programs for the greater use and enjoyment of open-space and other public land in urban areas, including beautification of the land and its improvement for open-space uses. The local programs must be important to the comprehensively planned development of the locality.

Grants shall not exceed 50 percent of the amount by which the cost of the activities carried on by an applicant during a year under an approved program exceeds its usual expenditures for comparable activities. However, the Housing Administrator may use up to \$5 million for grants covering two-thirds of the cost of activities that have special value in developing and demonstrating new and improved methods and materials for use in carrying out urban beautification and improvement.

Use of funds for studies and publication

Section 807: Amends section 702 of the Housing Act of 1961 to authorize the Housing Administrator to use not more than \$50,000 of the title VII grant funds to undertake studies of open-space land and urban beautification and improvement problems and activities and to publish information relating thereto.

Conforming amendments

Section 808: Makes technical amendments in title VII of the Housing Act of 1961 to conform to the new provisions added to that title by this title of the bill.

TITLE IX—RURAL HOUSING

Loans for previously occupied buildings and minimum site acquisition

Section 901: This section amends section 501 of the Housing Act of 1949 to authorize the Secretary of Agriculture to make loans to farmers and rural residents for the purchase of previously occupied dwellings and related facilities and farm service buildings and for minimum adequate building sites.

Interest rate on direct rural housing loans

Section 902: This section amends section 502(a) of the Housing Act of 1949 to increase

to 5 percent the maximum interest rate on direct loans under section 502, except for loans to elderly persons in accordance with section 501(a)(3) and loans in accordance with sections 503 and 504, which would remain at 4 percent. It would also authorize the Secretary to charge fees on all title V loans.

Insured rural housing loans

Section 903: Subsection (a) of this section adds to title V of the Housing Act of 1949 two new sections (517 and 518).

The new section 517 would authorize the Secretary of Agriculture to insure loans, and make loans to be sold insured, in accordance with section 502; except that such loans to persons of low or moderate income would bear interest not above 5 percent and be limited to adequate housing modest in size, design, and cost and to an aggregate of \$300 million per year, and such loans to other persons would be made at rates and charges comparable to those in effect under FHA's section 203 program. To assure the marketability of these loans to private investors within the interest ceiling set by this section, it is further provided that the Secretary may enter into repurchase agreements with investors.

The new section 517 would also establish a new rural housing insurance fund to finance insured section 502 loans and to be utilized by the Secretary for various specified purposes. The new fund would be used in lieu of the agricultural credit insurance fund for section 514 domestic farm labor housing and section 515(b) elderly rental housing loans. Loans made out of the fund and held unsold could not exceed \$100 million at any one time. The Secretary would be authorized to borrow from the Treasury to meet loan insurance obligations and to make other authorized expenditures from the fund.

The new section 518 would establish a rural housing direct loan account, and would transfer to such account all rural housing direct loans made under sections 502, 503, 504, and 515(a) of the 1949 act, all collections therefrom, and any funds available from appropriations or Treasury borrowings for such loans. Amounts transferred to the account and such further amounts as may be appropriated would be available for making loans under the above sections and for making repayments to the Treasury.

Subsection (b) of section 903 of the bill amends section 511 of the Housing Act of 1949 to extend for 4 years (to October 1, 1969) the unused balance (approximately \$101 million) of the existing borrowing authority under section 511, and to remove the existing special reservation of \$50 million exclusively for loans to elderly persons in accordance with section 501(a)(3).

Purchase of rural housing loans by the Federal National Mortgage Association

Section 904: This section amends title III of the National Housing Act to authorize FNMA to purchase loans insured under the new provisions of title V of the Housing Act of 1949 in its secondary market operations.

Extension of rural housing authorizations

Section 905: This section amends title V of the Housing Act of 1949 to extend for 4 years (to October 1, 1969) the authority of the Secretary of Agriculture to make section 503 loan contribution commitments, the authority for appropriations to finance assistance under sections 504(a), 504(b), 506, and 516, and the authority of the Secretary to make section 515(b) rental housing loans for elderly persons. It would also increase from \$10 to \$50 million the total amount of appropriations authorized for section 516 assistance to provide low-rent housing for domestic farm labor, and would extend the construction standards and technical services provisions of section 506(a) to operations under the new provisions added to title V by the bill.

Sums excess to the needs of the rural housing insurance for the rural housing direct loan account

Section 906: This section adds to title V of the Housing Act of 1949 a new section 519, directing the Secretary of Agriculture to pay into miscellaneous receipts of the Treasury any surpluses from the new rural housing insurance fund or the new rural housing direct loan account.

TITLE X—MISCELLANEOUS

Urban planning grants

Section 1001(a): Amends section 701(b) of the Housing Act of 1954 to increase the limit on appropriations for urban planning grants from \$105 to \$230 million.

(b) Amends section 701(b) of the Housing Act of 1954 to permit up to 5 percent of funds appropriated for urban planning grants to be used for studies, research, and demonstration projects for the development and improvement of techniques and methods for comprehensive planning and for the advancement of the purposes of the urban planning grant program.

(c) Amends section 701 of the Housing Act of 1954 to authorize the Housing Administrator to make two-thirds grants to organizations composed of elected officials who represent political jurisdictions within a metropolitan area to assist them to undertake studies, collect data, develop regional plans and programs, and engage in other activities desirable for the solution of the metropolitan or regional problems.

Authorization for Federal-State training programs

Section 1002(a): Amends section 802(d) of the Housing Act of 1964 to increase the limit on appropriations for grants to assist Federal-State training programs from \$10 to \$30 million.

(b) Amends section 803 of the Housing Act of 1964 to provide that the limit per State on grants for Federal-State training programs shall be not more than 10 percent of the total amount appropriated for that purpose rather than 10 percent of the amount authorized to be appropriated as now provided.

Authorization for public works planning advances

Section 1003: Amends section 702(e) of the Housing Act of 1954 to increase the limit on appropriations for public works planning advances from \$20 million to \$70 million.

Authorization for housing for the elderly or handicapped

Section 1004: Amends section 202(a) (4) of the Housing Act of 1959 to increase the limit on appropriations for loans for housing for the elderly or handicapped from \$350 million to \$500 million.

Authorization for low-income housing demonstration programs

Section 1005: Amends section 207 of the Housing Act of 1961 to increase the authorization for grants for low-income housing demonstrations from \$10 million to \$15 million.

Advisory committees—Technical provision

Section 1006: Deletes an obsolete provision from section 601 of the Housing Act of 1949 relating to advisory committees.

Public facility loans

Section 1007(a): Adds a provision to section 202(c) of the Housing Amendments of 1955 to authorize the Housing Administrator to make public facility loans to a private nonprofit corporation for the construction of works for the storage, treatment, purification, or distribution of water, or the construction of sewage, sewage treatment, and sewer facilities, if the works or facilities are needed to serve a smaller municipality or rural area, and there is no existing public body able to construct and operate the works or facilities.

(b) Amends section 202(c) of the amendments to make a technical change made necessary by amendments of the Area Redevelopment Act.

(c) Amends section 203(c) of the amendments to permit a public facility loan to be made to a community without regard to its population if a research or development installation of the National Aeronautics and Space Administration is located in or near the community.

Lease guarantees for certain small business concerns

Section 1008: Adds a new title IV to the Small Business Investment Act of 1958 to authorize the Small Business Administration to guarantee payment of rentals under leases of commercial and industrial property entered into by small business concerns that are (1) eligible for loans under section 7(b) (3) of the Small Business Act or (2) eligible for loans under title IV of the Economic Opportunity Act of 1964.

The guarantee powers shall be exercised to the greatest extent practicable in cooperation with qualified surety or other companies on a participation basis.

A uniform annual fee shall be payable for the Administration's share of any guarantee. The fee shall not exceed 2½ percent per annum of the minimum annual guaranteed rental payable under the guaranteed lease. Fees may also be charged for the processing of applications for guarantees.

A revolving fund is established for carrying out the guarantee program. Initial capital of \$5 million for the fund is transferred from the fund established under section 4(c) of the Small Business Act. All receipts from the guarantee program shall be deposited in the fund. The initial capital shall be returned to its source in such amounts and at such times as the Small Business Administrator determines to be appropriate.

FHA conforming amendments

Section 1009: Makes conforming amendments in the National Housing Act made necessary by provisions in the bill which consolidate FHA insurance funds into the general insurance fund.

Repeal of special provision in Urban Mass Transportation Act

Section 1010: Repeals section 9(c) of the Urban Mass Transportation Act of 1964 which requires that contractors, in providing facilities or equipment which have received loan or grant assistance under the act, "shall use only such manufactured articles as have been manufactured in the United States."

Redevelopment areas—technical provision

Section 1011: Amends sections 103 of the Housing Act of 1949 and 701 of the Housing Act of 1954 to add references to acts supplementary to the Area Redevelopment Act.

Federal Reserve Act

Section 1012: Amends section 24 of the Federal Reserve Act to permit national banks to (1) purchase participations in loans secured by real estate and (2) make loans for the construction of industrial or commercial buildings to have maturities up to 30 months (now 18 months).

Savings and loan associations

Section 1013(a): Amends section 5(c) of the Home Owners Loan Act of 1933 to authorize Federal savings and loan associations to make loans outside of their 20-percent limitation secured by college dormitories or fraternity or sorority houses, or housing for staffs of colleges or hospitals.

(b) Amends section 404 of the National Housing Act to require an association to make deposits in FSLIC up to 1 percent of the association's savings as required by call of the Federal Home Loan Bank Board.

Mr. ELLENDER. Madam President, will the Senator from Alabama yield?

Mr. SPARKMAN. I am glad to yield to the Senator from Louisiana.

Mr. ELLENDER. I am proud of the fact that I assisted in the enactment of the Housing Act of 1949. It required considerable work at that time to have it enacted into law. The hearings held and the time consumed in order to enact the bill covered a period of approximately 7 to 8 years. We were fortunate in being able to obtain the assistance of the late Senator Taft during the 80th Congress.

Madam President, I should now like to ask a few questions of the Senator from Alabama. I should like to differentiate as best I can between the Housing Act of 1949 with respect to public housing and the innovation contained in the housing bill. As I understand, the Federal Government would put up by way of subsidy \$50 million a year over a period of 4 years—

Mr. SPARKMAN. Not to exceed \$50 million a year.

Mr. ELLENDER. Yes; that would mean that at the end of 4 years the appropriations—if all the money were used—\$200 million would be spent for that purpose.

Mr. SPARKMAN. The Senator is correct.

Mr. ELLENDER. Under the Housing Act of 1949, the Government subsidized certain construction.

Mr. SPARKMAN. The Government underwrote the bonds.

Mr. ELLENDER. Yes; by agreeing to pay 3½ percent, I believe.

Mr. SPARKMAN. The rate varied depending on the market for public housing bonds.

Mr. ELLENDER. Not to exceed 3½ percent. As I remember, it fluctuated between one-half to as much as 3 percent over the years. Under the act, the Authority was supposed to provide rentals to families wherein they paid 20 percent of their income. As I understand, in this case, with the innovation, 25 percent of a family's income will be required.

Mr. SPARKMAN. The Senator is correct.

Mr. ELLENDER. To what extent, if any, is money provided for the actual construction of these dwellings? As I understand, the bill does not envision that anyone with homes to rent would come into the picture. The homes or facilities would have to be constructed from here on out; is that not correct?

Mr. SPARKMAN. The Senator is correct.

Mr. ELLENDER. To what extent would the Government assist, if at all, in financing new constructions by cooperatives or nonprofit organizations?

Mr. SPARKMAN. The proposed rent supplement program would be on an FHA mortgage insurance basis. The Government would not put up any money.

Mr. ELLENDER. There would be an assurance that a subsidy would be paid on behalf of low-income families. The subsidy would be the difference between

25 percent of the income of the applicant and the reasonable economic rent. Is that correct?

Mr. SPARKMAN. The Senator is correct.

Mr. ELLENDER. If the family income were \$3,000 a year, 25 percent of that would be used as rent. Is that correct?

Mr. SPARKMAN. The Senator is correct.

Mr. ELLENDER. Do I understand that the HHFA would give a guarantee to the builder to pay the difference between the one-fourth of the income of the family and the economic rent, by way of a subsidy?

Mr. SPARKMAN. The Senator knows, of course that under this bill the project would be approved (and incurred) by FHA. The sponsor would have to be a nonprofit organization, a limited dividend corporation, or a cooperative. The sponsor would make application to FHA and state that it desired to build the housing for certain groups.

Mr. ELLENDER. For low-income people?

Mr. SPARKMAN. Yes. There are really two conditions for eligibility. One condition is that the tenant must be elderly, disabled, or handicapped, or displaced by urban renewal; the second condition is that only persons of low income eligible for public housing would be eligible for rent supplements.

We make it possible—this may sound a little strange, but it is true—for the proposed program to go below public housing income levels. As you know, there are actually people whose income are not low enough to justify their getting into public housing.

That may sound peculiar, but it is true. The provision of this bill can go below public housing income levels. Of course the project must be a multifamily project. Let us say a nonprofit corporation is sponsoring a 100-unit project. He promises FHA—and this becomes a part of the agreement—that 50 of the units, or half of them, will be made available for low-income people. FHA works out the plan with the sponsor. They work up an agreement. Of course, as with any FHA agreement, the agency must go through costs very carefully and they must determine what the economic rent would be.

After the building is constructed, the sponsor can fill half his units with people that can afford to pay economic rents, and the Government will help the other 50 percent with their rent.

Mr. ELLENDER. It is not intended that HHFA or FHA shall put up any money for the construction of these projects. FHA will only insure mortgage loans to those who sponsor such projects. Funds for construction would come from private enterprise sources.

Mr. SPARKMAN. The FHA does not put up loans. They insure loans. Private concerns put up the money. It is an insurance program.

Mr. ELLENDER. I wonder if the Senator could place in the RECORD at this point the rules and regulations with respect to low-rent housing. It may be that it will take a little time to obtain the information. What are the conditions under which a low-income family

may obtain assistance through public housing in New Orleans, Boston, or New York, for example, or in 10 or 15 typical cities?

Mr. SPARKMAN. Is the Senator referring to income levels?

Mr. ELLENDER. Yes.

Mr. SPARKMAN. I included that information as a part of my introductory remarks.

Mr. ELLENDER. I am sorry I was not present to hear it.

Mr. SPARKMAN. I did not read it. I had it printed in the RECORD. The information covers 26 cities.

Mr. ELLENDER. Throughout the country?

Mr. SPARKMAN. Yes. If you will read my explanation of the comparison in cost to the Federal Government between public housing and rent supplements you will see that it is extremely unlikely, in fact I believe almost impossible for the rent subsidy paid by the Government to exceed what the Government would pay as a subsidy for public housing of comparable units built at the same time.

Mr. ELLENDER. Is all of this incorporated in the measure that we are now considering?

Mr. SPARKMAN. I have explained how the new program would operate.

Mr. ELLENDER. It is in the bill, is it?

Mr. SPARKMAN. I believe we have laid it out very clearly. We do not spell some of these things in the bill, as the Senator knows. However, the way the bill is drawn and the way it is tied in with existing laws and regulations, what I have said is true.

Mr. ELLENDER. Is it the Senator's considered judgment that under this system, which is an innovation in public housing, in the long run it will be less costly to the Government than at the present time?

Mr. SPARKMAN. That is my belief. Furthermore, it is a private enterprise undertaking. I am not sure whether the Senator from Louisiana is familiar with the experimental program that we authorized the HHFA to make under the 1961 act. We set aside a certain amount of money for that.

Mr. ELLENDER. I recall it, but I do not know what the results were.

Mr. SPARKMAN. The results of one such experiment are set out in the transcript of the hearings. The Senator may wish to refer to those exhibits. He will find them in the hearings on page 127. I am sure he will find this part of the hearings very interesting. It has been a very interesting experiment. We are continuing that experiment by this bill. I believe the Senator from Texas offered the amendment in committee to continue the experimentation.

Mr. TOWER. Yes.

Mr. SPARKMAN. The amendment was adopted by the committee, and it is contained in the bill.

Mr. ELLENDER. I hope the new plan will be an improvement over what we sought to do in 1949.

Mr. SPARKMAN. I do, too. I say that with full understanding and appreciation of the excellent work that has been done under the 1949 program.

Mr. ELLENDER. What is intended in the future, so far as the present Public Housing Act is concerned?

Mr. SPARKMAN. We shall carry on the public housing program.

Mr. ELLENDER. How much is being provided?

Mr. SPARKMAN. Thirty-five thousand units are to be built.

Mr. ELLENDER. Is that over a 4-year period?

Mr. SPARKMAN. No; each year. Also, we authorize the renting of 15,000 units and the acquiring of another 10,000 units. There has been a great deal of complaint about slum clearance and urban renewal programs clearing out housing that could be used.

Furthermore, some military installations may be closed, and several hundred units may be unoccupied at or near those installations. They have to be taken over by FHA or by VA. In the proposed act we authorize these buildings to be made available for public housing projects.

The program must be worked out by the locality. The city could apply to the Public Housing Authority to enter into annual contribution contracts on certain housing projects which are owned by the FHA or VA.

Mr. ELLENDER. That would be done in the same manner as is done with public housing?

Mr. SPARKMAN. That is right.

Mr. ELLENDER. I wonder if the Senator has available for the RECORD the annual amount now being spent by the Government on public housing, and the number of units. I am quite anxious to see if better housing can be provided for under the rent supplement plan than the present program and at less cost.

Mr. SPARKMAN. That information is contained in the hearings. We can find it and incorporate it in the RECORD. As I recall, under the Senator's 1949 bill, an amount program—\$336 million, I believe—was authorized to support a low-rent housing program. In 1961, we authorized the remaining units that could be supported by that amount. I suppose that the entire amount authorized in 1949 is under contract by now.

Mr. ELLENDER. It might be interesting if the Senator from Alabama would have the staff work up a table to indicate the number of units in the 26 cities which the Senator has mentioned. That table might include the number of units and the cost to the Government. We might then try to find out what a similar number of units throughout the country, under the rent supplement plan would cost, so that we might compare that cost with the cost to the Government. I make that suggestion because I believe that the question will become the issue, since under the Public Housing Act there is a requirement of 20 percent of income, and the bill provides 25 percent. I believe it might be well to put such a table into the RECORD.

Mr. SPARKMAN. I believe the Senator from Louisiana is correct. In my statement I brought out some figures that showed the estimates. Those figures can only be estimates. We shall have to wait until the figures are in before we have the accurate result. In the

estimate presented in my statement I brought out the fact that, while the figures vary from one area to another all over the United States, the average subsidy per unit in the United States is \$58 a month. That is public housing under the existing program. Under the rent supplement, it would be \$40.

Mr. ELLENDER. That is in line with the question I previously asked. I believe it would be helpful if we could obtain that information from the 26 cities.

Mr. SPARKMAN. I believe what is already in the record relative to these cities should satisfy the Senator's request. I thank the Senator very much for his clarifying questions.

Madam President, I yield the floor.

Mr. TOWER. Madam President—

Mr. SPARKMAN. Madam President, before the Senator from Texas speaks, may I reclaim the floor?

Mr. TOWER. I yield to my distinguished friend.

Mr. SPARKMAN. In my opening statement I paid my compliment to the subcommittee, the committee as a whole, and the staff. Before the distinguished Senator from Texas speaks, I wish to take advantage of the opportunity to pay my special compliments and commendations to him. He is the ranking minority member on the Housing Subcommittee.

In past years I have often stated on the floor of the Senate what a pleasure it was to work with the Senator's predecessor, Senator Capehart. I am glad to give testimony now to the same effect with reference to the distinguished Senator from Texas. It has been a delight to work with him. He has been most cooperative and helpful in bringing the bill to the floor of the Senate.

Mr. TOWER. I thank my friend the Senator from Alabama for his very kind and generous remarks.

I should like to remark that I, in turn, am deeply grateful to the chairman of the subcommittee for his spirit of fair-mindedness, his willingness to listen to any approach to the housing problem, and his willingness to try to resolve differences in a fair and equitable way.

The chairman has done an excellent piece of work in synthesizing the various ideas that were brought into the Housing Subcommittee on this highly complicated and significant piece of proposed legislation.

It has been a great pleasure for me to work with the Senator, and I have learned a great deal in the process.

Mr. President, I voted to report the housing bill from the full committee. I was the only one of the Republican members of the committee to vote to report the bill.

At the time I stated that although there were things in the bill that I was satisfied with and that I felt were very constructive, there were also portions of the bill with which I could not agree. I noted that I would reserve my judgment on the bill until such time as action was completed on it on the floor of the Senate and it was brought to a vote.

Although there are some constructive provisions in the bill, particularly those relative to doing a little bit of self-examination of the whole housing program and

those providing reports. For example, those provisions providing a moratorium on payments under FHA or VA mortgages for distressed homeowners as a result of business closings, and other constructive provisions are also good. I feel that the rent supplement provision of the bill is a vast, complicated, and radically new program, and that it should be conducted perhaps on a less grand scale than we propose to do in this bill, where we make it an \$8 billion program.

We have no knowledge or experience in this field except for some experimentation under existing programs. This is a matter with which we should have some experience before we enact such a sweeping and comprehensive program.

I disagree with the concept of the rent subsidy. I wonder where it will lead us.

I wonder if this is not the beginning of subsidies for clothing, groceries, and ultimately, perhaps, for a guaranteed annual income for every citizen of this country, whether he chooses to work or not.

Perhaps this program will destroy the incentive of many individuals to try to improve their housing conditions on their own by their own efforts, by improving their own ability to earn income. I wonder if it will not discourage home ownership. The program is rather loosely drawn and is vulnerable to all kinds of abuse.

I intend later to offer an amendment which would take this program out of the bill.

I ask unanimous consent to have printed, as a part of my remarks, the minority views printed in the committee report as well as the individual views of the Senator from South Carolina [Mr. THURMOND] and myself.

There being no objection, the reviews were ordered to be printed in the RECORD, as follows:

MINORITY VIEWS OF Mr. BENNETT, Mr. TOWER, Mr. THURMOND, AND Mr. HICKENLOOPER
BILLIONS IN NEW SPENDING OBLIGATIONS

New and enlarged urban programs bulging with money and power, designed to step up the pace of creeping federalism, are wrapped in the omnibus package approved by this committee as the Housing and Urban Development Act of 1965.

They are—

An \$8 billion, 40-year contract to experiment with rent-supplementals as a new approach to housing low-income families.

Seven hundred million dollars in 4 years to pay half the cost of extending and enlarging water and sewer facilities to meet the anticipated growth of urban communities to be determined by the crystal ball of the HHFA Administrator.

Fifty million dollars a year to develop neighborhood social and recreational facilities to take care of the population growth anticipated by the HHFA Administrator.

Twenty-five million dollars a year to pay the financing costs of the acquisition of land for public works needs anticipated by the HHFA Administrator to meet the expected growth of the community. The location of the land must also coincide with the Administrator's guess as to which direction the community will expand.

These are additions to existing federally controlled urban assistance programs which are constantly being continued and expanded to the point where any local participation in funds or direction is only token in importance.

ADDITIONAL FUNDS FOR EXISTING PROGRAMS

Some of the existing and expanded programs are—

Two billion and nine hundred million dollars more in 4-year authority for urban renewal capital grants; \$125 million more in 4-year authority for urban renewal planning grants; a greater share of urban renewal funds permitted for rebuilding the core of cities and less for homes; agreement to talk soon about a complete revision of the concept of "urban renewal" to involve only the desire of cities to rebuild with no other "qualifications" necessary to obtain Federal funds.

An increase of \$225 million in 4-year, 50-percent grant contract authority to broaden the open-space program in urban areas to include beautification, purchase of land, demolition of buildings, and the relocation of people; a \$50 million increase for 4 years of grants to urban areas for public works planning, and the authority to pay two-thirds of the cost of removing unsafe and unsightly buildings in any part of an urban community under certain conditions.

In every instance of Federal financial participation in urban activities, the HHFA Administrator calls the signals and determines the conditions which must be met before the Federal funds are made available, thus usurping the previously inherent right, duty, and responsibility of the locally elected officials.

RENT SUPPLEMENT AND PUBLIC HOUSING

The new form of the rent supplement program as reported by this committee establishes two systems by which homes are to be provided for low-income groups. Rent supplement is expected to provide 500,000 units. At the same time the bill calls for 240,000 additional units to be used in the public housing program. All families which qualify as low-income families will be eligible for either of the programs.

Under the plan for rent supplements, the housing units may be scattered throughout the community, and it is possible that the rental market in some communities might provide better housing for those under the rent supplement program than under the other low-income housing programs.

Of the 240,000 public housing units requested, 140,000 will be of the conventional type which will be subject to site selection by authorities in the community. There are another 170,000 units of this type still in the so-called pipeline awaiting some action at the local level.

ASK MORE PUBLIC HOUSING UNITS

The remaining 100,000 units in the bill are to be divided between the purchasing and leasing of existing homes; 15,000 per year for 4 years in the first category and 10,000 per year in the latter. These units will not be subject to site selection at the local level and therefore will be scattered helter-skelter through the community.

In view of the administration's expression that it has wanted for some time to devise a low-income housing program which would free it from the charge that it has been creating public housing ghettos, the question arises as to how selection of families will be made for the ghetto type low-income housing as opposed to the scattered-type, low-income housing. Who will get the rent supplements and who will not? If there is a difference in the standard of housing available under each of these programs, who will get the highest standard?

It seems that such a radical change from the historic public housing approach to the problem of low-income housing needs should move more slowly and be more carefully tested than is possible under this bill which would begin immediately to set up contract obligations that could total \$8 billion over 40 years.

It is our hope that if the Senate approves the rent-supplement system as a substitute for public housing safeguards will be

written into the act whereby new 40-year contracting can be halted at any time in the next 4 years in the event there are indications that the program will not produce the intended results.

RENT SUPPLEMENT DESTROYS INCENTIVE

We opposed the original administration rent supplement plan for several reasons, one of which was the very fact it did not offer assistance where we felt assistance is most needed—the lower income groups. The administration sought to pay rent supplements for families above the "public housing" level whose annual incomes, by formula, could be in the neighborhood of \$10,000.

We also opposed the administration proposal because it would place under Federal obligation and control families whose income levels should inspire incentive rather than Government assistance. It would have created an income class, part of which would have been assisted by the Federal Government in its living standards, and part of which would have made sacrifices and used incentive to improve its living standards.

Even the administration sponsors of the rent supplement idea question its potential although they ask for \$8 billion to try it. HHFA Administrator Robert C. Weaver, in his testimony before the committee, used the phrase: "If this program works * * *."

In answering questions raised by Senator WALLACE F. BENNETT concerning the form of contracts to be signed with landlords Dr. Weaver admitted the contracts must enable the sponsors of the buildings to meet their mortgage obligations over a period of 40 years.

Dr. Weaver said the assurance of sufficient tenants for that length of time would be ascertained by surveys.

SURVEY REPORTS QUESTIONABLE

It seems questionable that in the period of 4 years of contract making provided in this bill a survey could be made that would determine the exact number of eligible families needed 40 years hence to fill the available units under contract.

Dr. Weaver also explained that from 20 to 30 percent of the sponsored units in each project would be placed under rent supplement contracts. The remaining 70 to 80 percent of the units would be nonsupplemented with tenants paying full economic rent. We question whether these projects can succeed with 70 to 80 percent occupancy. Therefore, the entire project is dependent on Federal subsidy for its success.

It is also conceivable that assignment of more eligible tenants to one project than to another in the same areas could hasten failure of the less favored one.

It is quite obvious to us that no matter what income class is to be the beneficiary, such a program is not desirable, is not in keeping with American tradition of inspiring incentive in peoples of all classes, and sets up a villain tenure for those eligible for such bondage.

URBAN RENEWAL

In 1954 the Congress adopted the program name of "urban renewal" to replace that of "slum clearance" and thereby forecast the total rebuilding of the Nation's so-called central cities with Federal funds.

The 1965 housing legislation has added a completely new theory, which holds that the Federal Government should assist in paying for increased city services, such as street maintenance, fire and police protection, etc.

An amendment was offered whereby the Federal Government might recapture some of the Federal urban renewal funds from city tax increments that will undoubtedly soar as a result of urban renewal property improvement. In objecting to this amendment, Housing and Home Finance Agency officials listed a number of reasons, among them: "First localities are faced with an immense

and increasing demand for services. This demand is straining their financial resources—resources largely tied to property taxes."

ORDER STUDY OF TAX PROFITS

However, sufficient interest was expressed by the committee in this plan that it ordered a thorough study be made toward creating a practicable means for recovery of Federal funds from city tax profits on urban renewal projects.

The great tax benefits to the cities are largely due to the removal of low-tax buildings by means of an urban renewal project that provides high-tax evaluation buildings as replacement. It is understandable that high-value central city property cannot be used for housing the families who previously lived there.

We find that each housing bill takes the urban renewal program further away from a means of more housing for low-income groups and more toward the new luxurious central city. The original Urban Renewal Act restricted nondwelling funds to 10 percent of the total. By now, as provided in this bill, the restricted nondwelling funds percentage has risen to 40 percent. Actually, an attempt was made to waive all restrictions, and, while this effort was rejected, it did result in a committee recommendation that a study be made of the feasibility of rewriting the formula in a manner directing more urban renewal funds for use in rebuilding the central cities without regard to additional dwellings.

NEED TO BE CLOSE TO WORK

It is our opinion that the growth of low-income population within cities should be high in any reconsideration of Federal assistance priorities. The trend to open spaces and beautification, both of which are given new and extended priorities in this housing bill, may be worthy projects if considered alone, but we believe that the need for close-in dwellings for the lower income classes should be kept in mind because many of those families must rely on employment in the core of the cities.

If the land is made too valuable for low-income housing because of urban renewal, as seems to be the case in many cities, then perhaps a portion of the increased local tax benefits might be used by the cities to assist in the transportation costs of the low-income workers between homes on less valuable land and sources of downtown employment, which might be some distance away.

In its consideration of the 1964 housing bill and again this year, the committee has been urged to increase the room-ceiling costs for the building of low-rent housing in the larger cities because of higher land values and higher building costs. At the present time, through statutory authority and administrative interpretation the top limit on per room costs is \$2,750 and the ceiling on unit construction, including land and other preparations, is \$20,000.

Several of the larger cities are using these top building allowance figures and still find it difficult to provide the dwelling units because of the constant rise in land values and building costs. Further increases in the allowance would force the cost levels for low-income tenants in the large cities up to levels only those with normal medium incomes can pay.

PROGRAM TO HELP BACKFIRES

It is at this point a paradox sets in. Urban renewal has been removing undesirable slums and blighted areas from cities while at the same time making the land too valuable for use by the persons who previously had homes or businesses in the renewed areas—and economical only for commercial or industrial uses—or for high-rent apartments. Those who were to have been helped have been forced out.

Congress now is being asked to realize that

the central cities can no longer house the poor or the little businesses, and city authorities want to be divorced from the concept of slum clearance as a basis of eligibility for Federal funds.

Next year perhaps we will be asked to approve programs for the development of special suburbs for those formerly living in the central cities and forced out of them by urban renewal.

GRANTS FOR THE FUTURE

The HHFA Administrator will obviously have to resort to his crystal ball to properly administer three grant programs which are new this year to the national housing program. He must determine, for benefit of proper administration, the future growth of communities; the direction of that growth, and the proper location within the communities of neighborhood facilities sufficient to provide for the population growth.

Notwithstanding historical experiences of boom-busts, the most recent occurring in Federal Government installations and procurement areas, the HHFA Administrator is authorized under section 602 of the bill to grant 50 percent of the cost of improving and enlarging basic water and sewer facilities in those communities where he foresees a "significant population growth." He would have \$400 million to give away for this purpose during the next 4 years.

Grants are also available in the bill to assist communities to acquire land in advance for future use for public works. The grants would cover the financing charges for the land.

MUST PREDICT GROWTH DIRECTION

In this instance, the Administrator would approve the site selection for the anticipated public works, which would necessitate a prediction as to the direction of the future growth of the community. Private land developers would certainly profit by the Commissioner's decision as to which way the community should grow. For this program the Commissioner will have \$700 million to give away in 4 years.

The signers of this report were able to gain approval for an amendment which would make it necessary for the community to renew its application for Federal assistance if the land has not been used for the intended purpose within 5 years.

The third new grant program for communities would authorize the Administrator to give away \$200 million in 4 years to provide the cities with neighborhood facilities including community centers, youth centers, health stations, and other social services. Operations costs would be met with local funds, but the Administrator would control the use of the facilities for 20 years.

MAKE ELDERLY CENTERS ELIGIBLE

Signers of this report supported a provision in the report on the bill recommending that local official bodies make centers for elderly eligible for Federal assistance.

We feel these three grant programs further exemplify the tendency of the Federal Government to take over the responsibilities of the cities. It is our opinion that the governing forces in the larger cities are welcoming the Federal control programs as a means of escaping the responsibility of assessing their citizens the taxes necessary to meet the costs of increased services.

OVERLAPPING AUTHORITY

The ever-growing tentacles of Federal authority seem to have become entangled now that the Farmers Home Administration and the Federal Housing Administration are both concerned with insuring rural home mortgages.

We feel that no deserving applicant for Federal home mortgage assistance has been neglected through the crossing paths of the two FHA's, but we believe a more clearly

cut line of jurisdiction between the two would be helpful.

At present the Farmers Home Administration, by statute, reaches into rural areas, defined as open country, and small towns up to 2,500 population. At the same time, the Federal Housing Administration has authority to reach any prospective borrower. Commissioner Philip N. Brownstein says the following of the Federal Housing Administration's authority: "It is our continuing responsibility to make FHA-insured mortgage financing available to all eligible borrowers wherever they may reside. * * * FHA has the programs and the procedures to serve all areas."

RESPONSIBILITY NEEDS TO BE DEFINED

We recommend that during the period covered by this bill some effort be made by agency officials and staff members of the Senate Subcommittee on Housing to draft language which will more clearly define the areas of responsibility for the two agencies.

We are pleased to note that the Federal Housing Administration this year urged its approved mortgagees to become more active in the mortgage needs in smaller towns. However, this newly inspired interest in the smaller towns may further the need for a clear definition of authority between the two FHA's.

There appears to be another area of possible overlapping of Federal assistance in the housing bill now before the Senate. There is a provision to grant \$700 million over 4 years toward the payment of 50 percent of the cost of improving, extending, and enlarging basic sewer and water systems.

In the recently approved Public Works and Economic Development Act of 1965 funds are made available for the same purpose. While the Public Works Act is assumed to be directed toward industrial development, the Committee on Public Works said in its report: "For example, if a community has an inadequate sewage treatment plant it can hardly hope to induce industrial development which would further overload its disposal plant, thus creating a health and welfare problem."

REPORT INDICATES POSSIBLE DUPLICATION

The report further sets out that "water and sewage facilities related to residential development" would be eligible for grants and loan under the bill.

Such an intent expressed in the report would indicate the public works assistance could be obtained without the requirement of urgent or existent industrial need. In that case funds would be available from two sources, the public works bill and the housing bill, with grants of 50 percent of cost in each case, plus a low-interest loan possibility under the public works bill.

The administration requested in the housing bill that \$100 million per year for 4 years be authorized for this program, and we believe the \$700 million total for 4 years now in the housing bill should be reduced to the original request for \$400 million with \$100 million authorized for each year.

SUBSIDIZED INTEREST RATES

We bring to the attention of the Senate a growing tendency to incorporate fixed subsidized interest rates in direct loan programs in the Housing Act, which have been operating without fault or complaint for years with interest rates that are tied to the actual cost of money to the U.S. Treasury.

Two programs in this bill will begin operating on fixed subsidized rates if the bill is enacted into law. They are: Elderly housing under the section 202 program and section 221(d)(3) low-rent housing.

We believe that all direct loan programs should carry interest rates of not less than the interest rates on Treasury bonds of comparable maturity.

Our thinking on this subject coincides with the Administration's reasoning in objecting to subsidized interest rates in this bill. Secretary of the Treasury Henry H. Fowler, in a letter to Senator BENNETT on May 18, said:

"I am concerned over the implication of those provisions that a flat 3-percent rate should be established on loans under these programs (college housing, elderly housing, and moderate income rental housing). Past experience suggests that rigid rates of this kind for Federal credit programs have perverse and unintended budgetary, program, and economic effects."

We feel it is morally as well as fiscally wrong to loan to selected elements of the population the taxpayers' money at less interest than the Treasury must pay to replace those funds.

WALLACE F. BENNETT.

JOHN G. TOWER.

STROM THURMOND.

BOURKE B. HICKENLOOPER.

INDIVIDUAL VIEWS OF SENATOR JOHN G. TOWER

INTRODUCTION

In addition to my individual views given here, I have joined in presentation of minority views, since I share in general a number of grave reservations therein expressed.

MERITORIOUS PROVISIONS IN BILL

I voted to report the housing bill out of committee, primarily because of its continuance of several meritorious programs, as for example, the Federal Housing Administration, the Federal National Mortgage Association, housing for the elderly and handicapped, college housing, the low-income housing demonstration program, and the rural housing program.

Also, I voted to report the bill since I wish to accord the Senate the full opportunity to give its consideration to this Nation's housing programs.

IMPROVEMENTS IN MAJOR PROGRAMS

In addition to the meritorious provisions above referred to, bill improvements, though now somewhat tenuous in nature, show promise of marked, advantageous effect on the urban renewal and public housing programs.

URBAN RENEWAL

I am most pleased the minority, with majority support, succeeded in securing the inclusion into the bill, language requiring the HHFA Administrator to make a thorough study of the overall urban renewal program and to report its findings within 2 years.

Urban renewal has been only partially successful in alleviating the problems it was supposed to solve. In some cases, problems have been created instead, as for example, the displacement of low-income families and individuals without adequate provision for housing them elsewhere. The so-called bulldozer approach, whereby comparatively new, structurally sound buildings have been demolished under the guise of slum clearance, has been costly and wasteful.

The HHFA has recently reported an improvement in housing project displaces. Perhaps with the reasonable rehabilitation grants to homeowners in urban renewal areas provided for under this bill, hopefully we will see the beginning of more responsibility in renewal construction.

RECAPTURE OF URBAN RENEWAL GRANTS

Bipartisan, favorable committee interest was expressed in my amendment to require the repayment of urban grants, out of additional tax revenues generated by renewal projects.

Increased tax benefits now inure to the cities, largely through the replacement of low-tax valuation buildings with those of much higher tax valuation. Based on recent

figures, on some 403 projects in which renewal development had begun or was completed, there was a 427-percent increase in assessed valuation, from \$575 million to \$3.031 billion.

Recognizing the weighty constitutional and legal problems raised by my proposal, I withdrew it, upon assurances that a study would be recommended in the majority report toward legislative feasibility of Federal urban grant recapture.

It would be best, I believe, that such study be conducted by the Bureau of the Budget, the General Accounting Office, the Housing and Home Finance Agency, and the committee.

Nonresidential restriction

I am opposed to the increase in the bill of the nonresidential restriction, from 30 to 40 percent. The urban renewal program was initiated primarily, and it should remain so, as a slum clearance program to more adequately house low-income groups, and not as a means to provide a luxurious central city business community.

RENT SUPPLEMENT

As inconceivable as it may seem, the rent supplement program originally offered by the Administration was totally void of assistance provisions to those of the public housing level.

This original proposal provided for the Federal expenditure of rent supplement payments said to average about \$50, and up to \$75 per month, for families of moderate income means, such means generally being between \$4,800 and \$8,000 (but possibly up to \$10,000) per year.

Census figures of 1960 show there were some 19 million families with incomes of \$4,000 to \$8,000, and of this number, only 8.4 percent lived in substandard housing. In contrast, of the 12 million nonfarm families earning incomes of less than \$4,000, 23.8 percent of those owning their homes lived in substandard housing, while one-third of those renting occupied substandard dwelling units. And the original rent supplement program totally ignored any low-income need.

I am, of course, most pleased that the committee flatly refused to accept the administration's moderate-income supplement concept, and instead directed the program to the use of those most in need of it, particularly since the rejection of my earlier suggestion that broad-based demonstration projects be initiated, in lieu of the proposed massive, virtually unlimited administration approach.

However, regardless of the redirection of the rent supplement program, I remain opposed to it.

This country, through its vast store of free enterprise and individual initiative, has produced for our citizenry the finest housing of any country in the world.

I fear such a rent supplement program will be construed as hope to millions now adequately housed that they too are entitled to have a portion of their rent paid by the taxpayer.

But most of all, I fear a stifling of the incentive for homeownership, a trend toward giving to renters the status of Government wards. This is a departure indeed from the American way.

PUBLIC HOUSING

The present public housing program, I believe tends to destroy the desire or interest of thousands of families to participate in the great American privilege of homeownership.

I am hopeful my proposal, now incorporated into the bill, to allow a public housing tenant to purchase his individual unit by counting monthly rentals over a 3-year period as a downpayment, will be a welcome and practical inducement to affected public housing occupants to buy a home.

RELIEF FOR HOMEOWNERS AFFECTED BY CLOSING OF FEDERAL INSTALLATIONS

The committee, in recognizing the hardship caused to some homeowners by Federal base closings, wisely provided for the following:

1. A moratorium on payments under FHA and VA mortgages for distressed homeowners who are unemployed as a result of such base closing.

2. Authorization by the Secretary of Defense to acquire title to homes near closed military bases at a price equal to value of property at time of announcement of base closing.

These provisions, I believe, will be of much assistance to the applicable distressed homeowner, in that he will be spared loss of home or severe financial loss.

NEW PROGRAM STATUS

I am desirous of the Housing and Home Finance Agency initiating periodic reporting measures, which would result in more comprehensive information concerning Agency operations, being furnished the committee.

I am particularly interested in scrutinizing most carefully various new programs provided for in the bill: Land development; grants for basic water and sewer facilities; grants for neighborhood facilities; advance acquisition of land.

Each of these programs, as additions to existing federally controlled urban assistance programs, must be administered sparingly and judiciously, lest they deter private initiative and local participation in solving problems primarily of local concern.

JOHN S. TOWER.

INDIVIDUAL VIEWS OF SENATOR STROM THURMOND

In addition to the objections to this bill contained in the minority views which I signed, I have serious reservations concerning one section which was not contained in the administration bill as introduced, but was added in the Housing Subcommittee. This is section 211 of the bill which adds a new section, section 521, to title V of the National Housing Act. This section would require the Administrator of the Housing and Home Finance Agency to adopt a uniform procedure for the acceptance of materials and products which are found to be technically suitable for the use proposed in structures approved for mortgages and loans under the Housing Act.

I share the concern that has been expressed by members of the committee concerning the seeming reluctance of the FHA, and certain commodity standards groups, to approve new materials which are the result of technological advances in the industry. This is a matter which deserves a searching study by the appropriate congressional committees to assure that new materials can be taken advantage of to reduce the costs of housing to the American public where these materials are as good as, or better than, those presently in use.

Nevertheless, I am disturbed about the words "technically suitable," because the fear has been expressed to me that this amendment could open the door to the FHA accepting substandard items that might be classified as "technically suitable." It is not clear in the wording of the amendment who is to determine if any material is "technically suitable," but it seems apparent that the Administrator of the HHFA would be required to make an independent judgment as to each and every product concerned. This would place an onerous burden upon the Administrator, one that he is not capable of adequately performing at the present time. The cost to the HHFA of testing the materials could greatly increase the administrative expenses of the Agency.

Mr. TOWER. I shall not labor further the bill in its entirety. I shall address myself to various sections of it as amendments are offered, and I shall discuss them in greater detail at that time, not wishing to detain the Senate.

I believe the Senator from Wisconsin has an amendment that he wishes to offer. I am prepared to yield the floor if he is prepared to offer his amendment.

VISIT TO THE SENATE BY HON. DOMINIC MINTOFF, A MEMBER OF THE ASSEMBLY OF MALTA

Mr. McGOVERN. Mr. President, the Senate has as its guest this afternoon a former Prime Minister of Malta who is at present a member of the Assembly of Malta. He is Mr. Dominic Mintoff, the leader of the opposition party.

Mr. Mintoff is an Oxford graduate, a Rhodes scholar, and a practicing architect. He is married to a British girl and is the father of two children. I am happy to present this distinguished legislator to the Senate. [Applause, Senators rising.]

The PRESIDING OFFICER (Mr. MONDALE in the chair). The Chair takes pleasure in welcoming our distinguished guest and hopes that his visit will be enjoyable.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announced that the House had insisted upon its amendments to the bill (S. 1564) to enforce the 15th amendment to the Constitution of the United States, and for other purposes, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. CELLER, Mr. RODINO, Mr. ROGERS of Colorado, Mr. DONOHUE, Mr. McCULLOCH, and Mr. CRAMER were appointed managers on the part of the House at the conference.

The message also announced that the House had passed the following bills and joint resolution, in which it requested the concurrence of the Senate:

H.R. 1362. An act for the relief of Mrs. Chu Chai-ho Hay;

H.R. 5830. An act for the relief of CPO James J. Griffin, U.S. Navy;

H.R. 6719. An act for the relief of Mrs. Kazuyo Watanabe Ridgely;

H.R. 7436. An act for the relief of Maj. Victor R. Robinson, Jr., U.S. Air Force;

H.R. 8484. An act to amend section 2634 of title 10, United States Code, relating to the transportation of privately owned motor vehicles of members of the Armed Forces on a change of permanent station; and

H.J. Res. 504. Joint resolution to facilitate the admission into the United States of certain aliens.

HOUSE BILLS AND JOINT RESOLUTION REFERRED

The following bills and joint resolution were severally read twice by their titles and referred as indicated:

H.R. 1362. An act for the relief of Mrs. Chu Chai-ho Hay;

H.R. 5830. An act for the relief of CPO James J. Griffin, U.S. Navy;

H.R. 6719. An act for the relief of Mrs. Kazuyo Watanabe Ridgely;

H.R. 7436. An act for the relief of Maj. Victor R. Robinson, Jr., U.S. Air Force;

H.R. 8484. An act to amend section 2634 of title 10, United States Code, relating to the transportation of privately owned motor vehicles of members of the Armed Forces on a change of permanent station; to the Committee on Armed Services; and

H.J. Res. 504. Joint resolution to facilitate the admission into the United States of certain aliens; to the Committee on the Judiciary.

HOUSING AND URBAN DEVELOPMENT ACT OF 1965

The Senate resumed the consideration of the bill (S. 2213) to assist the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

AMENDMENT NO. 302

Mr. PROXMIRE. Mr. President, I call up my amendment No. 302. I ask unanimous consent that the reading of the amendment be dispensed with but that it be printed in the Record.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 12, line 21, before the period insert the following: ", or families whose present or former dwellings are situated in areas determined by the Small Business Administration, subsequent to April 1, 1965, to have been affected by a natural disaster, and which have been extensively damaged or destroyed as the result of such disaster"

Mr. PROXMIRE. Mr. President, this amendment would place disaster victims in the same category as other displaced families as far as eligibility for public housing is concerned and would thus permit more of these disaster victims to qualify for the rent supplement program authorized by S. 2213.

The U.S. Housing Act of 1937 requires that those eligible for public housing must have an income which is at least 20-percent less than the income required to obtain private housing which is decent, safe, and sanitary.

This so-called income gap—that is, the difference between the income of those who are eligible for public housing because their income is 20-percent below the standard and the income of those who can qualify for standard housing because their housing is adequate—does not apply to displaced families, however, because of the emergency nature of their needs. My amendment would simply include, within the definition of displaced families, those whose dwellings have been extensively damaged or destroyed as a result of a natural disaster.

As a consequence, victims of a natural disaster would be eligible for public housing despite the fact that their income falls within the 20-percent income gap area. These families would also become eligible for rent supplement

payments, since S. 2213 provides that those who are eligible for public housing could be eligible for rent supplements.

Mr. President, there is every reason in the world why these families should be classed as displaced families.

First. They have lost their homes through no fault of their own.

Second. They simply do not have enough income to purchase or rent available decent, safe and sanitary private housing in their area.

Third. The number of disaster families falling within the income gap area and needing public housing or rent supplement payments would be so small as to have a minimal impact on the funds available for the public housing and rent supplement programs. This is not to say that the families who qualify under the new definition were not desperately in need of Federal help. But these families will be few and, consequently, the cost will be minimal.

I hope that the Senate will accept this modest amendment which has such potential significance for disaster victims.

The distinguished junior Senator from Minnesota [Mr. MONDALE], who is now presiding over the Senate, well knows that his State, the States of Wisconsin, and Iowa, and many other midwestern States suffered serious disasters from floods this year.

The amendment is calculated to assist people in this category so that they can qualify for rent supplements.

Originally, the Subcommittee on Housing accepted the amendment, but because of a technical development resulting from a subsequent amendment, my amendment was inadvertently eliminated. So it is necessary to have the Senate reconsider this amendment, because technically it is not in the bill at present.

I ask the distinguished Senator from Alabama [Mr. SPARKMAN], the chairman of the Subcommittee on Housing, if he is favorable to accepting the amendment.

Mr. SPARKMAN. As I recall—and I should like to have this verified by the Senator from Wisconsin and the Senator from Texas—that the intent of this amendment had been agreed to by the subcommittee.

Mr. TOWER. That is my recollection. As a matter of fact, I asked myself why the Senator from Wisconsin was offering the amendment. I thought it had already been included in the bill and was surprised to discover that it was not. It was my recollection that it had been in the bill earlier.

Mr. SPARKMAN. I believe that it was the intent of the subcommittee to include this in the bill.

Mr. TOWER. Yes.

Mr. PROXMIRE. I spoke with the Senator from Maine [Mr. MUSKIE] about it, and he was unhappy that his amendment had inadvertently eliminated this amendment.

Mr. SPARKMAN. So far as I am concerned, I will accept the amendment.

Mr. PROXMIRE. I thank the distinguished Senator from Alabama.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wisconsin.

The amendment was agreed to.

AMENDMENT NO. 334

Mr. TOWER. Mr. President, I call up my amendment No. 334 and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 31, line 7, strike out the quotation marks.

On page 31, between lines 7 and 8, insert a new section as follows:

"REPORT

"SEC. 1013. On or before January 1, 1968, the Administrator shall submit to the Congress a full report of operations under this title, together with his recommendations with respect thereto."

Mr. TOWER. Mr. President, the provision in the bill to which this amendment is directed, provides for FHA mortgage insurance for private loans to private subdivision developers, up to \$10 million.

The committee wisely deleted the administration's request for some \$500 million for new towns. In the committee report, the HHFA is advised that it does not wish the land development section in the bill to be used for land development which would be used to create new independent towns.

However, this is a new program, and I believe its operation should be carefully scrutinized by the committee and the Congress.

I therefore offer this amendment to require the HHFA to advise Congress of the land development program, and its subsequent operations.

The amendment provides a requirement for a report to Congress.

Mr. SPARKMAN. Mr. President, speaking for myself, this is a reasonable amendment for a requirement that ought to be carried out. I am glad to accept the amendment.

Mr. TOWER. I thank the Senator from Alabama.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Texas.

The amendment was agreed to.

Mr. ALLOTT. Mr. President, I offer the amendment which I send to the desk. I ask unanimous consent that the reading be dispensed with, but that the amendment be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 54, after line 9, insert the following:

"(f) Notwithstanding the extent to which the cultural and convention center proposed to be built adjacent to Urban Renewal Project Colorado R-15 (Skyline) in Denver, Colorado, may benefit areas other than the urban renewal area, expenses incurred by the city of Denver in constructing such center shall, to the extent otherwise eligible, be counted as a grant-in-aid toward such project.

"(g) Notwithstanding the extent to which the cultural and convention center proposed to be built within Urban Renewal Project R-8 in Norfolk, Virginia, may benefit other areas other than the urban renewal area, expenses incurred by the city of Norfolk in constructing such center shall, to the extent otherwise eligible, be counted as a grant-in-aid toward such project."

Mr. ALLOTT. Mr. President, the portion of this amendment which relates to

Denver, Colo., was included in the House bill. It would permit the cost of public facilities, notwithstanding the extent to which they serve an area other than the urban renewal area mentioned in the amendment, to be counted as a local contribution toward the cost of the urban renewal project. This need was reflected in Colorado and some other States which suffered the disastrous consequences of recent floods.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a statement on the subject. The proposal is supported by the mayor of Denver, the Denver City Council, the Downtown Denver Improvement Association, and many prominent citizens of Denver.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

EXPLANATION OF AMENDMENT TO MAKE COST OF CULTURAL CENTER IN DENVER, COLO., ELIGIBLE AS LOCAL CONTRIBUTION TO URBAN RENEWAL PROJECT

Section 110(d) of the Housing Act of 1949 permits the cost of public facilities, to the extent they serve an urban renewal area, to be counted as a local contribution toward the cost of the urban renewal project.

Excluded from eligibility, however, are facilities which, although they may be located adjacent to or within the urban renewal area, are of such a nature that they serve and benefit the whole community. An example of such a facility is the cultural and convention center proposed to be erected adjacent to Denver, Colo.'s skyline urban renewal project. This center will be the focal point of the skyline project which is the city's major effort to revitalize its downtown area.

However, the recent disastrous floods in the city which caused serious damage to bridges, streets, and other public facilities within the city have put a severe financial strain on the city's resources, jeopardizing the skyline project itself unless financial relief can be provided. It is absolutely necessary for the city to repair the damage caused by the floods, and available local resources for urban renewal must for some time be largely devoted to that purpose. It is also true that the continued viability of the city depends upon the successful redevelopment of its downtown area as evidenced by the proposed skyline project.

Therefore, it is proposed through this amendment to permit the city to obtain urban renewal credit for the funds it expends on the cultural and convention center. This will enable the city to proceed simultaneously with the reconstruction necessitated by the floods and with the redevelopment of its downtown area, to which the skyline project is crucially important.

Mr. DOMINICK. Mr. President, I add my voice in support of the amendment. Denver was hit sharply by recent floods and has thus incurred heavy expenses.

The principal purpose of the amendment is to assist those who have suffered from the disaster to finance their own share of the cost of urban renewal projects which may later be voted.

Mr. ALLOTT. I hope the distinguished Senator from Alabama, the manager of the bill, will accept the amendment and be willing to take it to conference.

Mr. SPARKMAN. Mr. President, I had not been informed of the substance of the amendment before it was taken up on the floor of the Senate. I have had

a discussion with the distinguished Senators from Colorado concerning it. Do I correctly understand that it was incorporated in the bill in the House?

Mr. ALLOTT. Yes; it was incorporated in the bill in the House, and testimony was offered in the House on behalf of the amendment.

Mr. SPARKMAN. Have there been any negotiations with the Housing and Home Finance Agency regarding it?

Mr. ALLOTT. There has been considerable discussion between the city council and the mayor of Denver and various citizens there. It is my understanding from them that this has been approved.

Mr. SPARKMAN. Mr. President, would this remedy apply only to the city of Denver?

Mr. ALLOTT. To the city of Denver and to the city of Norfolk, Va.

Mr. SPARKMAN. The portion dealing with the city of Norfolk is not contained in the House bill.

Mr. ALLOTT. The Senator is correct. However, the amendment deals with a similar situation.

Mr. SPARKMAN. The Senator speaks from knowledge with reference to Denver to the effect that the Agency has approved the proposal.

Mr. ALLOTT. The Senator is correct. The distinguished junior Senator from Virginia has explained his position to me. I do not have firsthand knowledge of that situation. However, the two situations are similar.

Mr. DOUGLAS. Mr. President, may I ask the Senators on the other side of the aisle if they will speak a little louder so that all Senators can hear what is going on. It is very difficult to follow the debate when the questions are addressed in a whisper.

Mr. SPARKMAN. I do not believe that the Senator from Illinois refers to my questions.

Mr. DOUGLAS. No. I refer to the questions from the other side of the aisle. It is difficult to understand the precise question. I wonder if Senators would be willing to raise their voices.

Mr. ALLOTT. I certainly shall. It is the first time that anyone has accused me of speaking in a low key. I may be at my ebb of physical endurance today.

Mr. DOUGLAS. Mr. President, I merely wanted to know what the issue was.

Mr. ALLOTT. There are two parts to the amendment. One relates to Denver and the other to Norfolk, Va. The Denver portion is contained in the House bill. The Norfolk portion is not contained in the House bill.

Mr. DOUGLAS. Is the Senator from Colorado defending both Norfolk and Denver?

Mr. ALLOTT. No. I offered the proposals together. They both deal with the same situation. I do not believe that I could possibly hope to represent the State of Virginia with the same skill and ability that the two distinguished Senators from Virginia do.

Mr. SPARKMAN. Mr. President, I have no objection to the amendment. I understand that it is in keeping with the program of the Housing and Home Finance Agency and has been approved.

Mr. DOUGLAS. Mr. President, I would be tempted to repeat the query which Henry Wadsworth Longfellow wrote concerning what Priscilla is reputed to have said to John Alden when he proposed marriage on behalf of Miles Standish. Priscilla is reputed to have said, "Why don't you speak for yourself, John?"

Mr. ALLOTT. The Senator is correct. The distinguished junior Senator from Virginia was on the floor a while ago and was called to another meeting. He asked me if I would present the matter.

I am speaking for Willis, not John, if the Senator understands.

Mr. DOUGLAS. Why do you not speak for yourself, Gordon?

Mr. SPARKMAN. Mr. President, let me say to the distinguished Senator from Illinois that the chairman of the committee spoke to me before he left the floor. He and the Senator from Colorado had parallel projects.

The PRESIDING OFFICER (Mr. MONDALE in the chair). The question is on agreeing to the amendment offered by the Senator from Colorado.

The amendment was agreed to.

Mr. ALLOTT. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOMINICK. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOMINICK. Mr. President, I ask unanimous consent that two telegrams which I have received, one from the Downtown Denver Improvement Association, by Perry G. Anderson, and the other from Thomas B. Knowles may be printed at this point in the RECORD.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

DENVER, COLO.,
July 3, 1965.

Senator PETER H. DOMINICK,
Senate Office Building,
Washington, D.C.:

We believe Denver will benefit greatly from cost of new convention center being treated as noncash grant-in-aid as proposed in House omnibus bill recently passed by House. Can assure you this is of broad community interest here. Will you support?

THOMAS B. KNOWLES.

DENVER, COLO.,
July 2, 1965.

Senator PETER H. DOMINICK,
Senate Office Building,
Washington, D.C.:

The area this association serves will benefit greatly at this time of need if the cost of the Denver Convention Center can be considered as a noncash grant-in-aid in connection with the Skyline urban renewal project. The House-approved omnibus housing bill makes such provision. May we count on your assistance to secure Senate approval of this amendment?

DOWNTOWN DENVER IMPROVEMENT
ASSOCIATION,
By PERRY G. ANDERSON.
AMENDMENT NO. 316

Mr. TOWER. Mr. President, I call up my amendment No. 316 and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 70, between lines 13 and 14, insert a new section as follows:

REPORTS

SEC. 609. On or before January 1, 1968, the Administrator shall submit to the Congress a full report of operations under this title, together with his recommendations with respect thereto.

Mr. TOWER. Mr. President, my amendment would require the Housing and Home Finance Agency Administrator to submit to the Congress a full report of the operations of the following new programs under title VI of the bill:

Grants for basic water and sewer facilities.

Grants for neighborhood facilities.

Advance acquisition of land.

The first new program here referred to authorizes the expenditure of \$700 million in grants to public bodies for the construction of water and sewer facilities. The bulk of the grants would be for up to 50 percent of the cost of the project, but in some cases the grant may be for 90 percent of the cost of the project.

The second program authorizes \$200 million in funds for the construction of community centers, youth centers, or projects otherwise in accordance with a program of health, recreational, social, or similar community service.

Federal grants would be two-thirds of the cost except in areas designated under the Area Redevelopment Act the grants would be three-fourths of the cost of the project.

The third new grant program authorizes \$100 million for the acquisition of sites for future public works. The amount of the grant would be determined by the aggregate amount of reasonable interest charges on a loan financing the acquisition of the land for the lesser of—

First, a period of 5 years from the date of the loan; and

Second, the time elapsing between the date of the loan and the date construction of the facilities begins.

Mr. President, as I have noted in my individual views on this bill, each of these programs are additions to existing federally controlled urban assistance programs, which must be judiciously administered.

These programs involve problems of primarily local concern. Being so, by far the best place to solve such problems is at the local level.

My reservation regarding Federal assistance in each of these areas is that private initiative and local participation will be materially deterred. However, I am not offering amendments to delete these programs from the bill. I am merely desirous of the Congress being furnished comprehensive information regarding their operation.

Mr. President, I therefore offer my amendment, which is similar to the one which I offered a few moments ago, which was agreed to. The amendment would require the Administrator to submit a report on new programs to Congress at a specified date or by a specified date.

It is my understanding that the distinguished Senator from Alabama is prepared to accept this amendment.

Mr. SPARKMAN. Mr. President, for my part I am willing to accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Texas [Mr. TOWER].

The amendment was agreed to.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. PASTORE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. PELL. Mr. President, on behalf of myself and of my distinguished colleague, the senior Senator from Rhode Island [Mr. PASTORE], I offer two amendments to S. 2213, the proposed Housing and Urban Development Act of 1965. These two amendments are identical to two provisions in the bill as passed by the House on June 30, 1965.

The first amendment, proposed section 1011, would remove an inequity resulting from an apparent oversight in the Public Works Acceleration Act of 1962—APW. Included therein was a provision that planning advances for public works projects made under authority of section 702 of the Housing Act of 1954 need not be repaid to the HHFA if such projects receive grants under the APW. Two earlier acts had also provided for planning advances for public works projects, but the APW made no provision for forgiving such advances, on the assumption that planning under the earlier programs had lapsed. As it now turns out there are still a few projects, including one in Woonsocket, R.I., planned under one of the earlier acts and built under APW grants. This amendment would extend the forgiveness provisions to planning advances made under the two earlier acts, thus correcting an inequitable situation and establishing a consistent policy.

I call up my first amendment.

The PRESIDING OFFICER. The amendment offered by the Senator from Rhode Island for himself and his colleague from Rhode Island will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 113, after line 4, insert a new section as follows:

REPAYMENT OF CERTAIN PLANNING GRANTS

SEC. 1014. Notwithstanding any other provision of law, no advance made under section 501 of Public Law 458, Seventy-eighth Congress; Public Law 352, Eighty-first Congress; or section 702, Housing Act of 1954, Public Law 560, Eighty-third Congress, for the planning of any public works project shall be required to be repaid if construction of such project has been heretofore or is hereafter initiated as a result of a grant-in-aid made from an allocation made by the President under the public works acceleration Act.

Mr. DOUGLAS. Mr. President, I have consulted with the manager of the bill, the distinguished Senator from Alabama [Mr. SPARKMAN]. We shall be very happy to accept the amendment, which provision, as I understand, has already been passed by the House.

Mr. PELL. I thank the Senator very much.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Rhode Island.

The amendment was agreed to.

Mr. PELL. Mr. President, I send to the desk the second amendment, and ask unanimous consent that it not be read in full.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment offered by Mr. PELL is as follows:

On page 55, between lines 5 and 6, insert a new section as follows:

"ELIGIBILITY OF COMMUNITIES IN DEPRESSED AREAS FOR URBAN RENEWAL ASSISTANCE

"SEC. 309. (a) Subparagraph (B) of section 103(a)(2) of the Housing Act of 1949 is amended to read as follows:

"(B) three-fourths of the aggregate net project costs of any such projects which are located in (1) a municipality having a population of 50,000 or less according to the most recent decennial census, or (ii) a municipality situated in a labor market area which, at the time the contract or contracts involved are entered into or at such earlier time as the Administrator may specify in order to avoid hardship, is designated as a redevelopment area under the second sentence of section 5(a) of the Area Redevelopment Act or any other legislation enacted after the date of the enactment of the Housing and Urban Development Act of 1965 containing standards for designation as a redevelopment area generally comparable to those set forth in the second sentence of section 5(a) of the Area Redevelopment Act, and".

"(b) The amendment made by subsection (a) shall apply only with respect to urban renewal projects placed under contract for capital grant on or after the date of the enactment of this Act; except that such amendment shall apply with respect to all urban renewal projects in the city of Providence, Rhode Island, placed under contract for capital grant during the period Providence was designated as a redevelopment area under section 5(a) of the Area Redevelopment Act (or at such earlier time as the Administrator may specify in order to avoid hardship) and not completed prior to the date of the enactment of this Act."

On page 109, strike out lines 20 through 23.

On page 109, line 24, strike out "(b) Section" and insert in lieu thereof "Sec. 1011. Section".

Mr. PELL. Mr. President, this amendment, proposed section 311, would remove the arbitrary 150,000 population ceiling on grants to certain urban renewal projects. Existing law provides for capital grants of three-fourths of a project's cost to depressed areas of less than 150,000 population, while larger areas receive two-thirds grants. This amendment, which is in great part prospective, is merely a logical extension of the existing law—if a higher grant ratio is justified for smaller depressed areas, there is no reason to exclude larger areas.

The retroactive element of the amendment applies only to Providence, R.I., as it is an area of greater than 150,000 population which continued its classification until just last month as a redevelopment area under the Public Works and Economic Development Act of 1965, which replaces the Area Redevelopment Act expiring August 31, 1965. Applying the higher grant ratio retrospectively to Providence renders consistent the judgment that all municipalities in qualified labor market areas should receive three-fourths grants instead of two-thirds grants.

In conclusion, this amendment is identical to the one passed in the House.

Mr. DOUGLAS. Mr. President, will the Senator yield for a question?

Mr. PELL. I yield.

Mr. DOUGLAS. Am I to understand that local contributions will be reduced from one-third to one-quarter in large municipalities in so-called depressed areas where the index of unemployment is more than the national level?

Mr. PELL. This amendment would reduce local contribution from one-third to one-quarter in municipalities over 150,000 if they are in so-called depressed areas.

Mr. PASTORE. Mr. President, I am happy to be a cosponsor of this amendment. It remedies an inequity for which I find no logic. The provision under existing law is that when a municipality has a population less than 150,000 and it is a depressed area, the contribution shall be one-quarter rather than one-third.

The existing law in effect provides that where more people are depressed, they should get less. We are endeavoring to relieve those larger depressed areas by providing that the contributions by those areas shall be one-quarter rather than one-third. We are saying that where there are more depressed people, the need is greater, which is logical. The amendment goes along with the House action which removed the 150,000-population limitation.

Mr. DOUGLAS. As I understand the amendment, the provisions which now apply to municipalities with less than 150,000 people, which are so-called depressed areas, shall apply in this instance to larger communities, such as Providence, R.I.

Mr. PASTORE. One hundred fifty thousand is the category that Providence falls in. The provisions which now apply to municipalities with less than 150,000 people which are so-called depressed areas shall apply retrospectively to the city of Providence and to urban renewal projects which were placed under contract for capital grant during the period that Providence was designated a depressed area.

Mr. DOUGLAS. Mr. President, we will accept the amendment.

Mr. PASTORE. I thank the Senator for his action in the interest of equity and justice.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Rhode Island.

The amendment was agreed to.

Mr. PELL. Mr. President, I move to reconsider the vote by which the amendments were agreed to.

Mr. TOWER. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 351

Mr. MILLER. Mr. President, I call up my amendment No. 351.

The PRESIDING OFFICER. The amendment offered by the Senator from Iowa will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 6, line 16, to insert the following after the period:

For the purposes of this Act "income" shall mean economic income, and shall include the adjusted gross income for Federal income tax purposes plus the amount of capital gain, interest, gifts, inheritances, annuities, or other retirement payments or portions thereof not included in adjusted gross income.

Mr. MILLER. Mr. President, if I could have the attention of the acting manager of the bill, the distinguished Senator from Illinois [Mr. DOUGLAS], I should like to point out that the purpose of the amendment is to prevent possible abuses under this act relating to the income provisions of someone who proceeds to take advantage of the provisions of the act.

I am quite sure that the intention is that the economic income of the individual or family concerned to be taken into account is not merely the technical concept of taxable income; this amendment is designed to make clear that economic income is intended.

For example, I believe that there would be no intention on the part of the Senators in charge of the bill, or the committee, or other Senators, that someone whose taxable income might be a relatively small amount, but who had a large amount of capital gains, which is not recognized for income tax purposes, could qualify under the act. Similarly, with respect to someone who had invested all of his resources in tax exempt securities, as many persons frequently do today, this proposal would frustrate the purpose of the act by enabling those to take advantage of it who do not need to take advantage of it and whose economic status is far superior to that which we are trying to cover by the bill.

I would appreciate it if the Senator from Illinois would at least take my amendment to conference, because I believe it is designed to implement the intentions of those who have worked on the proposed legislation.

Mr. DOUGLAS. I am afraid that in practice the amendment would seriously cripple the administration of the rent supplement provisions of the bill. It would impose restrictions on those who receive rent supplements which are not now imposed on public housing. At present, the Public Housing Administration and the administrators of various local bodies which administer public housing have administrative regulations which define income, which is probably much more liberal than the definition in the pending amendment. This amendment would seriously tie the hands of the bodies administering the law, and in many cases would be restrictive.

In connection with old-age security we permit the recipients to have some outside income, and a certain degree of flexibility is permitted. The medicare bill and the new social security bill which we passed the other day contain a provision permitting those on old-age assistance to earn a certain amount of money outside the former old-age assistance granted.

As I see it, these sums would have to be reported. All gifts received by a family during the course of a year would also have to be reported so that, in practice, this would require a large amount of re-

porting. I do not believe that it is the intention to do this, but it could result in a series of hindrances being placed on the administration of such a provision which would be extremely adverse to its application. Therefore, I hope that the amendment will be defeated.

Let me say to my good friend the Senator from Iowa that if he will look at the Report, on page 7, there is this which I think meets some of his concern:

Along with a statement of income, an applicant would also be required to present a statement of his assets. Despite the fact that an applicant's income might technically qualify him for a rent supplement, he would nonetheless be ineligible if his assets exceeded established limits.

We ought to provide some flexibility on an administrative basis with a periodic review, rather than to lay down irrevocable provisions in the basic law.

Mr. MILLER. I am not sure that the Senator from Illinois properly or accurately divines my amendment. It has nothing to do with a periodic review by the administrator of the income status of an individual. This would continue to take place, as the bill provides. All my amendment would do would be to provide guidelines for determining what is income. I believe it would be most unfortunate if the Senator's position on my amendment should go off on something that is not in it and is not intended to be in it. All I seek to do is to make clear what we mean by income.

As I understand, in Chicago, Ill., there has been a preliminary estimate made that two persons with a one-bedroom home who had up to \$4,300 in income would be eligible for a rent supplement. Suppose a married couple had only \$3,500 in income for tax purposes, but had \$50,000 in capital gains. Would the Senator think they should qualify for the rent supplements? I do not believe so.

Mr. DOUGLAS. Did the Senator from Iowa suggest that an applicant for public housing might have \$50,000 in capital gains and still be eligible for public housing?

Mr. MILLER. No; I have not said anything of the sort, except by way of illustration. I am only trying to make clear what the amendment would prevent happening.

Mr. DOUGLAS. No one receiving \$50,000 in capital gains would be eligible either for public housing or for a rent supplement. What the Senator from Iowa is doing is just blowing up another "bogeyman" in an effort to discredit the bill.

Mr. MILLER. I am not trying to stifle the bill by throwing up any shibboleths. We are not necessarily talking about those who have \$50,000 in capital gains before they could get into public housing. I am talking about the situation either before they would get in, or during the interim 2 years, after which time, I understand, there would be a periodic review by the Administrator of the income situation of such persons. The capital gains might occur after they became eligible for housing. That is another thought. Suppose that such a person had only \$3,500 in taxable income for

Federal purposes, but had another \$1,000 in interest income from municipal bonds. Would the Senator think that he should be eligible for rent supplements? In my judgment, he would be put in the \$4,500 economic income bracket. I do not believe the Senator intends that. I hope he does not. My amendment merely makes clear that that would not happen.

Mr. DOUGLAS. The Federal Housing Administration, public housing, and Housing and Home Finance Agency prepared the table which I placed in the RECORD yesterday, on page 16065 of the RECORD, entitled "Preliminary Estimates of Income Limits for Families of Different Sizes Under Proposed Rent Supplement Program in 26 Cities."

The estimates of maximum incomes are already quite low. I believe that the amendment of the Senator from Iowa is a nit-picking amendment. In any effort to arrive at a precise definition of income. There should be some flexibility in the program. If the Senator does not believe that the officials are carrying out their functions properly, we must try to oust them.

Mr. BENNETT. Mr. President, will the Senator from Iowa yield?

Mr. MILLER. One further comment, then I shall be happy to yield to the Senator from Utah.

I am sorry that the Senator from Illinois will not, or refuses to meet the—

Mr. DOUGLAS. Mr. President, may I ask who has the floor?

The PRESIDING OFFICER. The Senator from Iowa [Mr. MILLER].

Mr. DOUGLAS. When did that happen?

The PRESIDING OFFICER. Just now.

Mr. MILLER. The Senator from Illinois is attempting to cast a few names at my amendment, such as "nit-picking," but I assure the Senator that I am interested only in the merits of the amendment, and nothing else. I believe that the taxpayers should be interested in its merits, and not whether someone considers it under the nice little name of "nit-picking." I do not believe that it is nit-picking if someone in public housing seeks a rent supplement from the taxpayers of the country and has an outside income which is not taxable for Federal income tax purposes, which puts him in an economic status far superior to those who are not thought generally to be covered by the bill.

Mr. DOUGLAS. Let me say that I do not expect any—

Mr. MILLER. I am not through yet.

Mr. DOUGLAS. Oh, I see.

Mr. MILLER. That is why I said that for purposes of the act, income should mean economic income. If we are not interested in handling this problem on an economic income basis, I believe that the general public will be very suspicious and probably very indignant over the proposed legislation.

Mr. DOUGLAS. Mr. President, am I privileged to reply to the Senator?

Mr. MILLER. I am happy to yield to the Senator from Illinois.

Mr. DOUGLAS. The Senator uses some indefinite language when he says "economic income." That is susceptible to many differing definitions. I do not

expect that many persons who receive large depletion allowances on oil will be in public housing, or in subsidized housing. It is possible that they might have economic income, but I do not believe that this presents a practical case or a practical objection.

The Senator from Iowa can think of every fantastic possibility imaginable, but he does not get at the realities of the case.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. MILLER. I yield.

Mr. DOUGLAS. In some mysterious fashion the Senator from Idaho has now obtained the floor and is explaining the bill. I do not know quite how or when that happened. I hope at some time or other to obtain the floor.

Mr. BENNETT. Mr. President, did not the Senator from Iowa obtain the floor when he offered his amendment and proceed to discuss it?

The PRESIDING OFFICER. The Senator from Iowa has the floor.

Mr. BENNETT. Is the Senator from Iowa permitted to yield to me?

The PRESIDING OFFICER. For a question.

Mr. BENNETT. Has the Senator from Iowa seen the statement issued by the Housing and Home Finance Administration entitled "Estimate of Income Limits for Families of Different Sizes Under Proposed Rent Supplement Program in 26 Cities," to which schedule of preliminary estimates the Senator from Illinois referred?

Mr. MILLER. The Senator from Iowa has seen it. The Senator from Illinois invited the attention of the Senate to his statement at page 16065 of yesterday's RECORD, which sets forth a table entitled "Preliminary Estimates of Income Limits for Families of Different Sizes Under Proposed Rent Supplement Program in 26 Cities."

Is that the table to which the Senator refers?

Mr. BENNETT. This table is contained in a 4-page memorandum which came to the members of the committee from the agency. On page 2 of the memorandum are these words. I invite the attention of both the Senator from Iowa and the Senator from Illinois to this statement of the Administrator:

In administering the rent supplement program, the Housing Agency will count all income of an individual or family from every source, whether taxable or not, as against the income ceiling administratively established for the area.

It is the intention of the Administrator to do what I believe the Senator seeks to do, namely, to count all income from every source in making the determination of the eligibility of the person applying for this relief.

Mr. MILLER. Will the Senator from Utah tell us whether or not the Administrator intends by that language to take into account gifts and inheritances?

Mr. BENNETT. The Senator from Utah is not the administrator, but the Senator from Utah wonders whether a gift is income.

Mr. MILLER. I believe it is well established in income tax law that a gift is not income. That is why it seems to me it ought to be spelled out in the act. What we are interested in is economic income. In my amendment I seek to include adjusted gross income plus the amount of a capital gain, interest, gifts, inheritances, annuities, or other payments or portions thereof not included in the adjusted gross income. In that way we would have all of it taken into account, without any question about it.

Mr. BENNETT. The Senator from Utah could not agree to that, particularly with respect to gifts. If children of an elderly couple wished to give their parents a hundred dollars, it could move them out of the rent supplement area.

Much as I do not like the rent supplement program, and shall vote against it, the inclusion of gifts in determining the amount of income for purpose of qualifying for any program is a little too irregular.

Mr. MILLER. I am a little surprised by the statement of my friend from Utah. Let us go a little further. Would the Senator feel the same way if the gift amounted to \$2,500, instead of \$100?

Mr. BENNETT. A gift, under the income tax conception, is not income. I do not believe this criterion should be used by the agency in determining a person's eligibility.

Mr. MILLER. I recognize that a gift is not income for Federal income tax purposes. I suggest to him that if the children of one of the rental supplement recipients see fit to give their parents \$2,500 or \$5,000 or \$50,000 as a gift, it ought to be taken into account in evaluating the economic income status of a person who, at the taxpayer's expense, is receiving a subsidy.

Mr. TOWER. Mr. President, will the Senator yield?

Mr. MILLER. I yield.

Mr. TOWER. I assume that the term "gift" means only a money gift, and not gifts of goods or something else.

Mr. MILLER. I do not intend to limit the amendment in that way. What difference does it make whether a gift is in the form of a check or cash or automobile or Government bonds, or something else that can be readily reduced to cash? It would be too easy to dodge the intent of the amendment if we were to so limit the concept of a gift.

Mr. TOWER. In view of the objection raised by the Senator from Utah, would the Senator be prepared to modify his amendment to strike the inclusion, in a gift, of a capital gain, interest, annuity, and other retirement payment?

Mr. MILLER. The difficulty with striking gifts is that if we are to strike gifts, we should strike inheritances.

I wonder if the Senator from Utah would comment on this point. I understand, because of what he said about gifts, that he would have the same reaction about including inheritances. An old friend or a relative might pass on and leave inheritance to a recipient in

the amount of \$50,000 or \$10,000. Do I correctly understand that the Senator would include that sum in the same situation?

Mr. BENNETT. The Senator from Utah feels that an inheritance is an increase in capital, and is not to be considered as income. We are talking about the concept of recurring income.

I feel that the statement of the Administrator of the intent to include all income of an individual or family in making his determination should be enough for us. A man could not even give his parents a Christmas present, because this might carry them over. It would be unnecessary to total up all the little gifts at Christmas and birthdays, and in that way we would be getting down to a very fine point, where it would be impossible to administer the law.

Mr. MILLER. I recognize the importance of having a law that can be efficiently administered. I am not seeking to list every kind of income. The Housing Administrator would have some discretion. My amendment provides that for the purposes of this act income shall mean economic income and shall include—and then I have listed the items that it shall specifically include and that shall be taken into account. If the Administrator wishes to include something else, that is up to him. I believe we could expect the Administrator not to be interested in small Christmas or birthday items, to which the Senator has alluded. I believe we must leave it to the Administrator to exercise some reasonable discretion. My amendment is designed to spell out specifically that we do not want people to receive rent supplements at taxpayers expense except on the basis of their economic income status, and to include in that income status some items that are not included under income tax law, to give certain people an economic status beyond that necessary to qualify for a rental subsidy.

Mr. President, it seems to me that the concept of income is not being uniformly administered by the administrator.

I have in my hand two tables, one relating to Chicago, Ill., and the other relating to New York City, setting forth the exemptions and the deductions that are recognized by the administrators in those regions in determining eligibility for housing.

The deductions that are allowable in Chicago are greater than those allowed in New York.

I notice that there are some deductions which would not be allowable for Federal income tax purposes, but which would be allowable by the Administrator in Chicago, at least.

I ask unanimous consent that the two tables to which I have referred be printed in the RECORD at this point in my remarks.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

Locality	Exemptions and deductions ¹	Unit or family size	Net income after exemptions for admission
Chicago, Ill. (April 24, 1963). ²	EXEMPTIONS Principal income recipient: Minor—up to \$600 of income. Head or spouse—none. Not a principal income recipient: Adult—head or spouse—up to \$600 of income. Other adult—up to \$600 of income or \$100 which ever is greater.	1 person.....	\$3,000
		2 (elderly).....	3,600
		2 (nonelderly).....	4,200
		3.....	4,400
		4.....	4,600
		5.....	4,800
		6.....	5,000
	DEDUCTIONS Social security taxes. Union dues and assessments. Compulsory contributions as a condition of employment. Retirement contributions (varies by industry and establishment). Variable stated allowance for uniforms, special clothing, equipment and tools required for job. Excess transportation. Maintenance of automobile if required for employment (up to 50 percent of total maintenance). Child care (up to \$15 per week). Care of incapacitated person in home (up to \$15 per week). Housekeeper if needed to permit employment of sole wage earner. Support of dependents. Room and board (up to \$20 per week) of head of family away from home. Predictable medical expenses (in excess of 3 percent of total income).	7 or more.....	5,200
New York, N.Y. (Dec. 1, 1964). ²	EXEMPTIONS Service-connected death and disability. \$100 for each minor member of the family without income. Up to \$800 of a secondary earner income with a maximum of \$2,400.	2½ rooms (0 bedroom)---	3,888
		3½ rooms (1 bedroom)---	5,266
		4½ rooms (2 bedrooms)---	5,760
		5½ rooms (3 bedrooms)---	6,408
		6½ rooms (4 bedrooms)---	7,896
	DEDUCTIONS Social security taxes. Union dues. Employees involuntary contribution to a retirement or group insurance fund where contribution is a condition of employment. Specified allowances for the cost of uniforms or special work clothing. Allowances for extraordinary daily travel expenses. Specified allowances for costs when working out of town. Cost of care of children when required to permit a family member to be gainfully employed.		

¹ Exemptions include service-connected VA benefits.

² Date of approval of income limits.

Mr. MILLER. Mr. President, as they know, I have a great amount of respect for the Senator from Illinois and the Senator from Utah.

I regret that the Senator from Utah cannot agree to take into account gifts and inheritances in determining the economic income of a person for this purpose; and I regret that my friend from Illinois prefers to leave that question to the Administrator to determine rather than to have the Congress spell out the guidelines for the Administrator to develop. But I believe it is a fair amendment, and I hope it will be supported.

Mr. DOUGLAS. Mr. President, I have listened with much interest to the differences of opinion on the other side of the aisle as to what items should be included under the term "economic income." I have reached the conclusion that if those two able and distinguished Senators, both of them, I believe, opponents of the measure, cannot reach agreement on what the income is, we should not attempt to do so this afternoon.

I agree with the basic purpose of the amendment of the Senator from Iowa, but I believe it would be much better to leave the decision to the Administrator and his staff, particularly when the opponents of the measure cannot really agree upon what the definition of income

should be, whether gifts and many other items should be included, whether the earnings of young persons should be included, and whether the earnings of those receiving old age assistance should be included. There is a whole series of items to be considered.

I believe that the administrative standards laid down by the Housing and Home Finance Agency for public housing are quite clear. We can be certain that equally clear standards would be laid down for a rent supplement program. So I ask that the amendment be defeated.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Iowa.

The amendment was rejected.

Mr. HARRIS. Mr. President, I have two amendments to the bill which I believe will correct inadvertent inequities growing out of two situations in my home State and will be good public law in similar situations throughout the country.

I send the first amendment to the desk. I ask unanimous consent that the reading of the amendment be waived but that it be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 55 after line 5, insert the following new section:

"MODIFICATION OF WORKABLE PROGRAM REQUIREMENT AS APPLIED TO INDIANS"

"SEC. 309. Section 101(c) of the Housing Act of 1949 is amended by adding the following sentence at the end thereof: 'Notwithstanding any other provision of law, in the case of a contract with an Indian tribe, band, or nation (or a public housing or other public agency for such tribe, band, or nation established under State or tribal law), the workable program and minimum standards housing code, referred to in the preceding sentence, may be presented to the Administrator by such tribe, band, or nation, and it shall be subject to the requirements of law with respect to such program and code only to the extent that such tribe, band, or nation has the legal jurisdiction and power to carry out such requirements.'"

Mr. HARRIS. Mr. President, on behalf of myself and my senior colleague from Oklahoma [Mr. MONRONEY], I am proposing an amendment to section 101(c) of the Housing and Urban Development Act of 1965 (S. 2213), which, if adopted, will permit the Administrator of Housing to exempt Indian housing authorities in the State of Oklahoma from the execution of a workable program for community improvement in areas in which they undertake projects. Let me stress that I am in complete sympathy with the emphasis by the Housing and Home Finance Agency and the administration generally on the importance of planning and the desirability of developing workable programs. This requirement is a valuable safeguard to all concerned with housing development and is a stimulus for communities to undertake planning which will in the end be of the most benefit to the communities themselves.

However, a special circumstance affecting the Indian people of Oklahoma makes this strict requirement both inappropriate and unwise. Unlike other States having a large Indian population, there are no reservations as such in the State of Oklahoma. This means that the duly constituted tribal governing body, usually a tribal business committee, has absolutely no legal jurisdiction over a given territory. The committee functions mainly to administer the financial affairs of the tribe or tribes it represents. While these committees can and do develop housing authorities for the benefit of Indian people who belong to their tribes, they do not have the authority to enforce building codes, zoning regulations, or any of the other factors that go into a workable plan. Add to this the fact that the vast majority of the Oklahoma Indians do not live in communities, but live on small plots of land in rural areas. The chances, therefore, are remote that workable plans will be created to include these individual rural tracts. The effect of this could be a failure on the part of the Indian housing authorities in Oklahoma to qualify for assistance under the Housing and Urban Development Act of 1965.

Therefore, the purpose of this act will best be accomplished and the emphasis on the importance of a workable plan will in no way be diminished by the inclusion of this amendment providing latitude to the Administrator in dealing

with Oklahoma Indian housing authorities.

In general, the amendment would not bind Indian tribes to have workable programs except as they might have jurisdiction of enforceability.

I hope the amendment will be acceptable to the Senator from Illinois, because I have no desire to do any damage to the bill which he has handled so well.

Mr. DOUGLAS. Mr. President, we have studied the amendment. I see nothing wrong in it. I am glad to accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oklahoma.

The amendment was agreed to.

Mr. HARRIS. Mr. President, I send to the desk my second amendment. I ask unanimous consent that the reading of the amendment be waived, but that it be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 61, strike out lines 10 through 17, and insert in lieu thereof the following:

"PARTICIPATION BY NEW COLLEGES AND CERTAIN PUBLIC VOCATIONAL AND TECHNICAL INSTITUTIONS"

"Sec. 502. Clause (1) of section 404(b) of the Housing Act of 1950 is amended to read as follows: '(1) (A) any educational institution which offers, or provides satisfactory assurance to the Administrator that it will offer within a reasonable time after completion of a facility for which assistance is requested under this title, at least a 2-year program acceptable for full credit toward a baccalaureate degree (including any public educational institution, or any private educational institution no part of the net earnings of which inures to the benefit of any private shareholder or individual), or (B) any public educational institution which (i) is administered by a college or university which is accredited by a nationally recognized accrediting agency or association, (ii) offers technical or vocational instruction, and (iii) provides residential facilities for some or all of the students receiving such instruction.'"

Mr. HARRIS. Mr. President, this is an amendment to section 502 of the Housing and Urban Development Act of 1965 (S. 2213). It would expand the section authorizing Federal loans for housing construction by colleges and universities to include also certain types of residential vocational schools.

Although in general vocational schools are located in large urban communities and do not provide residential accommodations for students, there is increasing interest in the concept of residential and campus living for such institutions. The vocational education act has recognized the need for these schools and has made provision for several pilot residential institutions to be located throughout the Nation. It seems inappropriate, therefore, in the Housing Act to exclude them from the advantages offered other residential schools.

In order that this extension be limited to the kinds of vocational schools we are concerned with, this amendment provides that they must be publicly supported, administered by a college or university which is fully accredited, that

they be vocational in nature and that they offer residential facilities for some or all of the students.

An institution of this type, Oklahoma State Tech, has been operating at Okmulgee, Okla. for 16 highly successful years. This school is affiliated with the Oklahoma State University at Stillwater and offers a highly competent curriculum of instruction ranging from basic technician skills through highly complicated electronics. In order to help the adult who may not have a high school diploma and in order to maintain its strict vocational character, Oklahoma State Tech has not developed degree work. Therefore, without this amendment, this school and others like it would be treated by this bill in a discriminatory fashion. For this reason I propose this amendment.

Mr. DOUGLAS. Mr. President, may I ask the Senator from Oklahoma how many schools or colleges would come under this general provision?

Mr. HARRIS. I do not know what the number would be. There is only one school of this type in Oklahoma. I am confident that there would be very few others in the country. However, the situation exists in Oklahoma, and others may exist elsewhere in the future. The Vocational Education Act authorizes five pilot residential vocational schools throughout the country. We are hopeful that during this session Congress will appropriate funds to enable at least three of them to get underway.

More and more, I think we shall find that in addition to day schools in urban areas, we shall be interested also in vocational schools, where programs are conducted on a campus to the same degree as they are conducted by degree-granting colleges, and where housing will be needed.

Such a situation exists in Oklahoma in an institution having a history of 16 highly successful years. I see no reason why it should continue to have the housing problems it has had during the last 16 years, when its parent institution, Oklahoma State University, which administers the institution, is able to build residential housing under the financing we are talking about, while the institution is not able to get that type of financing.

My amendment would correct a real inequity in the law. I see no danger in the extension of this concept.

Mr. DOUGLAS. If my memory serves me correctly, I believe there is at least one other such institution, and it is located in Michigan. It was formerly known as Ferris Institute and is now a part of the Michigan system of higher education. Other institutions may crop up from time to time.

So far as I am concerned, I do not remember that this proposal was presented before the committee. I do not believe that any representation was made before the committee on this subject. No evidence has been taken on it.

Would the Senator from Oklahoma be willing to lay the amendment aside for a time, so that I may consult with the manager of the bill [Mr. SPARKMAN] and other members of the committee, and

thus be able to give a more mature judgment? If I were to act at the moment, I should have to oppose the amendment. I should like to have a chance to consult with other members of the committee.

Mr. HARRIS. I thank the distinguished Senator from Illinois for his characteristic generosity and kindness.

Mr. President, I ask unanimous consent that the amendment be temporarily laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BIBLE. Mr. President, I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 54, between lines 9 and 10, insert a new subsection as follows:

(f) Expenses incurred in the construction of the Glenn Duncan Elementary School and the Fred W. Traner Junior High School in Reno, Nevada, shall not be deemed to be ineligible as a local grant-in-aid in connection with the Northeast Urban Renewal Project (Nevada R-2) because of any change in the urban renewal plan for such project which is determined by the Housing and Home Finance Administrator to have resulted from the proposed location of a federally aided highway within or adjacent to the urban renewal area in which such project was undertaken. For the purpose of computing the portion of the cost of such schools which may be allowed as a local grant-in-aid, the degree of benefit of the schools to such urban renewal area shall be based on the latest estimate of benefit submitted by the local public agency and accepted by the Administrator prior to such change in the urban renewal plan.

Mr. BIBLE. Mr. President, my amendment which will correct an injustice imposed at no fault of the Urban Renewal Agency, City of Reno, on that agency.

The amendment will add a new subsection between lines 9 and 10 on page 54 of the bill, S. 2213. The amendment will not affect language in the present bill but will correct an inequity. It will not take an appropriation but will permit the Housing and Home Finance Agency to work with the Urban Renewal Agency, City of Reno, in an attempt to secure a more equitable plan, known as the northeast urban renewal project R-2, Urban Renewal Agency, City of Reno.

The Urban Renewal Agency, City of Reno, secured approval of its urban renewal plan and entered into a cooperation agreement on July 10, 1961.

In this agreement, the Federal Government would have granted school credits in the amount of \$669,550 as a result of construction of two schools, one elementary, and one junior high school.

Although the original plan had been approved by the Federal Government; namely, the Housing and Home Finance Agency, and purchase of property and work was moving forward by the local urban renewal agency in an orderly fashion, on March 22, 1963, the Federal Government, through another agency, the Bureau of Public Roads, caused the re-routing of a freeway on Interstate 80 through the Urban Renewal Agency, City of Reno, planned renewal area.

The Bureau of Public Roads had previously approved a routing of the freeway, which did not affect the urban renewal area and following a hearing and investigation of the route, changed the entire routing of the freeway which resulted in cutting the urban renewal area in half and thus causing the Urban Renewal Agency of the City of Reno to change its entire plan.

This caused a serious problem in that the school credits were no longer available and it was necessary for the city of Reno to assume additional costs which, I am advised, are in fact, far in excess of costs borne by similar plans throughout the Nation.

Instead of the city receiving credits in the amount of \$669,550 it is now compelled to advance \$423,027 in cash and in addition, it must contribute \$215,344 in noncash grants-in-aid for streets, curbs, and sidewalks, which in effect is cash expenditures chargeable to the city of Reno.

Due to the change in the freeway at the cause of another arm of the Federal Government, the Housing and Home Finance Agency could not accept the original plan of the urban renewal agency, although it had previously done so.

The Urban Renewal Agency of Reno had to eliminate areas which had previously been planned for residential purposes as the Federal Housing Administration could not approve these areas located in the proximity of the freeway and were in fact not desirable for residential purposes.

The original urban renewal plan had a gross cost of \$3,044,504 with a net project cost of \$1,195,144 after allowances had been made for resale of purchased property.

Now the city of Reno must contribute more than 50 percent of this cost although normal urban renewal plans call for the Federal Government to contribute at least two-thirds of the cost. This has worked a financial hardship on the city and has delayed the progress of a much needed urban renewal area.

I am advised there is precedent for the amendment which is being offered. A similar problem involving noncash grants-in-aid credits for school construction arose in Roanoke, Va., and was solved by enactment of section 312, title III, of Public Law 87-70 on June 30, 1961, the Housing Act of 1961.

I am hopeful that this body will approve the amendment and permit the Housing and Home Finance Agency to negotiate with the Urban Renewal Agency of the City of Reno to correct this inequity.

City authorities, my colleague and I are perfectly willing to stand upon any agreement which can be worked out between the Federal Government and local agency. It is recognized the Congress must give authority to the Housing and Home Finance Agency to correct this inequity and this is the purpose of the amendment.

The amendment has been discussed with the Senator from Alabama [Mr. SPARKMAN]. I am sure that the staff people are completely familiar with the amendment. I hope that the Senator from Illinois will be able to accept the amendment.

I yield to my junior colleague, the Senator from Nevada [Mr. CANNON].

Mr. CANNON. Mr. President, I thank my colleague for yielding. As my distinguished colleague so clearly and eloquently stated, we are dealing here with a matter of equity.

The Urban Renewal Agency, city of Reno, secured more than 4 years ago approval of its urban renewal plan and entered into cooperation agreement with the Housing and Home Finance Agency.

The agreement called for the city of Reno Urban Renewal Agency to be granted noncash school credits totaling \$669,550 based on construction of the Fred W. Traner Junior High School and the Glenn Duncan Elementary School.

After securing approval of its original plan, the Reno Urban Renewal Agency was moving ahead on its project when—through the action of a second Federal agency, the Bureau of Public Roads—a freeway of Interstate 80 was rerouted through the city's renewal area. This action took place in March 1963, nearly 2 years after the city obtained from the HHFA approval of its plan.

It must be emphasized, Mr. President, that the rerouting of the freeway through the urban renewal area was not in any way the fault of the Reno Urban Renewal Agency.

The disruption was caused by an agency of the Federal Government rerouting a freeway.

The result of the rerouting was that the city of Reno lost its schools' credits—upon which it had based a great deal of planning—and was required by the HHFA to contribute \$423,027 in cash, in addition to \$215,344 noncash contributions in the form of streets, curbs, sidewalks, and related facilities.

The cash requirement of \$423,027, in addition to the noncash contribution of \$215,344, totals more than \$638,000, as my colleague pointed out a moment ago.

This figure is well over 50 percent of the net project cost of \$1,195,144, even though almost every urban renewal plan calls for a two-thirds contribution by the Federal Government.

The financial requirements imposed on the Reno Urban Renewal Agency have resulted in a tremendous financial hardship to the city and have caused serious delays in a vital urban renewal project in Reno.

Fortunately, there is precedent for correcting this inequity. It already has been outlined by my colleague.

I am happy to join my colleague in asking that we take the action needed to correct this longstanding inequity and permit the HHFA to negotiate this matter with the city of Reno.

This amendment is necessary to correct the most unfortunate inequity which has been outlined and which was not in any way the fault of the Reno Urban Renewal Agency. It extends to HHFA the authority to correct a serious problem, and I joint my colleague in urging its acceptance.

Mr. DOUGLAS. Mr. President, the two Senators from Nevada have held out the very enticing promise that this amendment would entail no appropriation or expenditure.

Mr. BIBLE. Mr. President, if they were to enter into an agreement, it cer-

tainly might involve the expenditure of Federal funds. I do not want to mislead the Senator from Illinois in this respect. However, this amendment would involve no appropriation insofar as the bill before us is concerned.

It would simply authorize the HHFA to enter into negotiations and attempt to settle the problem with the city of Reno and its urban renewal agency.

Mr. DOUGLAS. Mr. President, I should be very glad to take the amendment to conference in a resolute fashion.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senators from Nevada.

The amendment was agreed to.

Mr. KENNEDY of New York. Mr. President, I send an amendment to the desk and ask that the reading of the amendment be dispensed with and that the amendment be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment, ordered to be printed in the RECORD, is as follows:

On page 73, lines 1 and 2, strike out "and covering property located in an urban renewal area".

Mr. KENNEDY of New York. Mr. President, the proposed amendment would exempt below-market interest rate FHA section 221(d)(3) mortgages covering low- or moderate-rental housing from the statutory \$17,500 per dwelling unit limitation on the amount of a mortgage that can be purchased by FNMA under its special assistance functions.

Under the provisions of S. 2213 as reported, only section 221(d)(3) below-market mortgages covering properties located in urban renewal areas would be exempted from the limitation.

In high-cost areas (both inside and outside urban renewal areas) it is impossible to construct housing within a mortgage amount of \$17,500 per dwelling unit. Higher amounts are permitted in these areas under the FHA ceilings on mortgage amounts, but no corresponding increase is permitted for mortgages purchased under FNMA special assistance. This necessary assistance is therefore not available for FHA mortgages which have dollar amounts required by costs in these areas.

The amendment would make the exemption for FNMA special assistance purposes available to housing with larger mortgage amounts even though the housing is not located in an urban renewal area. The mortgages would remain subject to FHA mortgage amount ceilings.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York.

Mr. DOUGLAS. Mr. President, I ask the Senator from New York if this is consistent with the policy that we have adopted earlier in the year of raising the insured maximum for four bedroom housing units above the \$17,500?

Mr. KENNEDY of New York. It is.

Mr. DOUGLAS. I believe that statement is correct. May I ask if this is included in the House bill?

Mr. KENNEDY of New York. I am not certain whether it is included in the House bill. We have gone over it with the committee staff.

Mr. DOUGLAS. I am informed that it is included in the House bill. I see no objection to placing it in the Senate bill.

Mr. KENNEDY of New York. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York.

The amendment was agreed to.

Mr. KENNEDY of New York. Mr. President, I send an amendment to the desk and ask that the reading of the amendment be dispensed with but that the amendment be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment, ordered to be printed in the RECORD, is as follows:

On page 72, line 23, insert "(1)" after "inserting".

On page 73, line 2, strike out "area," and insert the following: " 'area,' and (2) inserting the following after the first sentence: 'Notwithstanding the provisions of clause (3) in the foregoing sentence, the Association may purchase a mortgage with an original principal obligation that exceeds \$17,500 if the mortgage (1) is a below-market interest rate mortgage insured under section 221(d)(3), and (2) covers property which has the benefit of local tax abatement in an amount determined by the Federal Housing Commissioner to be sufficient to make possible rentals not in excess of those that would be approved by the Commissioner if the mortgage amount did not exceed \$17,500, and if local tax abatement were not provided.' "

Mr. KENNEDY of New York. Mr. President, the proposed amendment would make a technical change in the law to give proper recognition to tax abatement in establishing the ceiling for certain FHA mortgages purchased by FNMA under its special assistance functions.

The amendment would except below-market interest rate FHA section 221(d)(3) mortgages covering low- or moderate-income housing which has the benefit of local tax abatement from the statutory \$17,500 per dwelling unit limitation on the amount of a mortgage that can be purchased by FNMA under its special assistance functions. The tax abatement would have to be in an amount sufficient to enable the rentals to be set at approximately the same amounts they would be if no tax abatement existed and the mortgage amount did not exceed \$17,500 per dwelling unit.

In high cost areas it is impossible to construct rental housing within a mortgage amount of \$17,500 per dwelling unit. This limit is imposed by existing law for the purpose of keeping the cost of housing down so that the rentals will be within the reach of low- and moderate-income families. Where tax abatement is provided, this purpose is accomplished even though the construction costs require a higher mortgage amount.

Higher ceilings are already permitted under the FHA statute, and the mortgages would remain subject to those ceilings.

Mr. DOUGLAS. Mr. President, the amendment has just been presented. We have not had a chance to study it. The amendment is perfectly satisfactory. However, I should hesitate to give blanket approval at this time.

I suggest that the Senator from New York withdraw his amendment. We can have a later investigation of the matter and the amendment can be offered at a later date.

Mr. KENNEDY of New York. That is agreeable. Mr. President, I withdraw the amendment.

The amendment was withdrawn.

Mr. KENNEDY of New York. Mr. President, I send an amendment to the desk and ask that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment, ordered to be printed in the RECORD, is as follows:

On page 39, after line 11, insert a new section 207 as follows and renumber the following sections and cross-references in title II accordingly.

"LARGER HOME IMPROVEMENT LOANS IN HIGH COST AREAS"

"SEC. 207. (a) Section 220(h)(2)(i) of the National Housing Act is amended by inserting before the semicolon at the end thereof: 'Provided, That the Commissioner may, by regulation, increase such amount by not to exceed 45 percentum in any geographical area where he finds that cost levels so require'.

"(b) Section 220(h)(11) of such Act is amended by inserting before the period at the end thereof 'or such additional amount as the Commissioner has by regulation prescribed in any geographical area where he finds cost levels so require pursuant to the authority vested in him by the proviso in subsection (2)(i) of this section'."

Mr. KENNEDY of New York. Mr. President, my amendment would authorize the Federal Housing Commissioner to increase the maximum amount of a home improvement loan which he may insure—now \$10,000—by up to 45 percent in high-cost areas. The amendment would permit the Commissioner to increase the maximum amount of a home improvement loan made in an urban renewal area under section 220(h) of the National Housing Act, or outside of an urban renewal area under section 302(k) of the National Housing Act. In addition it would permit the maximum amount of rehabilitation loans made under the provisions of section 312 of the Housing Act of 1964—now \$10,000—to be increased by 45 percent in high-cost areas.

Mr. DOUGLAS. Mr. President, I am disposed to accept this amendment, for this reason: It is very inflexible to impose one maximum limit for the country as a whole when there are certain areas where modernization, construction, and repair costs are very much above those of the Nation as an average. I think there must be some flexibility to take into account local conditions. Therefore, I am glad to accept the amendment of the Senator from New York.

Mr. KENNEDY of New York. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York.

The amendment was agreed to.

Mr. KENNEDY of New York. Mr. President, finally I have an amendment which I send to the desk and ask to have read.

The PRESIDING OFFICER. The amendment offered by the Senator from New York will be stated.

Mr. KENNEDY of New York. I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment offered by Mr. KENNEDY is as follows:

On page 49, line 2, insert "(a)" after "Sec. 304.", and on page 49, after line 4, add to section 304, two new subsections "(b)" and "(c)" as follows:

"(b) Section 110(e) of the Housing Act of 1949 is amended by adding at the end thereof the following new paragraph:

"Gross project cost may include the cost of payments made, pursuant to State or local law, to individuals and families displaced from an urban renewal area and relocated in decent, safe, and sanitary housing, if such payments are required by State or local law to be paid in every program of the State or locality, as the case may be, which results in the displacement of individuals and families.

"(c) Section 15(8) of the United States Housing Act of 1937 is amended by inserting immediately after the end thereof, the following: 'A "relocation payment" as used in this paragraph may include, in addition to the payments described above, the cost of payments made, pursuant to State or local law, to individuals and families displaced from a low-rent housing project site as a result of the acquisition of real property by a public housing agency and relocated in decent, safe, and sanitary housing, if such payments are required by State or local law to be paid in every program of the State or locality, as the case may be, which results in the displacement of individuals and families.' "

Mr. KENNEDY of New York. Mr. President, this amendment deals with the gross project cost, and provides as follows:

(b) Section 110(e) of the Housing Act of 1949 is amended by adding at the end thereof the following new paragraph:

"Gross project cost may include the cost of payments made, pursuant to State or local law, to individuals and families displaced from an urban renewal area and relocated in decent, safe, and sanitary housing, if such payments are required by State or local law to be paid in every program of the State or locality, as the case may be, which results in the displacement of individuals and families.

"(c) Section 15(8) of the United States Housing Act of 1937 is amended by inserting immediately after the end thereof, the following: 'A "relocation payment" as used in this paragraph may include, in addition to the payments described above, the cost of payments made, pursuant to State or local law, to individuals and families displaced from a low-rent housing project site as a result of the acquisition of real property by a public housing agency and relocated in decent, safe, and sanitary housing, if such payments are required by State or local law to be paid in every program of the State or locality, as the case may be, which results in the displacement of individuals and families.' "

In other words, if an individual is displaced because of public housing or urban renewal, and it is required by a State or local community that a certain amount of money be paid for the removal of that family or individual—if that is

required by State or local law—it should be included in the Federal project cost.

Mr. DOUGLAS. Does this mean that payments made for displacement or relocation by localities would be included as a part of the local contribution of one-third?

Mr. KENNEDY of New York. That is correct in part.

Mr. DOUGLAS. It would be counted as a part of the contribution by the locality?

Mr. KENNEDY of New York. That is correct; one-third would be contributed by the locality and two-thirds contributed by the Federal Government. It would be part of the project cost.

Mr. DOUGLAS. So the municipality or State would not have to pay the entire two-thirds, but the Federal Government would meet two-thirds of it?

Mr. KENNEDY of New York. That is correct.

Mr. DOUGLAS. The Federal Government would meet not only its own relocation costs, but two-thirds of the State or local community's cost?

Mr. KENNEDY of New York. Yes.

Mr. DOUGLAS. Has the Senator an estimate as to how much this would cost?

Mr. KENNEDY of New York. The estimate is \$1,800,000.

Mr. DOUGLAS. While I feel very benevolent, this amendment involves a large sum, and I do not want to commit the managers of the bill to accepting an amendment involving an expenditure of \$1,800,000. This would probably be an annual commitment for Congress.

Mr. KENNEDY of New York. I am told this is the procedure that has been followed up to the present time. The language of the legislation as it now appears is such that the housing authorities do not feel they can continue it without the authority of Congress.

Mr. DOUGLAS. It is disconcerting to have amendments proposed without prior consideration by the committee. I wonder if the Senator would not postpone offering it for a day, in order to ascertain whether it is in consonance with the general program.

Mr. KENNEDY of New York. I am glad to do that. May I say, so that Senators will understand, that the amendment was discussed with the Senator from Alabama [Mr. SPARKMAN]—only today, admittedly. The Senator from Alabama thought it was satisfactory. He thought it could be accepted. I talked with the staff, who suggested that it be brought up. I brought it up on the basis of the assumption that it was acceptable and satisfactory, but I admit I did not have an opportunity to talk with the Senator from Illinois about it.

Mr. DOUGLAS. I am sure what the Senator has said is correct and that the Senator from Alabama would undoubtedly accept it. I wish he were present.

Mr. SPARKMAN. Mr. President, I may say to the Senator from Illinois that I have been present for some time. I have been greatly enjoying his handling of the bill.

Mr. President, I have discussed this amendment with the Senator from New York. It seems to be pretty much in keeping with our program. It is a mat-

ter of tying it properly to the credits to be applied. The provision is not in the House bill. My thought was, and I so stated to the Senator from New York, that I would be willing to take the amendment to conference, and between now and then obtain such additional information as we can about the amendment. I advised him that it seems to be in compliance with the policy under which we have been trying adequately to help the people who are displaced by these programs. I am willing to accept the amendment.

Mr. KENNEDY of New York. I appreciate my colloquy with the Senator from Alabama and with the Senator from Illinois, and I am grateful to the Senator from Alabama for accepting the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York.

Mr. ELLENDER. Mr. President, I wish to ask a question of the Senator from New York. Will this expenditure be an annual charge?

Mr. KENNEDY of New York. Where there are any movements in public housing and urban renewal, these payments would be made. I am informed that this has been the practice since 1960.

Mr. ELLENDER. Would it mean that a dislocated family could be moved from one city to another, if it so desired, and that the gross project cost would include that?

Mr. KENNEDY of New York. No. It is not a question of Federal officials making that decision. It has to be in accord with procedures followed in the State and local communities. There would be no regulations or rules or laws that could be applied only to Federal programs; but they would have to be in effect in local communities, applying to their local programs. If there is a payment made where there is a movement under local law, this kind of payment would be made under Federal programs.

Mr. ELLENDER. In other words, it is to comply with local law.

Mr. KENNEDY of New York. That is correct. It would not create a special situation related only to the Federal Government.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York.

The amendment was agreed to.

Mr. KUCHEL obtained the floor.

Mr. KUCHEL. I ask unanimous consent that I may yield to the Senator from Iowa, without losing my right to the floor, to offer an amendment which is not controversial.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MILLER. Mr. President, I send an amendment to the desk and ask that it be read.

The PRESIDING OFFICER. The amendment offered by the Senator from Iowa will be stated.

The legislative clerk read as follows:

On page 6, after line 5, add a new subsection (5) as follows:

"(5) No payments under this section may be made with respect to any property for which the costs of operation (including wages and salaries) are determined by the

Administrator to be greater than similar costs of operation of similar housing in the community where the property is situated."

Mr. MILLER. Mr. President, I have discussed the amendment with the distinguished Senator from Illinois, who was acting manager of the bill a few moments ago. He agrees that this is a helpful amendment. It is designed to provide for uniformity in the operation of housing such as is covered by the bill, in line with what the costs are in local communities. It is particularly designed to avoid the abuse where nonprofit corporations might come under the act and then abuse the act by paying excessive wages and salaries.

I hope that the Senator from Alabama, who is now the Senator in charge of the bill, will accept the amendment.

Mr. SPARKMAN. Mr. President, the amendment seems to me to promise a good job and, for my part, I am willing to accept it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Iowa.

The amendment was agreed to.

Mr. KUCHEL. Mr. President, I have a series of amendments of varying controversy, and I send the first one to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 61, between lines 17 and 18, insert a new section as follows:

TECHNICAL AMENDMENT

SEC. 503. The second paragraph of section 404(b) of the Housing Act of 1950 is amended by inserting after "would provide housing," the following: "or to a student housing cooperative corporation described in clause (5) of this subsection."

Mr. KUCHEL. Mr. President, I believe that I can truthfully say that the amendment is technical in nature. My recollection is that the Senate took action along similar lines a year ago. This would make the law covering loans to student cooperatives conform with congressional intent when the law was amended a year ago.

Last year, the amendment apparently contained a technical flaw to prevent groups such as the University Student Cooperative Association on the Berkeley campus of the University of California from qualifying for a nonguaranteed loan.

The amendment has been drafted by the HHFA, and is in correct from technically. I believe that the able Senator from Alabama will find no objection to the amendment.

Mr. SPARKMAN. Mr. President, I believe I am correct in saying that last year a similar amendment was offered, and we accepted it. It makes up for a technical defect in existing law, and I have no objection to it.

The PRESIDING OFFICER. The question is on agreeing to amendment of the Senator from California.

The amendment was agreed to.

Mr. KUCHEL. Mr. President, I now send to the desk another in my series of amendments and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The legislative clerk proceeded to state the amendment.

Mr. KUCHEL. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and the amendment will be printed in the RECORD at this point.

The amendment offered by Mr. KUCHEL is as follows:

On page 90, between lines 19 and 20, insert a new section as follows:

"DEFINITION OF RURAL AREA

"SEC. 907. Title V of the Housing Act of 1949 is amended by adding at the end thereof (after the section added by section 906 of this Act) a new section as follows:

"DEFINITION OF RURAL AREA

"SEC. 520. As used in this title, the terms 'rural' and 'rural area' mean any area, open country, place, town, village, or city having a population of 5,500 inhabitants or less that is not part of or associated with an urban area."

Mr. KUCHEL. Mr. President, the amendment would provide that the figure of 5,500 population would be used by the Farmers Home Administration in defining a rural conglomeration. Presently, the Farmers Home Administration uses the census tract figure of 2,500 to define a rural area. If the 5,500 figure could be applied, additional rural families would be made eligible for Farmers Home Administration loans under existing law. At present loans are made at 4 percent for 33 years.

One of the strongest points in favor of the amendment is that it would allow for the expansion of the "self-help" housing program, wherein rural people can contribute time and talent to the building of their own homes.

Let us say, for example, that a group of 6 families in an area which would be in the neighborhood of 5,000 people should make an application for a self-help project. FHA grants a loan, if no other financing is available, of a size which will finance the materials and the work that cannot be done by the applicants. Subcontractors and supervisors would be hired when necessary. Payments for materials and services would be made out of funds to be provided by FHA.

A somewhat similar provision was accepted in the House of Representatives. If I may use my own State as an example, there are some farm areas in California which are inhabited by American migratory laborers. This would be an incentive for them to become permanent residents of my State and would supply a labor force which is sometimes tragically deficient. I believe it would be in the public interest.

Mr. SPARKMAN. Mr. President, I wish very much that the Senator from California would not press this amendment. It is in the housing bill, and it will be in conference.

Up until a few years ago, in programs relating to farm housing and rural housing for veterans, or any kind of

housing which was rural by name, really meant rural and on the farm.

Finally, 3 years ago, I believe, we amended the act to accept the definition by the Census Bureau of 2,500 and less as being rural.

Even that definition has given us trouble, because there are many small towns of 2,500 population with sewers, water systems, sidewalks, and so forth. The same conditions prevail there as in cities and towns where the FHA makes regular loans. Farm housing and rural housing programs have been set up primarily to take care of those areas which could not qualify under the usual and regular FHA terms.

This figure represents a further expansion—is it 5,500 or 7,500?

Mr. KUCHEL. It is 5,500.

Mr. SPARKMAN. In other words, we are going from 2,500 to 5,500.

There are many towns of 5,000 population and less which have no claim on the special benefits provided under these programs for rural areas.

I say to the Senator from California that this point will come up in conference, and we can study it between now and then and get more information. I did not know the amendment was to be offered here or in committee. We have not had an opportunity to study it. It will be in conference, and if he would be willing to let it rest at that. I assure the Senator that I will give most careful and sympathetic consideration to handling it in a way which will be proper.

The Senator from California may not be aware of this, but at present there is trouble among mortgage finance companies and various lending agencies in connection with our regular FHA program and other programs which go into the 2,500 population size towns, because, it is said, the Government is competing unfairly. In some areas, there is some basis, for that claim. Think how much more trouble there will be if we increase the population limitation to the 5,500 figure proposed in the amendment. It may very well be that we can draft some other descriptive language which will expand to take the areas where they are really needed.

Mr. KUCHEL. Inasmuch as the Senator from Alabama assures me that he will look into the problem sympathetically, and that it will be considered in conference, and inasmuch as I am sure the Senator finds the problem with respect to migratory agricultural labor to be a most important one, I withdraw my amendment and send another amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be withdrawn.

The next amendment of the Senator from California will be stated for the information of the Senate.

The legislative clerk proceeded to state the amendment.

Mr. KUCHEL. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and the amendment will be printed in the RECORD at this point.

The amendment offered by Mr. KUCHEL is as follows:

On page 55, between lines 5 and 6, insert a new section as follows:

"REDEVELOPMENT OF AREAS CONTAINING TEMPORARY WAR HOUSING PROJECTS

"SEC. 309. Notwithstanding any other provision of law, loan and grant assistance under title I of the Housing Act of 1949 for the renewal of any blighted, deteriorated, or deteriorating area of a locality which consists primarily of temporary war housing projects constructed under an Act entitled 'An Act to expedite the provision of housing in connection with national defense, and for other purposes', approved October 14, 1940, as amended (the so-called Lanham Act), may be extended in the same manner and to the same extent as in the case of any other urban renewal area, if—

"(1) such locality has at no time since the acquisition of such housing from the United States received from it any net income, substantially all income therefrom having been utilized for the maintenance and operation of such housing for the benefit of persons of low or moderate incomes;

"(2) there are included in such area at least 1200 dwelling units of such housing at the time an urban renewal plan for such area is submitted; and

"(3) the urban renewal plan for such area provides for a predominance (exclusive of public facilities and open spaces) of housing for persons of low or moderate incomes."

Mr. KUCHEL. Mr. President, in this situation, I speak for the city of San Francisco. The pending amendment would make it possible for the city of San Francisco to qualify for grants-in-aid under the urban renewal program for renewal of Hunters Point war-time housing project.

Any of my colleagues in the Senate who know San Francisco, know Hunters Point. The wartime housing facilities located there are a blight. They are no good. They are dangerous. By law they will have to come down in 3 more years. The HHFA has ruled that San Francisco may not participate in the grants-in-aid program since the law prohibits any city or other body from receiving grants, if it has previously received Government assistance. San Francisco has received "aid," according to the FHA, under the terms of the purchase agreement under which the city acquired property under the Lanham Act.

The Lanham Act made it possible for San Francisco to purchase the Hunters Point project for the original land acquisition cost to the Government. The difference between the actual worth of the project at the time San Francisco acquired Hunters Point and the price paid by the Government is being treated by HHFA as a grant.

According to the San Francisco Redevelopment Agency, Hunters Point, by any standard, is a slum and should be redeveloped. This is what San Francisco wants to do. If it cannot participate in the grant-in-aid program, the land will have to be sold at its market value, which, of course, will mean that the housing built on it will have to be of a type and price not economically available to the people who now occupy Hunters Point. Adjoining it is a military installation, the San Francisco Naval Shipyard.

I ask my able friend from Alabama to accept the amendment and take it to

conference, with the hope that a great American city, in its desire to improve itself and to improve the habitation of the people who live there and work there may not be penalized because it purchased the real property under the Latham Act, and thus subjected itself to an interpretation that at that time it received a benefit.

I sincerely urge my friend from Alabama to accept the amendment.

Mr. SPARKMAN. Mr. President, has the stand of the housing agency been ascertained?

Mr. KUCHEL. I am informed that the head of that agency has no objection. A member of my staff has so informed me.

Mr. SPARKMAN. Do I correctly understand that this amendment is not included in the House bill?

Mr. KUCHEL. It is not included in the House bill. The Senator is correct. A Member of Congress from the San Francisco district endeavored to have it included in the bill.

Mr. SPARKMAN. I do not address myself to this particular point, or merely in connection with this amendment, but I have been rather amazed by the rather large number of amendments dealing with local problems that are being presented. They are problems that we have not had an opportunity to study. There are similar projects in every housing bill that comes up, but usually they are presented to us in the course of committee consideration, and we have an opportunity to examine witnesses and find out exactly what the attitude of the agency is and what the facts are.

I hope Senators realize the burden placed on me, on the subcommittee, and on the committee as a whole in trying to weigh all these individual projects in the balance and to say, "I accept," or "I agree."

I do not mind when a project is called up which sounds reasonable; and I concede that there is some logic in what the Senator from California has said, but there are complications in it too. It is an unusual problem. Here the housing was given, and now the time comes for the housing to be torn down at the expense of the city, and there is a problem as to whether credit will be allowed in connection with the urban renewal program.

Mr. KUCHEL. The Senator is correct.

Mr. SPARKMAN. It can be seen that there are complications in it which we cannot weigh and consider properly and fairly, with the project being brought up for the first time.

I am perfectly willing to take the amendment to conference, as I have other amendments. However, I wish it understood that we shall have an opportunity to consider the amendment and to obtain all the facts and to consider the whole situation so that we shall know how to conduct ourselves in conference.

Mr. KUCHEL. I thank my able friend.

Mr. SPARKMAN. I should like very much to have an expression from the able Senator from Texas.

Mr. TOWER. Mr. President, I hope the distinguished Senator from Alabama will accept the amendment of the Senator from California. We have dealt

with some other special problems today in connection with the bill. I believe we should be consistent and deal with this as well.

Mr. SPARKMAN. Yes. I said I was willing to accept it. I wanted to make my statement to show how difficult it is to consider individual problems that never have been called to our attention. I want it understood that in taking the amendment to conference, we shall have time to check into it, as we normally would do in committee. On that basis I am willing to accept it.

Mr. KUCHEL. I am most grateful to the Senator from Texas for his comment; and thank my friend from Alabama. I recognize that the conference will have before it a number of critical questions which will need all the assistance by way of information that the Senator will be able to obtain. I am grateful that the Senator has seen fit to accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from California [Mr. KUCHEL].

The amendment was agreed to.

Mr. KUCHEL. Mr. President, I send another amendment to the desk. I ask unanimous consent that it be not stated.

The PRESIDING OFFICER. Without objection, it is so ordered. The amendment will be printed in the RECORD.

The amendment is as follows:

On page 10, between lines 7 and 8, insert the following:

"(c) The third sentence of section 212(a) of such Act is amended by striking out 'described in subsection (d)(3)' and all that follows and inserting in lieu thereof 'described in subsection (d)(3) or (d)(4).'"

On page 32, between lines 6 and 7, insert the following:

"(4) Section 212(a) of the National Housing Act is amended by inserting at the end thereof the following new sentence: 'The provisions of this section shall also apply to insurance under title X with respect to laborers and mechanics employed in land development financed with the proceeds of any mortgage insured under that title.'"

On page 76, line 1, strike out "707 and 708" and insert "708 and 709".

On page 78, between lines 8 and 9, insert the following:

"LABOR STANDARDS"

"SEC. 807. Title VII of the Housing Act of 1961 is further amended by inserting after section 706 (as added by section 806 of this Act) the following new section:

"'LABOR STANDARDS"

"'SEC. 707. (a) The Administrator shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors or subcontractors in the performance of construction work financed with the assistance of grants under this title shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended. The Administrator shall not approve any such grant without first obtaining adequate assurance that these labor standards will be maintained upon the construction work.

"(b) The Secretary of Labor shall have, with respect to the labor standards specified in subsection (a), the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-15), and section 2 of the act

of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C. 276c).'"

On page 78, line 10, strike out "807" and "707" and insert in lieu thereof "808" and "708", respectively.

On page 78, line 17, strike out "808" and insert in lieu thereof "809".

Mr. KUCHEL. Mr. President, in a word, the Senate by adopting the amendment I have sent to the desk, would provide that the prevailing wage statutes, the so-called Davis-Bacon Act, would apply to the various titles and sections of the housing bill now pending before us. This would echo the action taken in the housing bill which passed the House of Representatives, and thus would remove any doubt of the application of the Davis-Bacon provisions to whether legislation comes from the conference committee.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from California.

Mr. KUCHEL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MCINTYRE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARTKE. Mr. President, I have an amendment at the desk which refers to that part of the bill dealing with Michigan City.

The PRESIDING OFFICER. The Chair wishes to inform the Senator from Indiana that amendments are pending.

Mr. HARTKE. Mr. President, may I inquire what amendments are pending?

The PRESIDING OFFICER. The amendment of the Senator from California.

Mr. HARTKE. Mr. President, I should like to direct a question to the Senator from California. Does the Senator intend to proceed with his amendment now?

Mr. President, I ask unanimous consent that the pending amendment be laid aside temporarily.

The PRESIDING OFFICER. Is there objection to temporarily laying aside the amendment of the Senator from California?

Mr. TOWER. Mr. President, reserving the right to object, we should have an expression from the Senator from California.

Mr. KUCHEL. Mr. President, my amendment is pending. I do not believe that consideration of the amendment will take too long.

Mr. HARTKE. I am not objecting to that. I only wished to move ahead.

The PRESIDING OFFICER. Is there objection?

Mr. HARTKE. Mr. President, I withdraw my unanimous-consent request.

The PRESIDING OFFICER. The request of the Senator from Indiana is withdrawn.

Mr. SPARKMAN. Mr. President, we then revert to the amendments offered by the Senator from California.

The PRESIDING OFFICER. The Senator is correct.

Mr. SPARKMAN. Mr. President, most of the content of the amendment offered by the Senator from California is not subject to serious objection, but there is one provision while I think is objectionable, and should be modified. If it were modified, I would have no objection to taking the amendment to conference.

Year after year, as different programs are put into effect, the question of the application of the Davis-Bacon Act arises. Practically without exception—I believe without exception—we have applied the Davis-Bacon Act to all projects except what we called single-dwelling projects; and I do not believe we ought to upset that policy.

We have built houses under that act. There has been ample protection of the projects that really counted—the big projects—and I do not believe we should upset a policy that has worked so well.

I should like to suggest the language which I understand the Senator from Utah proposes. If the Senator from California would accept that modification, I would have no objection to going along with the proposed amendment.

Mr. KUCHEL. Mr. President, I regret I cannot change the amendment.

I am one of those in this body who believe the theory of prevailing wages is a sound one and ought to be applied across the board where the financial assistance or the credit of the United States is involved.

If one of my colleagues wishes to offer an amendment to the amendment, let us dispose of it; but I regret to say that I cannot voluntarily change the amendment now pending.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield to my able friend the Senator from New York.

Mr. JAVITS. I appreciate the Senator's allowing me to join in sponsoring his amendment with him. Having served on the committee and having had the honor of serving under the chairmanship of the Senator from Alabama, who is one of the greatest friends that housing in this country has ever had—

Mr. KUCHEL. Indeed he is.

Mr. JAVITS. I am very cognizant of what the Senator from Alabama has referred to in respect to single family houses, whatever happens on the pending amendments. We have had a constant feeling on the part of the trade unions, especially the building trade unions, that we have cut around the one-family field precisely because it is the greatest field today for nonunion builders. Hence it is time for us to come to grips with the problem. These things go on and on. I appreciate very deeply the sentiment of the Senator from Alabama. Ultimately we must face the problem. Perhaps this is as good a time as any to face it. It is so much easier and much more engaging and agreeable to have these proposals accepted. But I feel that the Senator from California has had the view—and I share in it—that we have skirted this issue for some time, and I believe that the time has come when we should face it.

Mr. KUCHEL. I thank my able friend.

Mr. BENNETT. Mr. President, my good friend the Senator from California has indicated that he would invite a colleague to offer an amendment to his amendment. Therefore, I accept his invitation, and move that following the language in the first paragraph of his amendment, which ends with the word "described" in subsection (d) (3) or (d) (4), the following words be added, "which covers property on which is located a dwelling or dwellings designed principally for residential use for 12 or more families."

The PRESIDING OFFICER. The amendment to the amendment of the Senator from California will be stated.

The LEGISLATIVE CLERK. Before the period, at the end of paragraph (c), it is proposed to insert the following language: "which covers property on which is located a dwelling or dwellings designed principally for residential use for 12 or more families."

Mr. BENNETT. I think the issue is clear. It has been discussed. I do not feel the necessity of continuing the discussion. If the Senator from California is agreeable, I am willing to ask for the yeas and nays on the amendment.

Mr. JAVITS. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. JAVITS. Mr. President, I wish to make a few observations on the bill and to express my appreciation to the committee for the acceptance of a number of amendments which I proposed to the committee. I wish to express my appreciation especially to the Senator from Texas [Mr. Tower], now the ranking member of the Subcommittee on Housing, who gave my amendments the greatest personal attention and went to considerable personal pains to see to it that they receive the consideration of the committee. I also express appreciation to the distinguished Senator from Alabama [Mr. Sparkman], chairman of the Subcommittee on Housing, and the Senator from Illinois [Mr. Douglas], who have always been most sympathetic to any proposals I have made.

First, the committee adopted an amendment to increase the cost limitations for the construction of rooms in low-rent public housing from \$2,000 to \$2,400 for regular units and from \$3,000 to \$3,500 in the case of units constructed for the elderly in Alaska. The increases are based on the higher costs of construction today. Such increases in the statutory limitation on construction costs for rooms in low-rent housing are vitally important to improve the living conditions of the larger number of lower income citizens who utilize this important program.

In my second amendment, the committee authorized the existing 15-percent limitation for public housing funds for any one State to be implemented in conjunction with the right of the Administrator of the HHFA to reallocate units of public housing not placed under construction within 5 years from the date reserved without regard to that limitation.

In States such as New York, the statutory limit on funds may be reached even though there is urgent need for more low-rent housing, and the local authorities could proceed without delay in providing such additional low-rent housing because of this amendment. For several years, many of us have endeavored to insure that States which have the heaviest need for low-income housing shall not be burdened with the same inflexibility as States not having such heavy, pressing needs.

The committee has dealt with the injustices of the 15 percent limitation in an excellent manner. This action will enhance benefits for those who urgently need public housing in large cities, such as those in my own State of New York.

Third, the committee has adopted an amendment which I proposed to increase the amount of relocation adjustment payments authorized to be made to any small business concern displaced by urban renewal from the present \$1,500 to \$2,500. In the Housing Act of 1964, Congress provided for \$1,500 payments to displaced businesses when earnings were under \$10,000 a year. Since that time the problem has had considerable study.

Incidentally, the Senator from Alabama [Mr. Sparkman] has led in that study, in fairness to families and small business, and the study has shown the difficulty which small business faced with the inadequacy of relocation payments. I now feel that the committee has made a real contribution on that score, and I am hopeful also that the Senate Committee on Government Operations, which is conducting hearings in an effort to establish uniform policy for relocation adjustments, will provide additional means for aiding those displaced by Federal programs.

The Select Subcommittee on Real Property Acquisition of the House Public Works Committee, in a report completed in December of last year, provided new evidence on the insufficiency of certain relocation payments. The study emphasizes the difficulties which small businesses incur in relocating without the loss of established patronage. The variety of costs incurred in establishing a business apart from moving expenses and those required to develop new patronage are not, in many cases, properly provided for. Displacements are particularly difficult for the elderly and non-white displaced. The inadequacy of relocation payment and the absence of advice and counseling also contribute to the high rate of business discontinuance which in many communities ranges between 25 and 40 percent.

I also commend the committee for bringing the focus of the rent supplement program upon lower income families having the greatest need for such housing assistance. The program as it was originally proposed by the administration was intended to aid middle income housing with those having incomes of between \$4,000 and \$6,000. The committee has seen fit to establish an experimental program with respect to housing built by private nonprofit or limited dividend corporations or by cooperatives and financed with section 221(d) (3) be-

low market interest rate mortgages, as well as programs under housing for the elderly. Under the committee bill, only 10 percent of the amounts appropriated for the purpose of making rent supplement payments could be used for this experimental program and rent supplement payments could not be made with respect to more than 20 percent of the dwelling units.

I believe that we should give very careful consideration to helping our middle income housing programs and should give serious attention to the results of this experimental program. The action by the committee in placing an interest rate ceiling of 3 percent on mortgages which may be insured by FHA under the section 221(d) (3) below market interest rate program will do much to reduce the costs of middle income housing and may provide a stimulus to the program which has not existed, in a meaningful way in areas of the Northeast such as New York.

However, I urge the Administrator of HHFA to continue to review ways of improving the existing middle-income housing program. I have this year introduced legislation to establish a program to set up Federal guarantees for tax-free housing bonds issued by local housing authorities for sale on the public market, and allow these authorities to use the revenue to make low-cost, long-term mortgage loans available to nonprofit, or limited-profit corporations for construction of moderate-income housing projects and housing for the elderly.

Mortgage loans would be authorized in an amount up to 90 percent of the development cost of a project with 50-year maturities and at interest rates not in excess of 5 percent. Dividends of the eligible borrowers would be limited to 6 percent and all rents and carrying charges would be subject to the approval of the local housing agency.

Such a program would follow the successful pattern of the New York State Mitchell Lama program established in 1956 and the pioneering program of the New York State Housing Finance Agency which has sold \$429,239,000 in long-term obligations in the open market to permit financing of privately owned housing at rentals low enough to make modern housing available to a vast segment of the population that previously could not afford new housing. Some 130 projects consisting of over 58,000 units have been initiated under this program. I believe that based upon the precedent of New York State's efforts in financing private moderate-income housing that the private enterprise system can and should be stimulated to fill the urgent needs of moderate-income housing to a far greater extent than has been the case up to now. There is strong precedent for such an emphasis on the role of private enterprise throughout existing housing legislation, particularly the congressional declaration of national housing policy in the Housing Act of 1949 which states:

The policy to be followed in attaining the national housing objective established shall be: (1) private enterprise shall be encouraged to serve as large a part of the total need as it can; (2) governmental assistance shall be

utilized where feasible to enable private enterprise to serve more of the total need; (3) appropriate local public bodies shall be encouraged and assisted to undertake positive programs of encouraging and assisting the development of well-planned, integrated residential neighborhoods, the development and redevelopment of communities, and the production, at lower costs, of housing of sound standards of design, construction, livability, and size for adequate family life.

LOW-INCOME HOUSING

The need for greatly increased efforts to assist lower income families to obtain decent housing is also of utmost priority. In 1964, one-fifth of the population—36 million persons—were living in housing that is either dilapidated, deteriorating, or lacking basic plumbing facilities. New York City alone has in excess of 250,000 units of substandard housing. Moreover, 75 percent of families living in the worst housing in the Nation have annual incomes under \$4,000 and 50 percent incomes under \$2,000 a year. The impoverished housing conditions in which low-income families are incarcerated for their lives without hope of change must be remedied. The goal of 810,000 low-cost housing units set by the Congress in the Housing Act of 1949 for construction in a 6-year period remains approximately 25,000 units short 16 years later. Additional and stepped up low-cost housing construction is essential. S. 2213, the administration's housing bill, would continue the low-rent housing program for 4 years, increasing for each year the authority for annual contributions by \$47 million. The additional authority would provide, over the next 4 years, for, first, 35,000 new units per year, second, 25,000 units for acquisition and leasing of privately owned housing. I agree with Administrator Weaver's testimony before the Housing Subcommittee that the "proposed authorization is modest when set against the total current needs." Under an authorization of 60,000 new units, New York, a State in which 18 million people reside, would only receive 9,000 units. This allocation is below the State's present needs and below national needs. Nationally, there are some 500,000 families on the admission list for public housing. Substantially increased construction of units is necessary to more nearly fit the needs of this Nation.

There are a number of other very important sections in the housing bill. Section 602 of the bill would authorize Federal grants to local public bodies and agencies to finance 50 percent of the cost of projects for basic public water and sewer facilities. These water facilities would include facilities to store, supply, and distribute potable water for domestic, commercial, and industrial use. In view of the critical drought in the Northeast area, this matching-grant program is vital and should be implemented promptly. I hope that the program will be particularly directed to helping areas of special need which have been beset with drought conditions.

The Senate bill provides special assistance to communities having a population of 10,000 or less by increasing the amount of a grant for water facilities up to 90 percent of the development cost. This provision would be of great as-

sistance to the smaller communities, and I hope will be retained in conference.

Section 107 of the bill provides important mortgage relief for homeowners who are unemployed as the result of the closing of a Federal installation. Many of the servicemen and civilian employees of Federal installations which have been ordered shut have purchased homes with FHA and VA mortgages. Where installations are closed, these homeowners may lose all or a substantial portion of their equities in their homes. Section 107 provides a helpful moratorium on payments, on principle, and if necessary, interest on FHA insured and VA guaranteed mortgages.

Additional help has been provided for those affected by base closings in section 108 of S. 2213 which would authorize the Secretary of Defense to acquire one or two family housing situated at or near a military installation which the Department of Defense subsequent to November 1, 1964, ordered to be closed.

I am also heartened by the increase in authorization for housing for the elderly by \$150 million from \$350 to \$500 million and by the increase in authorization for college housing loans. These programs have been vital ones and deserve accelerated efforts.

Title VIII of the Senate bill provides essential help for urban areas as well as suburbs to increase their expenditures for park improvement and other beautification activities. The expanded grant program would strengthen the ability of State and local agencies to acquire urban land which has a value for park, recreation, conservation, scenic, or historic purposes.

Mr. KUCHEL. Mr. President, I shall detain the Senate for only a moment. Ever since the late Robert Bacon and the late Jim Davis, two members of my party, wrote the prevailing wage statutes into the laws of the land, the intent by which Congress has operated in the field of construction or in aid of construction has been that where the Federal Government has an interest in construction, the wages prevailing in the area where the construction is located shall be paid.

The law today provides that one shall comply with the prevailing wages if he is building a dwelling having more than 12 family units. If only 12 units are built, he is exempt. He can tell the people in his area that he will not pay the wages which prevail there. He can import labor from some other part of the country and pay lower wages.

I object to that practice and hope, therefore, that the amendment of the distinguished Senator from Utah [Mr. BENNETT] will be rejected.

Mr. BENNETT. Mr. President, I did not expect to carry on the discussion, but I shall not take long. I remind Senators that the FHA program now covers somewhere between 35 and 40 percent of the total residential construction. If this amendment is attached to the bill, the volume will go much below that, because it will be possible to obtain conventional financing without obligating oneself to the prevailing rate.

I come from a State that has many poor rural communities. I have a mem-

ory that I should like to share with the Senate. A community in my State undertook to build a hospital and applied for Hill-Burton funds. When it applied for Hill-Burton funds, it found that it would be required to pay the prevailing wage rate in Salt Lake City, an urban area with a complex typical urban wage scale. They refused the Hill-Burton funds and built that hospital with their own labor, in their own town, at a scale that was satisfactory to the people who worked on the hospital, for less money than they would have been required to expend if they had used Hill-Burton funds.

The United States does not have a homogeneous pattern. If we were to incorporate the Kuchel amendment in the bill and require the payment of prevailing rates for the construction of homes under the program, we would be starting a process which would reduce the use of FHA guarantees to zero.

I hope that the Senate will realize that and will vote for my amendment which would, in effect, confine the use of the Davis-Bacon rate to multifamily apartment type buildings, rather than to impose them on the small dwelling that is being built by a man for his own use.

I have nothing further to say. I suggest that the Senate proceed to vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Utah [Mr. BENNETT] to the amendment offered by the Senator from California [Mr. KUCHEL].

Mr. KUCHEL. Mr. President, the prevailing wage statutes, as the amendment I have offered, would require the payment of wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended.

That, in my mind, is sound public policy. Therefore, I believe that the amendment of the Senator from Utah should be rejected.

Mr. BENNETT. Mr. President, under the Davis-Bacon law, the Administrator determines the prevailing wage. When we go into a rural community in which there is no pattern of wage scales for the community crafts, they must go to the large communities in which the wage pattern has already been determined.

I hope that the Senate will agree to my amendment.

Mr. SPARKMAN. Mr. President, we have never applied the Davis-Bacon Act to single family units. This proposal would not follow the usual FHA pattern.

The amendment would apply to low income people, under section 221(d)(3) and (4).

It would go to those who would get the construction at the current prevailing rate; and others would get the housing at below market interest rate.

We have applied the Davis-Bacon Act to every housing program with the exception of the single-family unit. We know that the inevitable result is to increase the cost of housing. We would be increasing the cost of housing that we have tried to get at a low level so that

people with a lower income could occupy the housing.

It seems to me that this would be a case of cutting off our nose to spite our face.

I do not believe that we ought to change our policy with reference to these two particular programs. The housing would be built for low income families.

Mr. McNAMARA. Mr. President, I associate myself with the remarks of the distinguished Senator from California [Mr. KUCHEL]. The argument is made that the Secretary of Labor would go outside the community in order to establish criteria that would result in a different way than in the area involved.

I do not believe that the history of the Davis-Bacon Act would bear that statement out. I believe that the Secretary of Labor must take into account the areas in which labor is available for the type of work that is to be done in a particular community.

In establishing wages, he must consider the availability of people. That might take him outside the community. That would not mean that he would entirely overlook the wage conditions in the area in which the construction takes place.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Utah to the amendment offered by the Senator from California.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Idaho [Mr. CHURCH], the Senator from Alaska [Mr. GRUENING], the Senator from Arizona [Mr. HAYDEN], the Senator from Washington [Mr. MAGNUSON], the Senator from New Mexico [Mr. MONTOYA], the Senator from Maine [Mr. MUSKIE], and the Senator from Virginia [Mr. ROBERTSON] are absent on official business.

I further announce that the Senator from Tennessee [Mr. BASS], the Senator from Virginia [Mr. BYRD], and the Senator from Utah [Mr. MOSS] are necessarily absent.

I further announce that, if present and voting, the Senator from Washington [Mr. MAGNUSON], and the Senator from New Mexico [Mr. MONTOYA] would each vote "nay."

On this vote, the Senator from Alaska [Mr. GRUENING] is paired with the Senator from Virginia [Mr. ROBERTSON]. If present and voting, the Senator from Alaska would vote "nay," and the Senator from Virginia would vote "yea."

Mr. KUCHEL. I announce that the Senator from Kansas [Mr. PEARSON] is absent on official business.

The Senator from Iowa [Mr. MILLER] and the Senator from Vermont [Mr. PROUTY] are necessarily absent.

If present and voting, the Senator from Iowa [Mr. MILLER] and the Senator from Kansas [Mr. PEARSON] would vote "yea."

Mr. MANSFIELD (after having voted in the negative). Mr. President, on this vote I have a pair with the distinguished

senior Senator from Virginia [Mr. BYRD]. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." Therefore, I withdraw my vote.

The result was announced—yeas 35, nays 51, as follows:

[No. 183 Leg.]

YEAS—35

Allott	Fulbright	Mundt
Bennett	Gore	Russell, S.C.
Carlson	Hickenlooper	Simpson
Cotton	Hill	Smathers
Curtis	Holland	Sparkman
Dirksen	Hruska	Stennis
Dominick	Jordan, N.C.	Talmadge
Eastland	Jordan, Idaho	Thurmond
Ellender	Lausche	Tower
Ervin	Long, La.	Williams, Del.
Fannin	McClellan	Young, N. Dak.
Fong	Morton	

NAYS—51

Alken	Hartke	Murphy
Anderson	Inouye	Nelson
Bartlett	Jackson	Neuberger
Bayh	Javits	Pastore
Bible	Kennedy, Mass.	Pell
Boggs	Kennedy, N.Y.	Proxmire
Brewster	Kuchel	Randolph
Burdick	Long, Mo.	Ribicoff
Byrd, W. Va.	McCarthy	Russell, Ga.
Cannon	McGee	Saltonstall
Case	McGovern	Scott
Clark	McIntyre	Smith
Cooper	McNamara	Symington
Dodd	Metcalf	Tydings
Douglas	Mondale	Williams, N.J.
Harris	Monroney	Yarborough
Hart	Morse	Young, Ohio

NOT VOTING—14

Bass	Magnuson	Muskie
Byrd, Va.	Mansfield	Pearson
Church	Miller	Proutty
Gruening	Montoya	Robertson
Hayden	Moss	

So Mr. BENNETT's amendment to Mr. KUCHEL's amendment was rejected.

Mr. KUCHEL. Mr. President, I move that the vote by which the amendment to the Kuchel amendment was rejected be reconsidered.

Mr. JAVITS. Mr. President, I move that the motion to reconsider be laid on the table.

The motion to lay on the table was agreed to.

Mr. KUCHEL. Mr. President, I ask for the yeas and nays on the pending amendment.

The yeas and nays were ordered.

Mr. GORE obtained the floor.

Mr. GORE. Mr. President, I ask unanimous consent that the amendment be stated. I am unable to obtain a copy of it.

The PRESIDING OFFICER (Mr. McGovern in the chair). The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 10, between lines 7 and 8, insert the following:

(c) The third sentence of section 212(a) of such Act is amended by striking out "described in subsection (d)(3)" and all that follows and inserting in lieu thereof "described in subsection (d)(3) or (d)(4)."

On page 32, between lines 6 and 7, insert the following:

(4) Section 212(a) of the National Housing Act is amended by inserting at the end thereof the following new sentence: "The provisions of this section shall also apply to insurance under title X with respect to laborers and mechanics employed in land

development financed with the proceeds of any mortgage insured under that title."

On page 76, line 1, strike out "707 and 708" and insert "708 and 709".

On page 78, between lines 8 and 9, insert the following:

LABOR STANDARDS

SEC. 807. Title VII of the Housing Act of 1961 is further amended by inserting after section 706 (as added by section 806 of this Act) the following new section:

"LABOR STANDARDS

"SEC. 707. (a) The Administrator shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors or subcontractors in the performance of construction work financed with the assistance of grants under this title shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended. The Administrator shall not approve any such grant without first obtaining adequate assurance that these labor standards will be maintained upon the construction work.

"(b) The Secretary of Labor shall have, with respect to the labor standards specified in subsection (a), the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 1332-15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C. 276c)."

On page 78, line 10, strike out "807" and "707" and insert in lieu thereof "808" and "708", respectively.

On page 78, line 17, strike out "808" and insert in lieu thereof "809".

Mr. GORE. Mr. President—

Mr. HOLLAND. Mr. President, may I address an inquiry—

The PRESIDING OFFICER. The Senator from Tennessee is recognized.

Mr. GORE. Mr. President, I cannot be sure of the portent of the pending amendment. I am not sure that anyone else can, either, from listening to the reading of the amendment. The remarks of the Senator from California have not entirely clarified its full portent, so far as I am concerned.

If the amendment has the effect of applying the Davis-Bacon Act to all residential contracts insured under FHA, we are about to strike a blow, and perhaps in many cases a fatal blow, at FHA insured mortgages on individual homes.

I have always been charmed by the statement, "A man's home in his castle."

It seems to me that if one is in a fortunate situation in which he can employ his neighbors or relatives, perhaps on a gratuity basis, or has a friend who is a contractor, however small, there should be a way he can build a home as a result of his own initiative and obtain FHA insurance on the mortgage, without having the Davis-Bacon Act apply under any and all circumstances to every tiny, rural community throughout America.

Mr. President, I doubt whether the Senator from California intends the result I foresee, because I understood him to state that this was not his intent. But, if I heard correctly, from listening to the reading of the amendment, it specifically provides for the application of the prevailing wage as determined by the Secretary of Labor under the Davis-

Bacon Act. There is no definite way of obtaining the prevailing wage in a small town. The prevailing wage is not and never has been the wage which prevails in a small town, such as a county seat. It is determined on an area basis. For the most part, it is determined by prevailing wages in a large metropolitan area.

Therefore, Mr. President, if the pending amendment should be really applied, I believe that it would defeat the purpose which we have long had in mind; namely, that of assisting a young couple to build a home in which to rear their children. Adoption of the pending amendment would make it more difficult. The pending amendment would make it more costly. Indeed, the pending amendment would make FHA unworkable in some small towns and communities.

America is increasingly becoming an urbanized society, but there are still millions of citizens who desire to build homes in small communities. The pending amendment might put a stop to that development.

I should like to see consideration of an amendment of such far-reaching effect as the pending one carried over until tomorrow, until at least we can read it, and understand what it would accomplish.

Mr. KUCHEL. Mr. President—

Mr. HOLLAND. Mr. President—

The PRESIDING OFFICER. The Senator from California has the floor.

Mr. HOLLAND. Would the distinguished Senator yield to me for a question?

Mr. KUCHEL. Let me make a few comments to the Senator from Tennessee, and then I shall be happy to yield to the Senator from Florida.

I am a little surprised by the comments of my friend from Tennessee.

What Congress did years ago in enacting the original Davis-Bacon law was to provide that when any Federal construction takes place in a locality, the prevailing wage in that area shall be used. This law was designed not to increase labor costs but rather to prevent the exploitation of local workers and local contractors by cheap labor being imported from other areas. From the coverage of post office construction, over the years the provisions of Davis-Bacon have been expanded to additional Federal construction such as the Interstate Highway System.

If my able friend believes that I did not want the amendment to apply to one-family dwellings, he was incorrect in assuming that that was my position.

We have had in the law for a long time a provision applying the exception of the 12-unit construction or less. The other day, the House of Representatives adopted the amendment. It is a good amendment. It is in the public interest.

I do not care whether a person lives in a big city or in a small town, I do not want to see local workers and local contractors exploited. All the amendment would do would be to provide that if a person goes to the Federal Government for assistance in obtaining credit, he shall pay the prevailing wage in the town where the home is to be con-

structed; not in another State, but in that area.

Mr. GORE. Mr. President, will the Senator yield?

Mr. KUCHEL. I do not believe that anyone needs to apologize for defending that kind of principle. I defend it. I believe the Senate will defend it.

Mr. GORE. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield to my able friend.

Mr. GORE. I know the Senator has had experience with the application of the prevailing wage under the Davis-Bacon Act, as other Senators have had also. That scale is not determined on the basis which the Senator has described. If I read correctly the amendment, the Secretary would determine the prevailing wage in accordance with the Davis-Bacon Act. Is that correct?

Mr. KUCHEL. Yes.

Mr. GORE. That does not mean that a young married couple living in Carthage, Tenn., who wished to build a home can get FHA insurance of their mortgage by paying the prevailing wage in Carthage, Tenn. It does not work that way at all.

Mr. KUCHEL. If my friend will let me interrupt him at this point, it is perfectly true that administratively the Department of Labor makes a determination as to what area shall include the town of Carthage.

Mr. GORE. Carthage is a town of 3,000, and Nashville is a city of 300,000. The prevailing wage rates are determined on an area basis, and therefore the prevailing rate in a small rural community has very little effect upon the final determination.

Mr. KUCHEL. I do not agree with the Senator's statement. Unless the Senator can tell me that the largest city in his State sets the pattern, I am not willing to accept the Senator's statement.

Mr. GORE. We went into this matter rather carefully in connection with the Highway Act in 1956 and 1958. It was my amendment that applied the Davis-Bacon wage standard to the Interstate Highway System. We did not apply it, and declined to apply it, to the farm-to-market roads, I believe we acted wisely. I should like to go along with the Senator from California in applying it to the larger and multifamily units, but I implore him to give some second thought before we rush to require every man and his wife, in whatever conceivable circumstances, to have the Davis-Bacon Act wage standard apply before they can obtain insurance for their mortgage in building a home. I believe that is going too far.

Mr. LAUSCHE. Mr. President, I believe that the amendment offered by the Senator from California is ill-advised. In my State there is a law providing that the prevailing wage rate shall be paid on public construction. The prevailing wage rate is interpreted to be the rate agreed upon between labor unions and individuals engaged in the construction industry. It further provides that if there is a collective bargaining agreement in the particular area where the

construction is to be done, the collective bargaining agreement of the county nearest to it shall apply.

Several years ago we had a situation in which the city of Sydney wished to build a school. It voted a bond issue adequate to cover the estimate of the cost. In estimating the cost they used the prevailing wage rate in Sydney. The labor unions contended that there was no collective bargaining agreement in Sydney, and that therefore the Dayton collective bargaining agreement should apply.

That meant that the bond issue approved was not adequate to finance the cost of construction. We solved that problem for that one instance, but whether it has been solved permanently, I cannot say.

I should like to invite the attention of my colleagues in the Senate to the fact that we are arguing about making it possible for every family in the United States to own a home. We are now proposing to provide a rent subsidy, because the cost of rental quarters is beyond what the people are able to pay.

We are doing that in one breath, and by this amendment we contemplate placing at a still greater disadvantage the family that wishes to buy a home, the family that wishes to rent quarters. I cannot see the logic of it.

Moreover, it is argued that inasmuch as the Federal Government guarantees the payment of the indebtedness, it has an interest, and warrants its controlling what wages shall be paid on the construction. In answer to that argument, I wish to suggest respectfully that when I buy a guarantee from the Federal Government, I pay a premium for it. We deal at arms length. The Federal Government gives me the guarantee, and I pay for it.

Under those circumstances, what right has the Federal Government to say how I shall spend the money which I borrowed and what wages I must pay? I cannot see the logic of that argument. If we wish to help a family that is seeking rental quarters, or if we wish to help a family that desires to buy a home, we should not pump up the price of homes and rental quarters through action taken by the Federal Government.

Approximately 2 years ago I pointed out on the floor of the Senate that in California, the wage of electricians was \$7.70 an hour. In some States, they are asking for a 30-hour week. How will the ordinary worker be able to buy a home or rent quarters under those conditions?

The proposal is not sound, it is not moral, and it ought to be defeated.

Mr. FONG. Mr. President, I believe that the amendment would do a great disservice to the small home buyer. FHA financing is usually obtained for homes costing approximately \$20,000 to \$25,000. As I understand, FHA financing goes only to the buyer; it does not benefit the contractor. When a contractor finishes a home, he advertises it for sale. A buyer comes on the market and says, "I want to buy this home." Then the buyer has to deal with FHA before he can get that type of insurance. The FHA insured home program redounds to the benefit of the buyer and not the contractor.

Mr. President, I have voted for the extension of the Davis-Bacon Act in relation to the construction of highways. We are now considering a situation which is entirely dissimilar to the program of building highways. After all, in the case of highways, the Government is the purchaser. The Government is the agency. The Government pays for it. We can set the prevailing wage as the standard.

But we are now talking about an individual who is a homeowner. He wishes to buy a home, and, if we allow the amendment to be adopted, he will be required to pay a higher price.

If the amendment is agreed to merely because the Federal Government is insuring FHA-financed homes, we might as well tell every individual who borrows money through conventional financing, such as banks and savings and loan associations, whose deposits the Federal Government insures up to \$10,000, that, because the financing is coming from institutions whose deposits are being insured by the Federal Deposit Insurance Corporation, he must pay wages which are comparable to those required by the Davis-Bacon Act.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. FONG. I yield.

Mr. LAUSCHE. The situation which has been described by the Senator from Hawaii will come about eventually. It will be said that since contractors are borrowing from a bank whose deposits are insured by the Federal Deposit Insurance Corporation, they are being aided by the Government, and therefore they will have to pay the wage schedule prescribed by the Davis-Bacon Act.

Mr. FONG. I thank the distinguished Senator from Ohio. If we adopt the amendment, I believe that we shall come to that point. When we come to that point, we shall go a little further. Every time the Government has anything to do with an activity, we shall say that, since certain regulations have been established relating to the price, the Government can set the price of the activity or article. We will then have regimented prices all over America.

Mr. GORE. Mr. President, I am advised by the committee staff that the amendment does not mean what I understand the senior Senator from California to state that it means. I have read it; other Senators have read it. It is a long, 2-page, technical amendment. I would like to understand what it means before I vote on it, because it is important. Therefore I move that further consideration of the amendment be postponed until tomorrow.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Tennessee.

Mr. CASE. Mr. President, is such a motion debatable?

The PRESIDING OFFICER. The motion is debatable.

Mr. CASE. I do not wish to presume to interfere between the Senator from California and the Senator from Tennessee on the question of postponement. Therefore, I shall not direct my discussion to that point.

Even if the most liberal interpretation of the amendment of the Senator from California be the correct one, and the amendment would apply not only to every building, whether it be a one-family house or a multiple-family dwelling, but also anything else the financing of which is guaranteed by FHA, and even if the areawide basis is the correct one, as far as the prevailing wage question is concerned, it seems to me most desirable that the amendment be adopted. I think it is as simple as that. Shall we have the credit of the Federal Government used to help drive down wages? That is the question. Or will we have a national policy which is appropriate to establish when we render national financial assistance, even for a single-dwelling home owner, that can be carried into effect by establishing the prevailing wage rates?

We have done that all along on public construction. We have done it on private construction, for commercial ventures, and that sort of thing. I see no reason why a person building a 1-family dwelling should be treated differently from a person building a 10-family house, a 20-family dwelling, or a 100-family dwelling. If the person constructing such a building desires the assistance of the Federal Government, he should be able to get it only on the condition that he not violate a national wage policy. If that is not a national wage policy which was established, I may say with some pride, under Republican auspices many years ago, and supported by both parties alike over the years, and expanded in its coverage—although not expanded as quickly as I would like to have seen it expanded—then I am mistaken.

When the question comes to a vote—and I do not argue as to whether action should be had today or another day—I hope that the amendment will be carried overwhelmingly.

Mr. GORE. Mr. President, will the Senator yield?

Mr. CASE. I am glad to yield to the Senator from Tennessee.

Mr. GORE. Can the Senator tell us whether the amendment would apply only to multiple units or would it apply to the individual home to be covered by an FHA-insured home mortgage?

Mr. CASE. As I said at the outset of my remarks, and I repeat, I am not attempting to interpret the scope of the amendment, because I believe even if it should apply, it should apply only to one-family houses.

Mr. GORE. Does not the Senator believe that we should understand the scope of the amendment before we vote on it?

Mr. CASE. I am not attempting to say that we should not understand the scope of it. All I am saying is that whatever its scope, whether the amendment applies only to multiple-family houses or whether it applies to single-family houses as well, the Davis-Bacon Act principle should be applicable.

Mr. GORE. Mr. President, will the Senator yield further?

Mr. CASE. I yield.

Mr. GORE. I would be prepared to support the application of Davis-Bacon as a standard for commercial enterprises and high-rise apartments, but I am not prepared to have it apply to every individual homeowner application in the United States, and I would like to know definitely the scope of the amendment.

I wish the senior Senator from California would ask unanimous consent that action on his amendment be postponed until tomorrow.

Mr. KUCHEL. Will the Senator yield?

The PRESIDING OFFICER. The Senator from New Jersey has the floor.

Mr. KUCHEL. I am sorry.

Mr. CASE. The Senator from New Jersey does not wish to define the amendment, because he is for it, whether it applies across the board or to one-family housing.

I do not wish to interfere with the two Senators on the question as to whether the issue should be decided today or tomorrow, but when it is acted upon, I want every Senator to know that I shall support it on the broadest possible basis.

I yield the floor.

Mr. HOLLAND. Mr. President, I strongly support the Senator's motion for postponement until such time as we can have the amendment printed and available, and Senators have made a study of it.

I consulted with counsel for the committee and the chairman of the subcommittee, and no one I have been able to find is completely clear on what it means.

Apparently it applies to different parts of the Federal Housing Act which are not included in the bill before us today, and someone must have available the whole Federal Housing Act to find out what it affected.

The question is not what one Senator might think about the merits of the proposal and whether he agrees with it. The question is what the amendment means; and I do not believe that can be determined without examining the amendment.

Mr. GORE. Rather than vote this afternoon before Senators can examine it.

Mr. HOLLAND. That is the way I feel. I believe the Senator made an extremely wise proposal, because I think the amendment would apply to different parts of the law and we ought to know what it means before we vote on it. That seems to me to be commonsense, because this amendment was not available to any of us until it was offered on the floor.

Being as complex as it is, and changing the law in many different parts, as it does, I think we are entitled to know what it means.

Mr. AIKEN. Mr. President, I should like to say to the Senator from New Jersey that I can see quite a difference between a 1-family house and a 10-family house. A 1-family house is used as a home; a 10-family house usually represents an investment.

If the amendment offered by the Senator from Utah had applied to not more than two families, I would have voted for it; however, I could not see my way clear to vote for an exemption of 12 units or more.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. BENNETT. In my State, many so-called duplex houses are built. The owner or builder lives in one half of the house and gets a little money out of the other half to pay his costs. I would dislike to have the number reduced to two, because that would result in taking money from a man.

Mr. AIKEN. I might go as high as four units.

Cases have arisen in which the Davis-Bacon Act has been applied to construction in my own State. Last year, as I recall, there were three cases, one applying to a hospital, one applying to utility line construction, and I cannot remember what the other one was. However, they were instances in which very high wage rates were imposed at the insistence of unions located in higher wage areas. I believe their purpose was to discourage construction in the low-wage areas and to have it concentrated in their own districts. However, when that situation was called to the attention of the Department of Labor, it was corrected, and the prevailing wage of the community was applied. There was considerable inconvenience and some delay in having the situation straightened out.

The result of the Davis-Bacon Act, as I have observed it, has been to equalize more nearly wages in the various areas. That has not been too satisfactory to contractors in what used to be the old low-wage areas, but on the whole, the economic condition of the area has been improved. Certainly it has been satisfactory to those who receive the wages.

I expect to vote for the amendment of the Senator from California [Mr. KUCHEL]. On the other hand, there are two sides to the question. In my mind, it is a question of degree. Under the circumstances, I shall vote for the amendment as is and shall probably have more trouble with some of the unions from the high-wage areas trying to impose their rates on districts where wages are traditionally somewhat lower. I do not know what will happen.

Mr. BENNETT. If the FHA had a monopoly on the insurance of mortgages or on the furnishing of mortgage money or of making mortgage money available, that would be one thing. Then everyone would be required to pay the same wage rates. However, in my opinion, this proposal would drive the man who wanted to build his own home away from the FHA to where he could obtain conventional mortgage money, for which he might be willing to pay 1 or 2 percent in order to save the difference in the cost of building the home at the rates in his own community.

We have now reached a point where the FHA is guaranteeing less than one-third of the single-family construction. The last figure, which was for February, was about 15 percent. So we shall leave ourselves with a program that nobody will use because of the burden that this law would put on them.

In some communities the FHA is doing little business now because the local banks are not interested in taking mortgages at the interest rates which

they are permitted to charge. The banks are able to get much more for their resources by lending the money elsewhere. I could name communities in Vermont in which the bankers have not been openhanded, but two or three in the State are doing quite well.

This proposal would add another burden, which I think would reduce the use of FHA for financing single-family units.

Mr. AIKEN. There are communities where that would not be fair.

Mr. KUCHEL. Mr. President, I ask unanimous consent that I may temporarily withdraw my amendment, but protect my right to offer it again tomorrow, perhaps under a time-limitation agreement, or otherwise. The amendment was adopted by the House of Representatives. I shall be prepared to discuss it tomorrow. Merely to accommodate not only the able Senator from Tennessee [Mr. GORE] but other Senators, as well, I renew my request that I be permitted to withdraw the amendment and to reoffer it tomorrow.

Mr. GORE. Mr. President, reserving the right to object, I ask unanimous consent to withdraw my motion.

The PRESIDING OFFICER. Without objection, the request is granted.

Mrs. NEUBERGER. Mr. President, in the committee during the consideration of the House bill, which is the pending bill, I vigorously supported the insertion of section 211, which I felt was important in order to simplify the procedures for the acceptability of new material or products for use in FHA-financed housing.

However, I am somewhat alarmed since I have read the committee report. It seems to go beyond what I thought the amendment contained, particularly as it concerns lumber standards. I am concerned about the vague language in the report which would require the FHA Commissioner "to accept the findings of various recognized technical experts and private and governmental testing laboratories in making his determination" for approval of new materials or products.

This definitely would affect recent efforts of the American Lumber Standards Committee which has the responsibility and obligation to define standards for dimension lumber.

I outline my feelings on the report in a letter to the chairman of the subcommittee [Mr. SPARKMAN].

I ask unanimous consent that my letter to the Senator from Alabama under date of July 13, 1965, may be printed at this point in the RECORD in explanation of my position.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
COMMITTEE ON BANKING AND CURRENCY,
July 13, 1965.

HON. JOHN SPARKMAN,
Chairman, Housing Subcommittee, Banking
and Currency Committee, U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: Insertion of section 211 in S. 2213, the Housing and Urban Development Act of 1965, was based on the need for simplification of procedures for acceptability of new materials and products for use in FHA-financed housing. I have grave fears, however, that the language in

the bill and report may negate results of a nationwide plebiscite on softwood lumber standards, and efforts of the newly constituted National Lumber Standards Committee to prevent chaos in the forest products industry.

You will recall that a year ago a new proposed standard for dimension lumber was submitted to a referendum of approximately 40,000 producers and users in various categories. This referendum showed a disinclination to adopt the new sizes. As a result, the Secretary of Commerce enlarged and reconstituted the American Lumber Standards Committee to seek a solution in the public interest and acceptable to the industry in general. This group met just last week to work on this matter.

I am concerned about the vague language in the report which would require the FHA Commissioner "to accept the findings of various recognized technical experts and private and governmental testing laboratories in making his determination" for approval of new materials or products. The Secretary of Commerce has delegated to the American Lumber Standards Committee the responsibility and obligation to define these standards for dimension lumber. Patently, the language in the report on section 211 would make virtually meaningless the decisions of the Committee since the Commissioner, under Section 211, would make his determination on the basis of "the findings of various recognized technical experts," which may or may not include the Lumber Standards Committee.

In my opinion, the legislative history on S. 2213 should make quite clear that the FHA Commissioner's authority for acceptance of materials does not extend to softwood dimension lumber.

With best wishes, I am

Sincerely yours,

MAURINE B. NEUBERGER.

Mr. MORSE. Mr. President, will my colleague yield?

Mrs. NEUBERGER. I yield to my colleague, the senior Senator from Oregon.

Mr. MORSE. Mr. President, if I may have the attention of the chairman for a moment, I rise to join my colleague in the concern she expressed in regard to lumber standards.

She is a member of the committee. As I have told her, I will follow her leadership in the matter. However, we are of one mind as to the importance of the matter being clarified.

If I may have the attention of the chairman of the subcommittee, I believe that my colleague, the junior Senator from Oregon, has presented a very important point which has been called to our attention by representatives of the lumber organizations in the State of Oregon. In that connection, I wish to bring to the attention of my colleagues a telegram dated June 29, addressed to me by Mr. Ted Hallock, executive vice president of one of the major lumber associations of Oregon.

The text of Mr. Hallock's telegram is as follows:

We are informed that the omnibus housing bill will be reported out of the Senate Banking and Currency Committee on Tuesday, June 29, and that the Senate version contains an amendment which, if adopted, could completely undermine and negate the work of the American Lumber Standards Committee.

In trying to research what if any changes should be made in standard lumber size, title V, section 521 contains this sentence:

"Under such procedures, any material or product which is technically suitable for the use proposed shall be accepted."

This means, as we interpret it, that the Federal Housing Administration Commissioner, if convinced by even one major manufacturer that 1½-inch lumber was technically suitable, is directed to accept that size, and in so doing is directed to make any size uniform.

Already there has been pressure on the FHA to accept an inch and a half substandard lumber regardless of the ALS conclusions. Congressman ROOSEVELT can confirm this.

The ALS subcommittee and full committee are meeting in Chicago July 7 and 9 to entertain further proposals. Additionally, various lumber trade associations are going to pair together to finance privately at Stanford Research Institute a study of the acute impact of any size change. Yet, there is another impetus addressed in stampeding the lumber industry into a size change without adequate study and with no regard for impact in the marketplace.

We hope that you will question Senator SPARKMAN on the floor in a colloquy to establish the seriousness of our allegations that an industry committee is being deliberately circumvented by the major operators who have sought an inch and a half on their own terms for so long.

I say to the chairman of the subcommittee that that subcommittee and the full committee gave thorough consideration to the arguments for and against inclusion of the language of section 211 of the bill now under consideration.

I would appreciate it very much if the Senator from Alabama would give me the benefit of his comments concerning the protest registered by Mr. Hallock. However, before he replies to my request for comments, I want to say in all fairness, for the Senator's information, that I should point out that others in the State of Oregon have expressed views that are exactly opposite to those outlined by Mr. Hallock. For example, I am in receipt of a wire dated June 29, from Mr. L. Desdero, president of L. Desdero Lumber Co., of Oregon, in which it is stated:

We of this company urgently request your support of section 211 of the Housing Act of 1965, S. 1354.

I assume that Mr. Desdero actually has reference to section 211 of S. 2213. I have received a number of telegrams comparable to those addressed to me by Mr. Desdero. I shall not include those in the RECORD, but I should mention to the chairman that they are of the same tenor as those supplied by Mr. Desdero.

However, I also should make very clear to the chairman of the subcommittee that there is a great deal of concern expressed by a good many lumbermen in my State that this section of the bill, and particularly the language carried into the committee report, may have the effect of laying a foundation for the undermining of the work of the American Lumber Standards Subcommittee and that this may be nothing but a concealed attempt to authorize the FHA to exercise a very arbitrary discretion in accepting lumber if some manufacturer satisfies them it would be acceptable when in fact it would be substandard and would undermine the movement to try to reach some standard policy with regard to lumber standards.

I would appreciate it if the Senator from Alabama would comment for the RECORD on this matter.

Mr. SPARKMAN. Mr. President, let me say, very briefly, and then I will ask the Senator from Utah to comment on this matter, that I am somewhat puzzled by the attitudes taken by some of our lumber people. By the way, the letter from the Senator from Oregon [Mrs. NEUBERGER] was received today. I have only had time to read it; but less than a year ago the very lumber people who were objecting to the inclusion of this provision in the bill were asking us to get FHA to meet the requests; and even as early as a few months ago there were requests from many lumber interests for this kind of legislation.

There has been a change, apparently, in sentiment on the part of some people that came faster than I could change. So I am puzzled by requests coming to us, since they are contrary to requests made in the very recent past.

I shall not comment further, but ask the Senator from Utah [Mr. BENNETT], who has given a great deal of thought and study to this subject, to comment.

Mr. BENNETT. Mr. President, if the Senator from Oregon will permit, I was the author of the amendment. I was not thinking entirely of the lumber industry. The Senator from Utah has been aware that for some years we have been appropriating funds for experimental work on building materials, and FHA was clinging to its old standard pattern of approved materials, and the new materials that were being developed could not be used because they were not on the list.

So the purpose of the amendment is to put pressure on FHA to work on the problem of developing new materials and adding them, as fast as they can be proved to be suitable, to their approved list.

I do not have the complete text of the telegram that the Senator has read, but I have some excerpts from it.

Mr. MORSE. Let me see if I can furnish it to the Senator. Someone has taken it from my desk, but I will get it for the Senator.

Mr. BENNETT. I think this is a correct excerpt:

That Federal Housing Administration's Commission, if convinced by even one major manufacturer that 1½-inch lumber was "technically suitable" is directed to accept that size, and by so doing is in effect further directed to make that size uniform.

The first half of that statement is correct; namely, that if it found it was technically suitable, it is directed to permit its use. But the second half is completely incorrect. It is not the purpose of FHA to require complete uniformity, and to tell all lumbermen, "We will use this and nothing else." If the amendment were adopted, it would permit the use of larger size lumber in markets where it is available so long as it has the proper strength. I am thinking of my own State, which has much green lumber. Or, if it were determined that lumber of a slightly smaller size would be usable in construction of residences, the FHA could permit the contractor to make

his choice as between the two types of lumber.

It was not the purpose of the committee under this amendment to say to the FHA, "We ask you to step in and settle the dispute going in the lumber industry and plump for one side or the other."

We are only saying that if both will work under certain circumstances, let the contractor make the choice, and approve both types.

The telegram continued:

There is another impetuous attempt to stampede the lumber industry into a size change without adequate study.

It is not any such thing. It is only an attempt to make available alternate sizes if the FHA decides that, under certain circumstances, they are suitable. The legislation is not intended to have any effect on the ultimate decision of the industry or to stampede it into any point of view.

I am trying to find the reference to the study to be made. Apparently that is not in the telegram.

Let me read from the telegram:

Additionally, various lumber trade associations are going to band together to finance privately a Stanford Research Institute study of the economic impact of any size change—

This is where it comes in—

yet there is another impetuous attempt to stampede the lumber industry into a size change without adequate study and with no regard for impact in the marketplace.

That is the statement in the telegram.

Battelle Memorial Institute, a reliable private research and testing institution, has already made a complete study for the National Bureau of Standards of the U.S. Department of Commerce on the economic impact that can be expected to follow the adoption of "A proposed revision of simplified practice recommendation 16-53 American lumber standards for softwood lumber."

This report was furnished to the Department of Commerce a year ago.

Incidentally, the Battelle study indicated that a change in the standards would not disrupt the industry. The U.S. Forest Products Laboratory, the Government's own wood-testing agency, told the FHA, in a letter dated December 1962, that the new standards for dry lumber would equal or slightly exceed in strength and stiffness the presently accepted dressed green sizes.

It seems to me the people in Oregon have misunderstood the purpose of the amendment. They have assumed it would do things none of us in the committee intended it should do.

All we were trying to do was to open up choices. We are not trying to set up a rigid set of rules which would outlaw materials that are now being used and require the FHA to use materials which they do not now use.

Mr. MORSE. I thank the Senator from Utah for helping me to make the legislative record on this matter. I ask him, for purposes of information, whether there is any basis for any feeling that the result of the amendment would be to weaken or scuttle the program, so-called, of the American Lumber Standards Ad-

visory Committee which, it is my understanding, functions under the Department of Commerce and supposedly has, under its terms of reference, the responsibility of making a study of the matter of lumber standards, on which I am certainly not a competent witness at this time. But is there any reason for feeling that the amendment we would place in the bill would in effect negate or put out of effective operation American Lumber Standards?

Mr. BENNETT. There is no thought that it would do that. If the amendment were still in the bill, it might hasten the day when the problem would be resolved by American Lumber Standards. In no sense were we trying to say to them, "Drop your study and forget it. We have already decided it for you."

The amendment is not limited to lumber, because it covers all types of construction material. In the course of the hearings before the committee, these industries indicated that they were being deprived of the opportunity to present new products. The concrete industry, the paint and varnish industry, the plastics industry, the plywood industry, the insulation industry, the Carpenters and Joiners Union, all came in asking that the amendment be included.

The steel industry also came in to assert that they had new products which they would like to have considered for use beyond the present accepted list. The committee adopted the amendment 11 to 2.

With these explanations, I hope that I have been able to put the fears of my friends from Oregon at rest.

Mr. MORSE. It is not a question of setting anyone's fears at rest. It is a question of carrying out our responsibility in making the legislative record, bearing upon the fears of our constituents.

Mr. BENNETT. I hope that once this record is made, their fears, also, will be set at rest.

Mr. MORSE. I have tried to give both sides of the question. I pointed out that Oregon has some lumbermen who share the views, apparently, of the Senator from Utah. I put one of their telegrams in the RECORD and made note of the fact that there are others who hold that point of view. I believe that we have heard—and I believe my colleague [Mrs. NEUBERGER] will agree with me—from customers and dealers and lumbermen who developed these fears to which the Senator has referred.

In some of their communications the lumbermen have stated—I do not know what the facts are—but they have stated that behind the scenes a battle is going on between two great lumbermen's associations, of which I know not.

That is not going to concern me. The only thing which will concern me is whether we have adopted an amendment which will result in giving an unfair preference to one group, in this instance, the suppliers of lumber, over another group.

Mr. BENNETT. So far as I am concerned, I hope the amendment will be adopted which will give both groups access to the FHA market.

Mrs. NEUBERGER. Mr. President, will the Senator from Utah yield?

Mr. BENNETT. I am glad to yield to the Senator from Oregon.

Mrs. NEUBERGER. I very much appreciate the help of our fellow member of the committee. I was one of those who supported the amendment, as I stated before, and took the line in the report which said that the present practice often resulted in discrimination against some newly developed product.

Then up rose our old conflict between the lumber groups, and after much effort to establish some standards in the lumber business, we feared that perhaps it would upset the harmony. We in Oregon are in a great lumber-producing State. The FHA program is of great benefit to our State because of the use of lumber. I feel as my colleague [Mr. MORSE] has said—and he has received a very good explanation from the Senator from Utah—that the legislative history will be here for us to refer to.

I thank the Senator from Utah.

Mr. BENNETT. I thank my friends from Oregon.

Mr. TOWER, Mr. THURMOND, and Mr. AIKEN addressed the chair.

The PRESIDING OFFICER. The Senator from Vermont is recognized.

Mr. THURMOND. Mr. President, will the Senator yield to me for a few seconds to discuss the same subject?

Mr. AIKEN. I intend to take only 2 or 3 minutes.

Mr. THURMOND. Mr. President—

Mr. AIKEN. I have only a couple of minutes, but I am glad to yield to the Senator from South Carolina.

Mr. THURMOND. Mr. President, I have received considerable correspondence from some of the lumbermen in my State who oppose the amendment which was inserted by the committee proposing to add a new section 521 to the National Housing Act—as have the two Senators from Oregon.

There is concern on the part of some of the lumbermen in the South, as I am sure there must be on the part of some of those in the West, on this particular subject.

Beginning on page 102 of the Banking and Currency Committee report, I have set out my individual views on this proposal, and incorporated therein is a letter from Robert C. Weaver, the Administrator of HHFA. Mr. Weaver very strongly opposes the incorporation of this new section 521 for the reasons set out in his letter.

I do not know whether the Senator from Oregon has had occasion to read that letter.

Mr. MORSE. Mr. President, will the Senator from South Carolina yield?

Mr. THURMOND. I yield.

Mr. MORSE. I had intended, but I overlooked it, to place in the RECORD the views of the Senator from South Carolina following my remarks.

Mr. President, I ask unanimous consent to have printed in the RECORD the material on pages 102, 103, and 104 of the report.

There being no objection, the individual views ordered to be printed in the RECORD, as follows:

INDIVIDUAL VIEWS OF SENATOR STROM
THURMOND

In addition to the objections to this bill contained in the minority views which I signed, I have serious reservations concerning one section which was not contained in the administration bill as introduced, but was added in the Housing Subcommittee. This is section 211 of the bill which adds a new section, section 521, to title V of the National Housing Act. This section would require the Administrator of the Housing and Home Finance Agency to adopt a uniform procedure for the acceptance of materials and products which are found to be technically suitable for the use proposed in structures approved for mortgages and loans under the Housing Act.

I share the concern that has been expressed by members of the committee concerning the seeming reluctance of the FHA, and certain commodity standards groups, to approve new materials which are the result of technological advances in the industry. This is a matter which deserves a searching study by the appropriate congressional committees to assure that new materials can be taken advantage of to reduce the costs of housing to the American public where these materials are as good as, or better than, those presently in use.

Nevertheless, I am disturbed about the words "technically suitable," because the fear has been expressed to me that this amendment could open the door to the FHA accepting substandard items that might be classified as "technically suitable." It is not clear in the wording of the amendment who is to determine if any material is "technically suitable," but it seems apparent that the Administrator of the HHFA would be required to make an independent judgment as to each and every product concerned. This would place an onerous burden upon the Administrator, one that he is not capable of adequately performing at the present time. The cost to the HHFA of testing the materials could greatly increase the administrative expenses of the Agency.

These objections have been well expressed by the Administrator of the HHFA in his letter addressed to the chairman of the subcommittee, as follows:

JUNE 21, 1965.

Hon. JOHN SPARKMAN,
Chairman, Subcommittee on Housing.

DEAR MR. CHAIRMAN: This letter concerns the proposal to insert in the Housing and Urban Development Act of 1965 the following provision:

"SEC. 521. The Commissioner shall adopt a uniform procedure for the acceptance of materials and products to be used in structures approved for mortgages or loans insured under this act. Under such procedure any material or product which is technically suitable for the use proposed shall be accepted."

The HHFA would not favor such legislation because it is neither necessary nor desirable. Now, and since the beginning of FHA, an effective "procedure for the acceptance of materials and products" has been in use. Minimum property standards have been established for different types of structures built under varying programs as a means of encouraging improvement in housing standards and conditions and as a guide for judging the soundness for insurance of a mortgage transaction. These standards are derived or patterned after, wherever suitable, industry promulgated standards which have been nationally recognized by architects, engineers, builders, or other interested groups.

The proposal would require the enlarging of present FHA procedure to a point which could duplicate or interfere with the aims and the work of the Office of Commodity Standards of the Department of Commerce and the work of industrywide trade groups.

The Office of Commodity Standards, through industry conferences, assists industries in the voluntary adopting of standards. The objective of the industries is the elimination of avoidable waste through voluntary adherence to standards of practice for sizes, dimensions, varieties, or other characteristics of specific products. If the FHA were to accept any "technically suitable" product, it would lead to acceptance of a far wider and confusing variety of product characteristics and sizes. This could nullify the efforts of the industry groups and the Department of Commerce to eliminate waste through standardization with eventual extra cost to be paid for by consumers.

The FHA establishes minimum property standards as a guide to mortgage insurance risk. The exercise of the usual administrative judgment function would be removed from the FHA if the provision were interpreted as giving a legally enforceable right to a proponent of a "technically suitable" product to demand its acceptance. Formalized adversary hearings would be required to determine whether a product is "technically suitable" if the FHA administratively decided not to list it as meeting minimum standards. The ultimate test of whether a product is "technically suitable" would be dependent upon a decision by the courts.

Under present procedures, the FHA adopts a minimum standard and decides only whether a material or product meets that standard. The mandatory acceptance of a "technically suitable" product might be misleading in that it would suggest endorsement of a product by the FHA, whereas, the use of a similar product would be more desirable when all factors are considered.

A requirement that FHA accept any product which is "technically suitable" could work to the detriment of nationally recognized industry standards. For example, there is a nationally recognized standard of sizes and grades for softwood framing lumber used in housing. These various sizes and grades are used by the FHA as references in describing minimum acceptable grades and sizes for particular uses. If FHA accepted all of the infinite variations in size and grade which might be proposed as "technically suitable," it would render the present industry standards meaningless. Each variant would have to be considered separately. Competition between manufacturers could lead to a proliferation of sizes and company standards with little or no control over the quality of the product other than that provided by the producer. Any trend away from standardization of sizes would lead to extra costs in architectural design.

Where industry groups have established grade marking or other labeling devices the FHA is able to determine readily whether particular products meet its minimum standards. Inspections by FHA on a construction site are greatly simplified. Without grade marking or labeling adhering to present industry standards FHA inspection procedures would necessarily become more complicated and burdensome to the homebuilder. Building materials without generally accepted industry labels or grade markings would have to be examined closely on the job site to determine whether these materials meet FHA's minimum property standards.

Adopting this amendment would increase demands upon the FHA to accept materials produced here and abroad without benefit of established standards of sizes and quality. If samples of such products meet a test of "technically suitable," the FHA would then have to rely on its own continuous close inspections, rather than voluntary policing within an industry, to protect the home buyers' interest. The benefits of standardization and resultant cost savings would be lost. Homeowners are benefited much more

by standardization than they would be by this amendment.

I am told that the purpose of this amendment is to require the FHA to make its own decisions with respect to the acceptability of a material or product. This it does now. But, if it could not rely on the work of other agencies and organizations it could result in the FHA being required to establish elaborate research facilities. This duplication of effort would add to FHA's administrative costs. The amendment could produce an unnecessary expense for the Federal Government and add to the costs borne by the home buyer.

In my opinion, adoption of the amendment could seriously impede efforts to house low- and moderate-income families and jeopardize the success of FHA programs in a most drastic way. I am opposed to this amendment and urge that your committee recommend against its adoption.

Sincerely yours,

ROBERT C. WEAVER,
Administrator.

It is my belief that the committee should conduct full and open hearings on this proposal before including it in any bill. Until such hearings are held, I cannot support this provision.

STROM THURMOND.

MR. THURMOND. I thank the Senator from Oregon. As I understand the able Senator from Utah feels that this new section would not jeopardize any particular segment of the lumber industry, that the existing standards would be upheld, and there would be no prejudice toward any particular section of the country on any particular type of lumber.

MR. BENNETT. So far as I can see, there need be no problems, because we have made it possible for the various kinds to be used, under the circumstances, where they are suitable for the purposes for which they are being used. The FHA standards were established many years ago. They have not been updated. Many new products have been developed since that time. I believe that we should try to open the door so that they can be used. For instance, I am in the paint business. The FHA has rejected paints because the films produced were one millimeter thinner than their standards. Actually, the new paint films are thinner but they are probably more durable.

MR. THURMOND. Mr. President, I hold in my hand a letter addressed to me from Mr. Oswald Lightsey, a prominent lumberman of the firm of Lightsey Bros. in Miley, S.C., an excerpt from which reads as follows:

We are very much disturbed about the words "technically suitable" because we are afraid this amendment would force the FHA to accept substandard items that might be classified as technically suitable. The FHA has insisted, although they have been under enormous pressure to accept nonstandard size lumber, on all items of framing lumber conforming to American lumber standard sizes.

This appeared, apparently, as an innocent amendment without advance notice of the proposal, but we are afraid that it might be a "back door" approach to building pressure for accepting substandard items which might defraud the consuming public who has long relied on FHA standards for its protection. We believe that consistent application of FHA standards to all areas and species is important and would be preserved by

continuing recognition of American lumber standard sizes.

Mr. BENNETT. It still leaves the FHA in a position to accept or reject a particular product. The FHA will decide whether a product is substandard. A product can be different without being inferior. There is nothing in the provision that requires the Administrator to accept a product which he considers to be substandard. He will determine the standard. The only thing the provision will do is to make sure that after the minimum performance standard has been set up any product that meets or exceeds that standard will not be discriminated against. I am sure my friend the Senator from South Carolina feels the same way, that they should all have access to the market place if they meet the standards that are set up.

Mr. THURMOND. I have the highest admiration for the Senator from Utah. He is one of the ablest and one of the finest men in the Senate. I know that he has only the best intentions in advocating this provision. However, this is a matter of great importance and it is apparent from the discussion that there is a difference of opinion concerning it. It is my belief that full and open hearing should have been held on the proposal before including it in the bill. For that reason I cannot support this proposal until a hearing on it has been held.

Mr. AIKEN. Mr. President, I should like to ask the Senator from Alabama two or three questions for the purpose of making clear the intent of title 6 of the bill. I note that title VI of the housing bill provides grants for community water systems. Is this provision limited to urban areas only?

Mr. SPARKMAN. Not entirely. Title VI would be administered by the Housing and Home Finance Agency and would more or less give priority to urban areas but it could also be used in small communities that can economically afford to supply 50 percent matching funds with which to construct water or sewer systems.

Mr. AIKEN. I note that the full title of the proposed legislation is the Housing and Urban Development Act of 1965 and I assumed that the legislation was intended to serve nonfarm areas only.

Mr. SPARKMAN. Not entirely. The bill does contain a title that deals with housing in rural areas. However, I thought your inquiry was directed to the provision for community water system grants.

Mr. AIKEN. My concern was with the water system title. I am anxious to establish for the record the fact that legislation I have introduced with some 92 cosponsors S. 1766 in no way duplicates the provision in the housing bill. S. 1766 would provide grants for water systems in rural areas through the existing facilities of the Farmers Home Administration.

Mr. SPARKMAN. Yes, I am aware of that and recognize that the rural housing program has been handled very well by the Farmers Home Administration. I feel that that agency can do an excellent

job in providing aids for water systems or similar developments in rural areas. As the Senator knows, I am a cosponsor of his bill.

Mr. AIKEN. The Farmers Home Administration has some 1,600 offices serving rural areas throughout the country. I believe the Housing and Home Finance Agency does not have that type of field service.

Mr. SPARKMAN. That is correct. The HHFA cannot supply the same type of field service in rural areas as can the Department of Agriculture and certainly we would not want any duplication of field offices to be set up.

Mr. AIKEN. What the Senator is saying is that S. 2213 is not intended to conflict with S. 1766, both of which are supported by the Senator from Alabama, but that there might be an occasional borderline case to which the provisions of each bill might apply. Is that correct?

Mr. SPARKMAN. The Senator is correct.

Mr. AIKEN. I am happy to hear that no duplication is intended. The Farmers Home Administration has an excellent program going in the development of rural water systems. In fact they have developed more than 800 rural water systems in the past 4 years at a total cost of \$110 million and have established their expertise in this field. But an estimated 30,000 rural areas are still without modern adequate and sanitary water systems. At the present time the Farmers Home Administration assistance is limited to loans. Rural areas need grants in many instances to develop the required facilities, just as certain urban areas do. The grant provision for rural areas is contained in S. 1766. Hearings have been completed on this legislation and we look forward to seeing it on the floor of the Senate in the near future. It will be a proper companion piece of title VI of the Housing Act.

Mr. HARTKE. Mr. President, I send an amendment to the desk and ask that it be not read.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

S. 2213

On page 54, between lines 9 and 10, insert the following:

"(f) Notwithstanding the provisions of section 112(a) of the Housing Act of 1949, expenditures in the amount of \$600,000 made by the Memorial Hospital of Michigan City Foundation, Incorporated, for the purchase of certain land and buildings on or about July 24, 1963, from Doctors Hospital Realty Corporation shall, if otherwise eligible, be counted as local grants-in-aid to the community center numbered 1 urban renewal project (Indiana R-46) in Michigan City, Indiana, in accordance with the remaining provisions of title I of that Act."

Mr. HARTKE. The amendment is a modification of a House bill numbered H.R. 8300, introduced by Congressman JOHN BRADEMAs on May 19. There was some effort to have the matter considered in the House committee and in the Senate committee, but I believe it is fair to say that two things mitigated against a thorough consideration. One was the pressure of need to consider major por-

tions of the bill rather than what might be called by contrast minor amendments. The other was the lack of a full and adequate presentation of the matter before the committee.

But I bring this amendment to the floor because, for Michigan City, it is not in any sense a minor amendment. It is one which makes a vital difference in the prospects for hospital service in one of the neediest areas of the State of Indiana. I believe that if the Senate will listen carefully to the explanation I shall make, on the basis of an understanding not available to the committee, Members will vote approval for the amendment.

This amendment, briefly, provides for an additional paragraph to be added to section 306, "Eligibility of Certain Local Grants-in-Aid." Presently this section contains paragraphs dealing with specific areas, allowing for exceptional treatment of particular projects. This amendment would add one more to the five listed there, allowing for a credit of \$600,000 as a noncash grant-in-aid for expenditures made by the Memorial Hospital of Michigan City Foundation, a nonprofit corporation, for the purchase of certain land and buildings more than 2 years ago, and before the urban renewal application, from a private organization.

At the beginning of 1963 the hospital in question was owned by Doctors Hospital Realty Corp. In other words, it was a private hospital. It was rundown, it needed improvement which the private group could not make, and yet it was highly necessary for the good of the community that it should be continued and enlarged. Consequently, the nonprofit organization was formed and purchased it for a price of \$1,125,484. The purchase price included some accounts receivable, some removable equipment, and certain items which might be questionable as to allowability toward a non-cash grant-in-aid.

In order for the community to achieve expansion of its new community-service facility, when the city a few months later made its urban renewal application, it included in the project area a block adjoining the hospital, specifically in order that the expansion might be carried out and that the noncash grant-in-aid expected could assist. Since that time, the hospital expansion has been planned and approved for Hill-Burton funds. Its priority on the Hill-Burton list is the second highest in the State of Indiana, exceeded only by that of La Porte, in the same county. The need for hospital expansion is tremendous in this area, as this would indicate. There is presently planned a new building which will cost \$1,500,000. The community has rallied in a most remarkable way to a fundraising drive just completed and described in a letter addressed to Congressman BRADEMAs under date of July 8 by the fund drive chairman, Philip A. Sprague. As an indication of the unprecedented community support, which without the passage of this amendment will require the raising of an additional \$600,000 in cash should this noncash grant-in-aid fail, I wish to quote excerpts from this letter. Mr. Sprague says:

As chairman of Hospitals United Fulfillment Fund, Inc.—better known in our city as HUFF—I should like to (1) testify as to the demonstrated willingness of Michigan City's corporations and citizens to support financially the capital needs of our two not-for-profit hospitals (St. Anthony's and Memorial) and (2) tell you of our vital interest in seeing that the relationship between Memorial Hospital and our local urban renewal program is defined and resolved in order that Memorial can proceed with its expansion.

Mr. Sprague goes on to speak of the way in which the entire community has involved itself in the drive, with nearly half of the sum contributed by corporations, personal gifts of \$115,000, gifts by employees of \$166,000, and the total reaching \$1,312,598 at the time of the letter only a week ago today. I quote further:

Some of us feel that the success of HUFF is the most exciting development in our city's postwar history. In this effort literally hundreds of individuals from every segment of the community have discarded the tiresome traditions of prejudice and bigotry and united to achieve what anyone in or out of the city thought impossible a year ago—specifically the raising of \$1,312,598 to date. Nothing in Michigan City's fundraising history even approximates the type of giving listed here.

Such a community effort, Mr. President, I submit is most remarkable in a city whose 1960 population was less than 37,000. If the city now should have to raise more than a half-million dollars in addition—and they would have to do so by a special bond issue—because of lack of approval of the noncash grant-in-aid which this amendment would give, the great need for improved hospital service in the area may be hampered in its fulfillment.

The letter from Mr. Sprague continues:

And we're not through yet; in the next few months we know that the total (of funds raised) will exceed \$1,400,000 and we are already making plans to raise an additional \$100,000 in 1966. In short, Michigan City isn't asking for a free ride from anyone—our citizens have never refused to support with their time and treasure any legitimate program which would improve our city.

Mr. President, I pause to note the need for the urban renewal project which this noncash grant-in-aid would assist. The blight in the north end of the city must be cured if this area is to achieve its very real potential. This is along the gateway to the Dunes National Lakeshore which we hope to see become at last a reality in this Congress. It is in the area of industrial expansion which the Burns Ditch project will hasten, an expansion already surging forward. But without the urban renewal project, the downtown area of Michigan City may be to a large extent doomed. The threat to the downtown area is evident in the recent announcement of the plans for a shopping center away from the blight which is expected to draw away some 60 stores, including that of Sears, Roebuck.

In the effort to rejuvenate the urban renewal area, the city has established a new police facility within the bounds of the project, for which it is receiving non-cash grant-in-aid credit. The total proj-

ect involves some \$5 million. Mr. Sprague's letter makes clear in this final portion how imperative it is that this amendment should be passed:

However, I can think of nothing that could retard Michigan City's growth and, more important, the city's newly discovered sense of unity and adventure, than the failure of Memorial Hospital to expand due, in turn, to inability to solve our urban renewal problems. I need not remind you * * * what a perishable commodity civic esprit is—and I would hate to see us lose the positive momentum we have achieved because we could not solve the complicated, yet resolvable problems in the renewal area.

We need the support and understanding of our Federal Government—but we stand ready to tackle aggressively our local responsibilities. Let's agree on our separate roles in this endeavor and get on with the job.

That, Mr. President, is the conclusion of Mr. Sprague's letter to Congressman BRADENAS, and that is a reflection of the new attitude in a community whose civic pride has been stimulated by the urban renewal project in a manner it has never experienced before.

I have said that the purchase price of the private hospital in 1963 to the new nonprofit corporation was \$1,125,484, and that "not more than" this amount is specified in the Brademas bill. The counsel for the local urban renewal project is convinced that the full amount should be a legitimate figure which is fully justifiable. But I have talked with local authorities and with Congressman BRADENAS, and I have secured their consent, in order that the Senate may see this amendment in the most favorable light, to reduce that figure by half. My amendment does not ask for \$1,125,000 but for only \$600,000 to be counted as noncash grant-in-aid because of the Memorial Hospital project. This is in my estimation a legitimate and fully justified request. The nonprofit foundation has a long-term mortgage to pay off; its purchase of the private hospital took place before the urban renewal application was made. The request is based on expenditures by the nonprofit hospital for the acquisition of land, buildings, and structures to be redeveloped or rehabilitated, land which is adjacent to the property now in use and within the urban renewal project. Full documentation has been submitted to the Urban Renewal Administration outlining in detail that the rehabilitation being undertaken in the structures located on the land being claimed for section 112 credit includes the correction of serious deficiencies in a deteriorated or deteriorating structure, as required by the Urban Renewal Manual. This involves physical alterations and improvements which fall within the prescribed categories.

After this substantiation was furnished to the Urban Renewal Administration, a request was received in March of this year for a resolution of nondiscrimination assurance by the hospital as a donor of noncash local grant-in-aid. This was furnished on March 15 when the resolution was adopted by the hospital's board of trustees.

The Urban Renewal Administration has now approved the application for

loan and grant, subject to a revised financial plan which would require the local public agency and the city to provide in cash the amount of the section 112 credits which it has disallowed. The Redevelopment Commission of the City of Michigan City has made this statement concerning the situation:

The local public agency and the city feel strongly that they have met all of the requirements set forth by Congress in connection with the section 112 credits and that the expansion of a nonprofit hospital which would materially be aided by the execution of the urban renewal program is in compliance with the intent of Congress in enacting section 112. Failure of the Congress to clarify this matter in connection with the community center project No. 1 will clearly jeopardize the successful carrying forward of the urban renewal project as well as the Hill-Burton grant—

Which is in the neighborhood of \$500,000—

to Memorial Hospital to enable their orderly expansion, and, in fact, clearly thwart the intent of Congress in enacting section 112.

Mr. President, it is my understanding that the only way in which this can be done under present circumstances is by congressional action.

It is my understanding that the manager of the bill, the Senator from Alabama, has indicated that there is no objection to the amendment and that he is willing to take it to conference, to have it considered there.

Mr. SPARKMAN. I am not sure that I can say there is no objection to the amendment, but I am willing to take the amendment to conference. This amendment, in different form, was referred to our committee and discussed. The committee declined to accept it. The Senator since that time has modified the amendment.

Mr. HARTKE. Yes. It is a modified version, and it should also be noted that additional facts and materials have come to light which were not available at that time.

Mr. SPARKMAN. I have not had an opportunity to study the new situation. I am willing to take the amendment to conference, to study it between now and the time of the conference.

The PRESIDING OFFICER (Mr. McGovern in the chair). The question is on agreeing to the amendment offered by the Senator from Indiana.

The amendment was agreed to.

Mr. CLARK. Mr. President, I offer an amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment of the Senator from Pennsylvania will be stated.

The LEGISLATIVE CLERK. On page 55, after line 5, it is proposed to add a new section 309 as follows:

LOCAL GRANT-IN-AID CREDIT FOR CERTAIN COAL ROYALTIES

SEC. 309. (a) Section 110(d) of the Housing Act of 1949 is amended by adding at the end thereof the following new paragraph:

"Where a project in any municipality includes an area affected by an underground mine fire or by a coal mine subsidence and where it is necessary in such project to remove any underlying coal deposits in order to stabilize the soil or to control the under-

ground mine fire, then any royalties received by the project from the removal and sale of such coal deposits shall be credited to the project as a local grant-in-aid made by such municipality."

(b) Any contract under title I of the Housing Act of 1949 executed prior to the date of the enactment of this Act shall, at the request of the municipality involved, be amended to reflect the amendment made by subsection (a).

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Pennsylvania.

Mr. CLARK. Mr. President, the amendment which I have offered appears in the House bill, having been proposed by Representative McDADE of the Scranton area in Pennsylvania.

I have cleared the amendment with the acting minority leader and with my colleague [Mr. SCOTT] of Pennsylvania. I have also discussed the amendment with the Senator in charge of the bill, the Senator from Alabama [Mr. SPARKMAN]. I hope he will be willing to agree to it.

The purpose of the amendment is to make it possible for the city of Carbondale, Pa., which is located on top of a coal region where the coal is on fire and has been on fire for a great many years, to utilize the royalties which come from the coal which is being removed from under the city in order to help put out the fire, and for the purpose of enabling the city to make the local contribution under the urban renewal project.

I very much hope that my friend the Senator from Alabama will be prepared to accept the amendment.

Mr. SPARKMAN. Mr. President, earlier in the day I discussed the amendment with the Senator from Pennsylvania. The case which is presented is unusual, but, as best I can understand, it ought to be entitled to the protection or the coverage of the act.

For my part, I am willing to accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Pennsylvania.

The amendment was agreed to.

Mr. CLARK. Mr. President, I thank my friend from Alabama and my friend the Senator from Texas [Mr. TOWER] very much for their courtesy in this regard.

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, I have met with a number of Senators on both sides of the aisle who have a great interest in the pending proposed legislation and in the procedures of the Senate. I am about to propound a unanimous-consent request.

ORDER FOR RECESS UNTIL 11 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate recesses tonight, that it stand in recess until 11 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

HOUSING AND URBAN DEVELOPMENT ACT OF 1965

The Senate resumed the consideration of the bill (S. 2213) to assist in the provision of housing for low- and moderate-income families, to promote orderly urban developments, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

UNANIMOUS-CONSENT AGREEMENT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that on the Tower amendment No. 319, which will be the pending business when the Senate recesses tonight, there be a time limitation of 4 hours, 2 hours to be under the control of the distinguished Senator from Texas [Mr. TOWER], the author of the amendment, and 2 hours to be under the control of the distinguished Senator from Alabama [Mr. SPARKMAN], the Senator in charge of the bill; that on the two amendments to be offered by the distinguished Senator from New York [Mr. JAVITS], there be 2 hours, the time to be equally divided between the Senator from New York and the Senator in charge of the bill, the Senator from Alabama [Mr. SPARKMAN], and that on all other amendments there be a time limitation of 1 hour, the time to be equally divided between the Senator in charge of the bill and the author of the amendment, and that on the bill itself there be a total of 6 hours.

The PRESIDING OFFICER. Can the Senator from Montana identify the amendments of the Senator from New York?

Mr. MANSFIELD. I cannot. I understand he has only the two printed amendments.

The PRESIDING OFFICER. At what time does the Senator wish the agreement to become effective?

Mr. MANSFIELD. At the conclusion of the prayer tomorrow morning.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

The unanimous-consent agreement, subsequently reduced to writing, is as follows:

UNANIMOUS-CONSENT AGREEMENT

Ordered, That, effective on Thursday, July 15, 1965, after the prayer, during the further consideration of the bill (S. 2213), to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities, debate on any amendment (except an amendment by the Senator from Texas [Mr. TOWER], number 319, which shall be debated not to exceed 4 hours and, two amendments by the Senator from New York [Mr. JAVITS] numbers 347 and 348, which shall be debated not to exceed 2 hours each), motion, or appeal, except a motion to lay on the table, shall be limited to 1 hour, to be equally divided and controlled by the mover of any such amendment or motion and the Senator from Alabama [Mr. SPARKMAN]: *Provided*, That in the event Mr. SPARKMAN is in favor of any such amendment or motion, the

time in opposition thereto shall be controlled by the minority leader or some Senator designated by him.

Ordered further, That on the question of the final passage of the said bill debate shall be limited to 6 hours, to be equally divided and controlled, respectively, by the Senator from Alabama [Mr. SPARKMAN] and the Senator from Texas [Mr. TOWER]: *Provided*, That the said Senators, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, motion, or appeal.

COMMITTEE MEETING DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, because of a previous commitment made—and this will be the only exception that I know of—I ask unanimous consent that the Committee on Agriculture and Forestry be authorized to meet during the session of the Senate tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. CLARK. The Subcommittee on Education is meeting tomorrow morning. It is quite important that the subcommittee should continue to mark up the education bill.

Mr. McNAMARA. Mr. President, I believe that meeting has been canceled.

Mr. CLARK. It was my understanding, having talked with the Senator from Oregon a short time ago, that he was planning to have a meeting. I hope that we might continue to meet.

Mr. TOWER. Mr. President, reserving the right to object, I should like to check with the minority leader.

Mr. MANSFIELD. We shall attend to that request tomorrow.

HOUSING AND URBAN DEVELOPMENT ACT OF 1965

Mr. SPARKMAN. Mr. President, on behalf of the distinguished Senators from Arkansas [Mr. McCLELLAN and Mr. FULBRIGHT], I offer an amendment which I send to the desk and ask to have stated. I might point out that they had intended to offer the amendment themselves, but were prevented from doing so by reason of a commitment that they had.

The PRESIDING OFFICER. The amendment of the Senators from Arkansas [Mr. McCLELLAN and Mr. FULBRIGHT] will be stated.

The LEGISLATIVE CLERK. On page 54, after line 9, it is proposed to add to section 307 a new subsection "(f)" as follows:

(f) The provisions of section 113(c) of the Housing Act of 1949 shall be applicable to the Hobo Jungle Urban Renewal Project in Texarkana, Arkansas (Arkansas R-3-).

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senators from Arkansas.

Mr. TOWER. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. TOWER. I should like to add my support for the amendment, and I should like to note that the Hobo Jungle is lo-

cated on the Arkansas side of Texarkana and not on the Texas side.

Mr. SPARKMAN. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a statement by the Senator from Arkansas [Mr. FULBRIGHT], including two letters.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR J. W. FULBRIGHT,
JULY 14, 1965

My amendment was prepared and forwarded to me by the Urban Renewal Administration and is designed to resolve a legal technicality which is delaying an urban renewal project in Texarkana, Ark. The problem arises because of imperfections in legislation intended to permit joint action by the Urban Renewal Administration and the Area Redevelopment Administration.

The Hobo Jungle urban renewal project in Texarkana has been planned for industrial redevelopment. In March of this year the Commissioner of the Urban Renewal Administration requested the Area Redevelopment Administration to include the Hobo Jungle project within the Miller County, Ark., redevelopment area in order that certain provisions of existing law would apply to the project. This action was taken by the ARA in April. I ask unanimous consent that correspondence between the Commissioner and the Administrator be inserted at this point in my remarks.

It was thought that this administrative action would solve the problem. It now develops, however, that a technical amendment is needed to enable the land use contemplated by the redevelopment plan. Without this amendment it would be necessary for the Area Redevelopment Administration to designate the entire municipality of Texarkana, and such action is not desirable.

The responsible agency has requested the amendment, and I have been assured that there is nothing controversial in the amendment.

HOUSING AND HOME
FINANCE AGENCY,
URBAN RENEWAL ADMINISTRATION,
Washington, D.C.

HON. WILLIAM L. BATT, JR.,
Administrator, Area Redevelopment Administration, Department of Commerce,
Washington, D.C.

DEAR MR. BATT: This is to request your favorable action on a slight amendment to the delineation of the Bowie County, Tex., redevelopment area in order to include all of the Hobo Jungle urban renewal project area of Texarkana, Ark., in the newly designated redevelopment area. Presently, 85 percent of the urban renewal project area is located within the boundaries of the Bowie County, Tex., and part of Miller County, Ark., redevelopment area. The proposed action would incorporate into the newly designated redevelopment area an additional strip of land one-half block wide and four blocks long.

The suggested action is extremely important. Without such action, the urban renewal project area cannot be certified by you under section 118 of the Housing Act of 1949, as amended, which would permit the sales of this industrial urban renewal project land to the city for its subsequent redevelopment for industrial purposes.

We believe the requested action is in the public interest as continued Federal costs are accumulating to the project area as a result of the LPA's inability to effectuate a sale to the city of Texarkana, Ark. From our viewpoint, the suggested action of enlarging the redevelopment area for this purpose is de minimis. I believe your staff has been supplied with all essential information neces-

sary to make a decision in this matter. If I can be of further assistance to you in reaching a decision, I am, of course, available.

Sincerely yours,

WILLIAM L. SLAYTON,
Urban Renewal Commissioner.

Copies to Hon. J. W. FULBRIGHT.

U.S. DEPARTMENT OF COMMERCE,
AREA REDEVELOPMENT ADMINISTRATION,
Washington, D.C.

HON. J. W. FULBRIGHT,
U.S. Senate,
Washington, D.C.

DEAR SENATOR FULBRIGHT: We wish to advise you that the proposed extension of the Bowie County, Tex., redevelopment area to include a three-block area in Miller County, Ark., has been considered and approved.

The redevelopment area now includes all of the Hobo Jungle urban renewal project area of Texarkana, Tex., as we understand it.

Sincerely,

W. L. BATT, JR.,
Administrator.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senators from Arkansas [Mr. McCLELLAN and Mr. FULBRIGHT].

The amendment was agreed to.

AMENDMENT NO. 324

Mr. TOWER. Mr. President, I call up my amendment No. 324. I ask unanimous consent that the reading of the amendment be waived and that the amendment be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 56, line 8, after "403," insert "(a)".
On page 56, between lines 14 and 15, insert a new subsection as follows:

"(b) The Housing and Home Finance Administrator shall undertake a study of the existing low-rent public housing program with a view to making recommendations for strengthening such program, or for establishing a new or alternative program to assist the States and their localities in providing housing for low-income families. Such study shall give special consideration to ways in which the resources of private enterprise may be utilized more effectively in meeting the needs for housing of such families. Findings and recommendations resulting from such study shall be reported to the President for submission to the Congress not later than two years after the appropriation of funds for such study. Such sums as may be necessary to carry out the provisions of this subsection are hereby authorized to be appropriated."

Mr. TOWER. Mr. President, the housing bill now being considered calls for authorizations covering 140,000 additional public housing units and for the purchase or lease of 100,000 existing units for use as low rent housing.

We have seen in the past a continuing appeal from the Housing and Home Finance Agency for increased authorization for public housing units. It is most ironic that agency figures show that in light of the 15 months for which Congress last authorized 37,500 additional units, only 18,000 new public housing starts have been reported. As a matter of fact, the total number of units for which authorization is requested in this bill, 240,000, is not too far under half of all public housing units in operation throughout the country, 581,000.

The Agency advised the committee that 170,000 units are in the so-called pipeline, and many have been there for

years with little or no activity at the local level toward activating the units committed under original application. Testimony showed that a so-called stepped up program of purging the pipeline of units saw the release of only 6,000 in the last 2 years.

The committee wisely recommended that construction be started within 5 years of the original commitment or the units removed from the pipeline. It may well be that this 5-year limitation will result in the availability of unused commitments, however, I feel that a detailed study of the public housing program by the Housing and Home Finance Agency, similar to that provided for in the bill for the urban renewal program, would be a wise undertaking.

I understand that the distinguished Senator from Alabama is prepared to accept the amendment.

Mr. SPARKMAN. Mr. President, the Senator's understanding is correct. I am willing to accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Texas.

The amendment was agreed to.

Mr. SMATHERS. Mr. President, I call up my amendment which is at the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 32, line 1, after "loans," insert "(1)".

On page 32, line 4, after "insurance," insert "or (2) guaranteed by the President under section 224 of the Foreign Assistance Act of 1961, as amended: *Provided*, That no single institution may invest more than 1 percent of its assets in loans guaranteed under the Act."

Mr. SMATHERS. Mr. President, the only purpose of the amendment is to permit Federal savings and loan associations subject to rules and regulations promulgated by the Federal Home Loan Bank Board to make housing loans guaranteed under section 224 of the Foreign Assistance Act of 1961, as amended.

Under existing law, national and State banks, as well as other financial institutions can participate under this provision of the Foreign Assistance Act. It is only fair that we should also permit participation by Federal savings and loan associations in this program. It is in keeping with various proposals that I and others have advocated here in the past to assist in developing FHA type housing in Latin America.

As Senators know, the overall authority of the Agency for International Development to guarantee loans under section 224 is limited to \$350 million.

At present, approximately \$250 million of this total has been committed or is being contracted for.

This means that only approximately \$100 million is available for the coming year to be used to guarantee loans by all corporations or individuals. Therefore, only a portion of it could be used to guarantee loans made by savings and loan associations, but it would permit such associations to participate in the same manner as other financial institutions.

I believe this is a desirable amendment.

I have discussed it with the distinguished Senator from Alabama. He himself has offered amendments of this type in the past. It is my understanding that he is willing to accept the amendment and take it to conference.

Mr. SPARKMAN. Mr. President, the Senator is correct. This is in line with legislation that both the Senator from Florida and I have sponsored in the past and have been working on for several years.

Mr. SMATHERS. I thank the Senator from Alabama.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Florida.

The amendment was agreed to.

Mr. TOWER. Mr. President, I thank the Senator from Florida for submitting the amendment. It is a highly constructive and worthwhile addition to the bill. I offer my support of it.

Mr. TYDINGS. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 48, after line 23, insert the following:

"ELIGIBILITY OF CERTAIN EXPENSES TO PROJECTS FINANCED ON THREE-FOURTHS GRANT BASIS

"SEC. 304. (a) Clause (1) of the third sentence of section 110(e) of the Housing Act of 1949 is amended by: (1) inserting 'staff services in connection with programs of code enforcement and voluntary rehabilitation and repair (including community organization),' after 'disposition of land,'; and (2) inserting '(5),' after '(4)'.

"(b) Section 110(e) of such Act is amended by striking the comma and all that follows within the parentheses in the fourth sentence thereof.

"(c) Any contract for a capital grant under Title I of the Housing Act of 1949, executed prior to the effective date of this Act, may be amended to incorporate the provisions of subsection (a) and (b) as to costs incurred after the effective date of this Act."

Mr. TYDINGS. Mr. President, this amendment is sponsored by my distinguished colleague from Maryland [Mr. BREWSTER] and me. It is of limited applicability. Its purpose is to modernize the grant formula in the urban renewal program to take account of new developments in the field of urban renewal.

The urban renewal law provides alternate financing formulas. A city may elect to receive two-thirds of the total cost of urban renewal projects including indirect and overhead expenses, or it may elect to receive three-fourths of the direct project expenses, excluding planning, salary, administrative relocation, and other overhead expense.

This alternate formula produces roughly equivalent results with respect to the original type of urban renewal project in which sites are acquired, cleared, and redeveloped. It does not, however, produce equivalent results when applied to the newer type of renewal program that involves rehabilitation of existing neighborhoods.

Rehabilitation requires far lower expenditures of funds for direct project costs, such as land acquisition and demolition, and a far higher percentage of salary and overhead expense.

The city of Baltimore is one of the few cities in the country which has elected to proceed under the three-fourths financing formula. It is also one of the few large cities which has undertaken an extensive rehabilitation program. These factors have combined to put the city of Baltimore at a disadvantage with respect to urban renewal financing.

The purpose of this amendment is to permit cities which elect the three-fourths grant formula and which engage in rehabilitation projects to include in their reimbursable expenses staff services of housing renewal estimators, renewal investment advisers, code enforcement staff, and community organization advisers. These project costs in a rehabilitation project which are every bit as "directly related" to the cost of the project as land acquisition is in a typical renewal project. The amendment would not change the basic concept that survey and planning, legal, administrative and overhead, and relocation and site management expenses are not eligible for reimbursement under the alternate financing formula.

The amendment would also put cities which elect the alternative financing formula on a parity with cities which operate on a two-thirds grant formula with respect to credit for lost taxes during a period of renewal.

The language of this amendment has been reviewed and approved by the Housing and Home Finance Agency.

I ask unanimous consent to include in the RECORD a letter which I received from the Honorable Theodore Roosevelt McKeldin, mayor of the city of Baltimore, calling my attention to the need for this amendment.

There being no objection, the letter was order to be printed in the RECORD, as follows:

CITY OF BALTIMORE,
July 6, 1965.

Hon. JOSEPH TYDINGS,
Senate Office Building,
Washington, D.C.

DEAR SENATOR TYDINGS: Enclosed are three proposed amendments to title I of the Housing Act of 1949, as amended, through 1964. It is our hope that you will sponsor legislation to enact these amendments into law.

These amendments, if adopted, will assure equitable treatment for Baltimore's urban renewal program under Federal laws and regulations, and will bring Federal financial assistance for Baltimore, and a few other cities, into line with that received by most other cities.

Section 103(a)(2) and section 110(e) of the Housing Act of 1949, as amended, provides for an alternate financing formula for urban renewal projects which may be elected for use by cities with the approval of the Urban Renewal Commissioner. Briefly, under the regular financing formula, a city receives Federal reimbursement for two-thirds of all costs related to the project, including any indirect and overhead expenses. Under the alternate financing formula, planning, salary, administrative, relocation, and other costs are not eligible for reimbursement, and the city receives reimbursement for three-fourths of the remaining project expenses (which are primarily land acquisition, demolition, and project improvements). The alternate three-fourths financing formula eliminates Federal review and control over staffing, salary rates, contracts, and other admin-

istrative matters, thus resulting in substantial savings in time in carrying out a project. Bookkeeping is simplified, and there are fewer audit problems.

This alternate financing formula was developed before the present emphasis on rehabilitation projects. In the total clearance projects that were more common at that time, 75 percent of the reduced project cost approximately equaled two-thirds of the more inclusive project cost. On this basis, Baltimore elected to use the alternate financing formula, and feels that it was a wise decision insofar as clearance projects are concerned.

However, in recent years Baltimore has been carrying out more and more rehabilitation projects where land acquisition is minimal. Taking the place of land acquisition as the primary expenses are the direct staff costs of rehabilitation. These fall primarily into the following categories:

1. Housing renewal estimators who advise property owners concerning rehabilitation requirements and attempt to assist them in getting the job done well and economically.

2. Renewal investment advisers who advise property owners concerning rehabilitation financing and assist them in obtaining it.

3. Code enforcement staff which enforces the codes and ordinances of the city as well as the requirements of the urban renewal plan.

4. Community organization advisers who work in a neighborhood and attempt to develop a feeling of neighborhood spirit and pride which will be conducive to rehabilitation.

These expenses in a rehabilitation project are as important as acquisition costs in a clearance project because these are the expenses which must be met to accomplish rehabilitation and thus make acquisition and clearance unnecessary. These expenses can be quite heavy: in 1965, Baltimore budgeted \$405,380 for these purposes. However, none of these costs are eligible for Federal reimbursement under the alternate financing formula now used by Baltimore. On the other hand, if we were to let the property deteriorate, the cost of its clearance would be eligible.

We believe that the above categories of expenses should be eligible under the three-fourths capital grant formula, and our amendments are intended to accomplish this. It is not our purpose to change the basic concept that survey and planning, legal, administrative and overhead, and relocation and site management expenses are not eligible for reimbursement under the alternate financing formula.

Our second amendment has to do with inclusion in project cost of credit for the taxes lost in clearance projects or portions of projects from the time of acquisition of property until it is sold as cleared land. Such loss is eligible as a local cash grant-in-aid under the regular financing formula, but not under the alternative formula used by Baltimore.

As you know, Baltimore, like other cities, is heavily dependent on real estate taxes. Any loss in assessable basis hurts, even though it is temporary. We are working to shorten the time period between acquisition and resale, and thereby reduce the tax loss, but we cannot entirely eliminate it. Because of the importance of real estate taxes as a revenue source to the city, credit for the amount of the temporary loss of such taxes in carrying out renewal projects will be of substantial benefit to Baltimore.

I hope that it will be possible for you to sponsor these changes to the Housing Act, which will be most beneficial to Baltimore's renewal program. If you would like any further information, we stand ready to provide it for you.

Sincerely,

THEODORE ROOSEVELT MCKELDIN,
Mayor.

CITY OF BALTIMORE PROPOSED AMENDMENTS TO
THE HOUSING ACT OF 1949, AS AMENDED
THROUGH 1964

ELIGIBILITY OF EXPENSES TO ACCOMPLISH RE-
HABILITATION

1. (a) Section 110(e) of Housing Act of 1949 is amended by inserting in clause (1) of the third sentence immediately after "disposition of land," the following, "staff services to property owners in connection with programs of voluntary rehabilitation and repair (including community organization staff services), staff services required by programs of code enforcement."

(b) Clause (1) in the third sentence of section 110 (e) of such act is amended by inserting immediately after "(4)," the following: "(5)."

REIMBURSEMENT FOR REAL ESTATE TAX LOSS

Section 110(e) of the Housing Act of 1949 is amended by striking out in the fourth sentence "other than" and inserting in lieu thereof "including."

Mr. TYDINGS. Mr. President, the problem is that when we have a rehabilitation project, as opposed to a clearance project, the sum spent by the individual counsellors and men in trying to build up the neighborhood is analogous to the direct land acquisition cost in a clearance-type program.

The city of Baltimore has moved into the rehabilitation area, which is a fine area into which more cities will hopefully move. However, under the old three-quarter formula, they do not receive the reimbursement for the services of the counsellors which they would have received in a downtown clearance project.

I have discussed the matter with the distinguished chairman of the subcommittee, the Senator from Alabama. I understand that he is willing to accept the amendment.

Mr. SPARKMAN. Mr. President, I have discussed this amendment with the distinguished Senator from Maryland. We are perfectly willing to take the amendment to conference.

Mr. TYDINGS. I thank the Senator very much.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Maryland.

The amendment was agreed to.

Mr. KENNEDY of Massachusetts. Mr. President, I call up my amendment and ask unanimous consent that the reading of the amendment may be dispensed with, but that the amendment be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment ordered to be printed in the RECORD is as follows:

On page 55, line 5, insert the following: A new section 309 to read as follows:

"PRESERVATION OF HISTORIC STRUCTURES

"Sec. 309. (a) Section 110(c) of the Housing Act of 1949 is amended by—

"(1) striking the word 'and' at the end of numbered paragraph (7);

"(2) striking the period at the end of numbered paragraph (8) and inserting in lieu thereof "; and";

"(3) inserting a new numbered paragraph (9) to read as follows:

"(9) relocating within the project area a structure which the local public agency determines to be of historic value and which will be disposed of to a public body or a

private nonprofit organization which will renovate and maintain such structure for historic purposes."; and

"(4) striking 'paragraphs (7) and (8)' in the third sentence and inserting in lieu thereof 'paragraphs (7), (8), and (9)'.

"(b) Section 110(e) of such Act is amended by striking 'and (8)' in clause (1) and inserting in lieu thereof '(8), and (9).'"

Mr. KENNEDY of Massachusetts. Mr. President, this is an amendment to title III of the 1965 Housing and Urban Development Act. It simply provides for financial assistance, on the basis of an urban renewal project formula, to assure the preservation of an historical structure through relocation within the project area.

I offer this amendment because of my concern that in our desire to beautify and modernize our cities, we may be failing to retain certain structures which originally formed the historic base of the area or established sound architectural trends. I do not think the preservation of such structures is important simply for preservation's sake, but is important for the educational value of these buildings and their potential in maintaining a continuity in the community's traditions and character.

This amendment would permit a local public agency undertaking an urban renewal program to use Federal Urban Renewal project funds to relocate a major building of historical significance, and to prepare the site and foundation to receive the structure.

To be eligible for such assistance the structure in question must be certified as having genuine historical significance. This would be accomplished by the Commissioner's reliance upon the accreditation procedures of the National Trust for Historic Preservation, the Historical American Building Survey of the Department of the Interior, or the many fine State historical commissions. The building would have to meet the professional tests of these organizations, before the Commissioner would be able to approve relocation.

Finally, once the building has been moved from a demolition area, it would be conveyed to a public body or nonprofit corporation that had agreed to undertake the actual restoration and subsequent maintenance of the structure.

The question of historical preservation within urban renewal areas is not limited to any one area of the country. The problem of preservation generally exists in all portions of the Nation. Projects involving historical preservations within urban renewal areas can be found in Portsmouth, N.H.; Mobile, Ala.; Bethlehem, Pa.; New Haven, Conn.; Little Rock, Ark.; and San Francisco, Calif., to mention but a few examples.

In fact, Mr. President, more than 100 of the nearly 800 localities participating in the urban renewal program are attempting to preserve historic buildings as part of their urban renewal activities. In more than half of these cases the building in question can be incorporated into the renewal project on its present site. Where relocation is needed, however, we anticipate the average cost to be approximately \$10,000. So we are con-

sidering an important matter which over the near future would amount to only about \$500,000.

The urban renewal program already provides means to acquire structures for resale to persons or groups interested in historic preservation and many projects can provide sites on which historic structures may be relocated. A major problem, however, has been that few organizations or groups interested in historic preservation have sufficient funds to pay for the cost of relocating such structures, which are often in delicate condition, to the new sites so that these structures can be retained for a useful purpose and preserved to commemorate historic events or significant periods in American architecture. Thus, while the urban renewal project may provide an appropriate setting for the preservation of the old historic building, the cost of moving such buildings to new sites is usually prohibitive with the result that the buildings must be demolished in order to achieve the objectives of the project.

At the present time, there is no authority under the existing urban renewal statute to use Federal funds in whole or in part to actually restore historical structures. My amendment would make no change in the existing laws in this respect. Such work must be undertaken through some State, or local public agency, or through some private group. The amendment I propose would relieve such agencies or groups of the often large costs of moving historic buildings and permit them to concentrate their limited funds on the actual task of restoration and preservation.

I believe my amendment, therefore, will provide the catalyst needed whereby non-Federal moneys can and will be provided and utilized for what many consider to be a very worthwhile purpose. Otherwise, once one of these historical structures is demolished we have lost for all time its beauty, historical significance, or benefits to the overall context of the community.

I would certainly assume that this authority provided for in my amendment would be used prudently by the Urban Renewal Administration, but it would be available in those instances where funds from other quarters are simply not available.

Mr. TOWER. Mr. President, I commend the distinguished Senator from Massachusetts for offering this amendment. I have always been interested in the preservation of historic buildings. I think it is a shame for us to stand by and watch landmarks of culture being bulldozed down and lost to generations yet unborn.

We have some rather horrible examples of architecture in some of the old buildings. They were constructed in a dynamic age, an age in which people had imagination. I hope that we can preserve them for future generations to see.

In our efforts to modernize a building, we very often fail to take into consideration that we are destroying the landmarks of history.

I think the amendment is very worthwhile. I would like to join with the dis-

tinguished Senator from Massachusetts in urging the chairman of the subcommittee to accept the amendment.

Mr. KENNEDY of Massachusetts. Mr. President, I appreciate the comments of the Senator from Texas very much. I would like to note that in a report from the National Trust for Historic Preservation it was stated that more than 10,000 structures have been recorded in the Historic American Buildings Survey since the program began 10 years ago. It was estimated in 1963 that 40 to 45 percent of these structures had already been demolished by various programs and private action.

I ask unanimous consent to have printed at this point in the RECORD a sample listing of some historic structures demolished in urban renewal programs.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

California:

Sacramento, post office, Seventh and K, built in 1892. Will A. Ferret, architect, Richardsonian. Destroyed in 1964.

San Jose, Benjamin and Martha Morse House, 1767 Franklin Street, Victorian mansion built in 1870. Destroyed in 1963.

Illinois: Chicago, O'Leary House, site of start of 1871 fire, townhouse built in 1880 to replace O'Leary cottage which survived the fire. Destroyed in 1953.

Missouri: St. Louis, Mill Creek Valley, Daniel Garrison residence, 3415 Cook Avenue, 110 years old; Delaney House, built in 1845; Sherrick House, 2618 South Seventh, built in 1850; St. Malachy's House, 105 years old. Destroyed in 1961.

New Jersey: Newark, 80 square blocks containing many fine examples of 18th century Newark architecture. Destroyed in 1961.

Pennsylvania:

Philadelphia, Society Hill, approximately 100 houses destroyed, including entire 400 block of Addison Street, six 150-year-old townhouses certified by historical commission, part of Dolly Madison house at 429 Spruce Street and 200-year-old kitchen wing of Samuel Neave House on Second Street. All destroyed in 1961-62.

Pittsburgh, Diamond Market House, constructed in 1914. Destroyed in 1961.

We have the assurance of Mr. Slayton, Commissioner of the Urban Renewal Administration, who has had an opportunity to review this matter, that he would look favorably on the amendment. I am hopeful that the Senator from Alabama will accept the amendment.

Mr. SPARKMAN. Mr. President, there is much merit in the proposal. As I have explained to the Senator from Massachusetts, I have not had an opportunity to study the amendment as much as I should like to.

I told the Senator that I would be willing to take the amendment to conference. I hope that in the meantime all of us will get as much information as we can on the matter.

Mr. KENNEDY of Massachusetts. Mr. President, I appreciate the response of the Senator from Alabama. That would be certainly acceptable to me. I regret that we did not have an opportunity to bring this matter before his committee, which is always the most appropriate way to legislate.

I appreciate the continuing interest and study of the Senator, and his assur-

ance that he will take this amendment to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Massachusetts.

The amendment was agreed to.

Mr. SPARKMAN. Mr. President, I send to the desk an amendment on behalf of the Senator from Texas and myself and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 46, between lines 6 and 7, insert the following:

"(c) The first sentence of section 8 of the Federal Credit Union Act is amended by inserting after 'except that' the following: '(1) any such loan with respect to which insurance is granted under section 2 of the National Housing Act may have a maturity not in excess of the maximum allowed by the Federal Housing Commissioner pursuant to subsection (b) (2) of such section, and (2)'. "

Mr. SPARKMAN. Mr. President, the amendment is essentially a technical amendment. When we set up the home improvement program, we permitted commercial banks and savings and loans associations and credit unions to help finance the projects.

This year, we propose to make some changes in that program. We have included the banks and the savings and loan associations, but due to an oversight, we failed to include the credit unions. This amendment would include the credit unions.

Mr. TOWER. Mr. President, I am happy to associate myself with the amendment of the Senator from Alabama in an effort to rectify this situation.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Alabama.

The amendment was agreed to.

Mr. RANDOLPH. Mr. President, I speak in support of the pending measure, the Housing and Urban Development Act of 1965. This legislation would authorize several major advances in housing and in improving the urban environment of America. It is a complex bill, and I shall not duplicate or expand on the very capable exposition presented by the distinguished manager of the bill [Mr. SPARKMAN].

I address my remarks only to section 211 of the bill, a provision written in committee with bipartisan support. This section would require the Federal Housing Commissioner to formulate and adopt a uniform procedure for the determination of technical suitability and subsequent acceptance of materials and products to be used in houses which are financed by FHA-insured loans.

In view of the importance of the FHA in the private homebuilding industry, this provision is necessary. It will help remove one of the major obstacles blocking the application of new technology and new product developments in this industry. The resistance of some elements of the housing industry to the application of new methods and new products has brought it into conflict with the technological advances which characterize most

of the American industrial scene. As a result, the time lag between laboratory and pilot plant developments of new products and their acceptance in the housing industry has cost the American home buyer a high premium.

Though this provision has drawn wide support from most of the building materials industries, it would seem likely that some producers and manufacturers of building supplies now accepted by the FHA oppose this section as a threat to their position. Consequently it is not surprising that the argument is advanced that this will impose new cost burdens on presently accepted suppliers. This is, of course, the pattern in any free market situation in which producers must meet the competition of technological advances.

I speak also on this subject—and quite candidly—from a regional point of view. I have a particular interest because the State of West Virginia is in the great Appalachian region which embraces over a hundred million acres, of which approximately 60 percent is in commercial hardwood forests.

A significant aspect of the recently enacted Appalachian regional development program is concerned with increasing the productivity of Appalachian forestland and finding new markets for our timber products. I cite one example of product development which might be affected favorably by the pending provision. Information comes to me that some highly promising development work has been done on laminated 1- by 1-inch hardwood studs which have the strength and stress capacity of much larger dimensioned softwood lumber. Section 211, Mr. President, will encourage such efforts to expand our share of the homebuilding materials markets, and I believe this provision in S. 2213 is most necessary.

Mr. MONDALE. Mr. President this week the Senate will add one more major achievement to its record by passing S. 2213, the Housing and Urban Development Act of 1965.

I am a strong supporter of this bill, and I will be proud to vote for its passage. It is a major landmark in America's continuing progress toward the goal of a decent home for every American. I have been honored to sit on the committee which considered this legislation, and to take part in its deliberations.

To list all that this bill will do would take far longer than I intend to speak this afternoon. Its most publicized feature is the rent supplement program, a bold new experiment in providing new housing for poor families. Critics have charged that this would permit persons of relatively high income to live in plush apartments at Government expense. But the bill before the Senate would provide rent supplements only to individuals and families in the low-income group which is eligible for public housing.

In addition, these rent supplements would be restricted to persons who are: First, elderly; second, handicapped; third, occupants of substandard housing; fourth, displaced by public action; or fifth, displaced by natural disasters such as floods and tornadoes. And those who

benefit from this program will occupy low-cost rental housing constructed under strict cost limitations imposed by the Federal Housing Administration.

This program can open up a new way of supplying adequate housing for those in need, and I believe it should be given a fair chance to prove itself.

We need more low-income housing, especially because local public housing authorities have been unable to build the number of units called for in previous legislation. They have met the opposition of obstructionists who have fought against the selection of sites for construction of needed public housing in communities throughout the country. And now we find that many of these same people are opposing rent supplements. I say that we need rent supplements, that we need new public housing, in order to help poor families find decent places to live.

Another vital feature of this bill is much less well-known. This is a new insured loan program for rural housing to be administered by the Farmers Home Administration. This will enable thousands of rural families to borrow money on reasonable terms for the construction, repair, or rehabilitation of their homes. Up to \$300 million in loans could be insured under this program every year. This can go a long way in improving the housing situation in our rural areas.

This bill also authorizes expansion of our urban renewal program, a larger and more flexible public housing program, new grants to communities for construction of water and sewer facilities and neighborhood centers, a new FHA insurance program for land development, increased loans for college housing, extension of all major Government housing programs, and many other provisions to aid our urban and rural communities.

I have been particularly interested in what this bill does for our elderly citizens. Last week the Senate provided them with greater security against the costs of illness; this week it will help the aged to spend the last years of their lives in decent homes.

And their need is great. Despite the considerable efforts of existing programs, our senior citizens remain one of our most ill-housed groups. Of those over 65 who rent houses or apartments, no less than 40 percent live in substandard units. And this is despite the fact that three-fourths of the aged in the poorest group—those with incomes below \$2,000—spend more than one-third of these incomes for rent.

One of our best programs for serving the needs of these people has been direct, low-interest loans for housing for the elderly or handicapped inaugurated in the Housing Act of 1959.

Under this section 202 program, our churches, consumer cooperatives, labor unions, and other nonprofit organizations can build and maintain rental apartments specifically designed to meet the needs of lower income elderly persons. Economically they have been a complete success—not a single project in the United States has suffered financial failure. And the committee has expressed its confidence in this program

by amending the bill to increase its authorization.

Direct loans for senior citizen housing have been an economic success. But more than this, I believe that they can be a major human success. When a church builds housing for the elderly, it does not stop with putting up a building—it is dedicated to making it possible for those who live there to live full and rewarding lives. This continuing concern is to me the most impressive and satisfying thing about this program.

I was pleased, Mr. President, that the Senate Banking and Currency Committee accepted my proposal to include housing for the elderly in a limited, experimental rent supplement program. Rents in this housing have always been moderate, but now we will be able to serve senior citizens from the poorest group, for whom even these rents are too high.

I am also gratified that the committee voted to reduce the interest rate on this program to 3 percent. This should lower rents on new projects by an average of \$10 a month.

I am confident that the Senate will soon express its overwhelming approval of this program, and of the many other fine programs in this bill, by voting to enact the Housing and Urban Development Act of 1965.

AMENDMENT NO. 319

Mr. TOWER. Mr. President, I call up my amendment No. 319.

The PRESIDING OFFICER. The amendments offered by the Senator from Texas [Mr. TOWER] will be stated.

The legislative clerk read the amendment, as follows:

On page 2, beginning with line 3, strike out all through line 19 on page 9.

Renumber succeeding sections in title I and cross-references thereto accordingly.

Mr. TOWER. Mr. President, I ask unanimous consent, pursuant to the previous agreement, that this amendment be made the pending business when the Senate convenes tomorrow.

The PRESIDING OFFICER. It is the pending business.

DUKE POWER PROJECT, SOUTH CAROLINA

Mr. THURMOND. Mr. President, on June 30 and again on July 7 I presented to the Senate various editorials, articles, resolutions, and other materials showing the sharp and overwhelming public reaction to a recent action by Interior Secretary Stewart Udall. South Carolinians are very disturbed—and rightfully so—over Mr. Udall's attempt to block Duke Power Co. from constructing a proposed \$700 million power generating complex on the Keowee and Toxaway Rivers in Pickens and Oconee Counties in South Carolina. There is no competing Federal power project proposed for this site. This power complex is proposed for an area designated by the Johnson administration as being poverty stricken and in need of development impetus under private investment and the administration's Appalachia regional development program.

This action by Mr. Udall in intervening before the Federal Power Commission represents bureaucratic arrogance at its worse and constitutes a typical Socialist grab for economic and political power.

Mr. President, I now present the third installment of printed reaction. These are group reactions and do not represent all the individual letters I have received. I invite particular attention to an article published in the Greenville News of July 9. This article, written by Mr. Lee Bandy, reports that the Army Corps of Engineers has filed with the Federal Power Commission a favorable report on the Duke project.

These materials are as follows: The Greenville News article of July 9 entitled "Report of Army Engineers Favorable to Duke Project"; an editorial by Radio Station WDLX entitled "Stranglehold on Private Enterprise" and dated July 8; an editorial from the Greenville News entitled "Monopoly, Not 'Competition'"; an editorial from the Lynchburg, Va., News as reprinted in the Greenville News of July 10 and entitled "Socialists Strike Again"; a column from the Columbia Record of July 7 entitled "Federal Power versus Electric Power"; an editorial from the Ridge Citizen of Johnston, S.C., entitled "Empire Building" and dated July 8; an article from the Greenville Piedmont entitled "Duke Chief Pleased With Dam Report" and dated July 9; two editorials from the Spartanburg Herald entitled "Udall the Determiner of South Carolina Competition?" dated July 7 and "Vehement Agreement Aroused by Udall" dated July 12; an editorial from the Greenville Piedmont entitled "Udall Compounds Folly in Duke Power Project" and dated July 7; a column by James J. Kilpatrick entitled "Secretary Udall Engaged in Brazen Grab for Socialized Power in Blocking Duke" and printed in the State of July 11 and the Greenville News of July 12; an editorial by station WBT entitled "Public Power Priority" and dated July 9; a resolution by the Greater Columbia Chamber of Commerce dated July 8; an editorial from the State entitled "Smash the Opposition" and dated July 13; and an editorial from the Gastonia Gazette of July entitled "Mr. Udall's 'Beliefs'."

I ask unanimous consent, Mr. President, that these materials be printed in the Record at the conclusion of my remarks.

The PRESIDING OFFICER (Mr. McGOVERN in the chair). Without objection, it is so ordered.

(See exhibit 1.)

Mr. THURMOND. In closing, Mr. President, I wish to make the point that I have not received one communication nor have I seen a single editorial or resolution supporting Mr. Udall's stand.

EXHIBIT 1

[From the Greenville (S.C.) News, July 9, 1965]

REPORT OF ARMY ENGINEERS FAVORABLE TO DUKE PROJECT—NO OBJECTION GIVEN AS LONG AS CERTAIN CONDITIONS ARE MET

(By Lee Bandy)

WASHINGTON.—The Army Engineers have filed a favorable report in connection with Duke Power Co. plans to build a \$700 mil-



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HIGHLIGHTS: House committee voted to report farm bill. Senate passed housing bill, including title on rural housing. Senate committee reported disaster relief bill. Sen. Bass favored enactment of new cotton legislation. Rep. Curtis urged thorough examination of "processing tax on wheat." House Rules Committee deferred action on ASC committee employees' fringe benefits bill.

HOUSE

1. FARM PROGRAM. The Agriculture Committee voted to report (but did not actually report) H. R. 9811, the farm bill. p. D656
Rep. Curtis asked that "the processing tax on wheat be thoroughly examined and openly debated" and inserted newsletter of the First National City Bank of N. Y. and Secretary Freeman's reply. pp. 16460-63
2. PERSONNEL. The "Daily Digest" states that the Rules Committee deferred action on H. R. 2452, to extend the benefits of the Annual and Sick Leave Act of 1951, the Veterans' Preference Act of 1944, and the Classification Act of 1949 with respect to employees of county ASC committees. p. D657
3. RESEARCH ANIMALS. Rep. Resnick spoke in support of his bill to regulate the transportation, sale, and handling of dogs and cats intended to be used for research purposes or experimentation. pp. 16428-9

4. WATER. Rep. McCarthy discussed the Nation's water problems and said that the time has come to act and plan. pp. 16464-5
5. LEGISLATIVE PROGRAM. Rep. Albert announced that on Mon. the emergency highway relief bill would be brought up and that on Tues. and the balance of the week the House would consider H. R. 8283, the proposed Economic Opportunity Amendments of 1965, and H. R. 8856, to amend the Atomic Energy Act of 1954. p. 16423
6. ADJOURNED until Mon., July 19. p. 16477

SENATE

7. HOUSING LOANS. Passed, 54 to 30, with amendments H. R. 7984, the housing and urban development bill, after substituting the text of a similar bill, S. 2213 (pp. 16289, 16295-304, 16308-23, 16325-50). Title IX of the bill would provide a new \$300,000,000-per-year program of insured housing loans under the Farmers Home Administration in rural areas.
8. DISASTER RELIEF. The Public Works Committee reported with amendments S. 1861, the proposed Disaster Relief Act of 1965 (S. Rept. 459). p. 16357
Sen. Javits commended the announcement that the President has "asked a panel headed by the Secretary of the Interior to submit to him within a week a report on how the Federal Government could help alleviate the drought crisis in New England and Middle Atlantic States," and inserted an article on the situation. p. 16385
9. SILK; FOREIGN TRADE. Passed as reported H. R. 5768, to extend for an additional 3-year period (until Nov. 7, 1968) the existing suspension of duties on certain classifications of yarn of silk. pp. 16290-1
10. TRANSPORTATION. Conferees were appointed on H. R. 5401, to strengthen and improve the national transportation system (pp. 16313-4). House conferees have already been appointed.
11. VETERANS' BENEFITS. Began consideration of S. 9, to give cold war veterans educational and home-loan benefits similar to those for World War II veterans. pp. 16350-6
12. COTTON. Sen. Bass expressed hope that new legislation could be enacted to alleviate problems of the cotton industry and inserted an editorial, "Poor Cotton Farmers?". pp. 16375-6
13. ELECTRIFICATION. Sen. Proxmire commended and urged the reappointment of Joseph C. Swindler to the Federal Power Commission, stated that he had done a remarkable job with regard "to the regulation of the electric power industry," and inserted several items on the matter. pp. 16292-5
14. FARM PROGRAM. The "Daily Digest" states that the Agriculture and Forestry Committee "concluded its hearings on S. 1702, proposed Food and Agriculture Act of 1965, and other pending farm legislation, after receiving further testimony from Secretary of Agriculture Orville L. Freeman." p. D654
15. MARKETING. Sen. Hruska expressed his opposition to enactment of S. 985, the proposed packaging and labeling bill. pp. 16385-7



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Senate

(Legislative day of Wednesday, July 14, 1965)

The Senate met at 11 o'clock a.m., on the expiration of the recess, and was called to order by the President pro tempore.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Eternal Spirit, whom we seek in vain without, unless we first find Thee within, in the midst of a world which so largely lieth in the darkness of disruption and despair, may the hush of Thy presence fall upon our souls as we hallow Thy name.

For an honored interpreter of the American dream, who in the United Nations has ably and in felicitous words defended the precious things which, as freemen, we hold nearest our hearts, we are grateful this sad day—as the flags from sea to sea flutter at half-mast—for the life and work of thy servant, and the Nation's, Adlai Stevenson, as we bow with a poignant sense of loss at his sudden passing from our side and sight.

In such perilous and decisive times, in the burdened hearts of all who serve in public office may there be a sense of awe so solemnly expressed by the statesman who but yesterday, 3,000 miles from home, finished his course, as long ago he declared that the potentialities of good and evil in those chosen to exercise the stewardship of the Republic's life are enough to smother exultation and convert vanity to prayer.

In this Chamber of governance may the grave questions faced here smother exultation and convert vanity to prayer.

We ask it in the spirit of the Master of all good workmen. Amen.

HOUSING AND URBAN DEVELOPMENT ACT OF 1965

The PRESIDENT pro tempore. Under the unanimous-consent agreement, the Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (S. 2213) to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve

living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

The PRESIDENT pro tempore. The question is on agreeing to the amendment (No. 319) of the Senator from Texas [Mr. TOWER].

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, I yield myself 2 minutes under the amendment.

The PRESIDENT pro tempore. The Senator from Montana is recognized for 2 minutes.

THE JOURNAL

On request by Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, July 14, 1965, was dispensed with.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States, submitting nominations, were communicated to the Senate by Mr. Gelsler, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announced that the House had passed the bill (S. 2080) to provide for the coinage of the United States, with an amendment, in which it requested the concurrence of the Senate; that the House insisted upon its amendment to the bill and asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. PATMAN, Mr. MULTER, Mr. BARRITT, Mrs. SULLIVAN, Mr. ASHLEY, Mr. REUSS, Mr. WIDNALL, Mr. FINO, and Mrs. DWYER were appointed managers on the part of the House at the conference.

The message notified the Senate that Mr. HARDY, of Virginia, had been appointed a manager on the part of the

House at the conference of the two Houses on the bill (H.R. 8439) to authorize certain construction at military installations, and for other purposes.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 2678. An act for the relief of Joo Yul Kim;

H.R. 2691. An act for the relief of Irene N. Halkias; and

H.R. 7438. An act for the relief of Chief M. Sgt. Samuel W. Smith, U.S. Air Force.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills:

H.R. 4526. An act to extend the provisions of title XII of the Merchant Marine Act, 1936, relating to war risk insurance, for an additional 5 years, ending September 7, 1970;

H.R. 5041. An act to provide for safety regulation of common carriers by pipeline under the jurisdiction of the Interstate Commerce Commission, and for other purposes; and

H.R. 6463. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1966, and for other purposes.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred to the Committee on the Judiciary:

H.R. 2678. An act for the relief of Joo Yul Kim;

H.R. 2691. An act for the relief of Irene N. Halkias; and

H.R. 7438. An act for the relief of Chief M. Sgt. Samuel W. Smith, U.S. Air Force.

PRESIDENTIAL MEMORIAL CERTIFICATE PROGRAM

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 416, H.R. 225.

The PRESIDENT pro tempore. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 223) to amend chapter 1 of title 38, United States Code, and incorporate therein specific statutory authority for the Presidential memorial certificate program.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 431), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

GENERAL STATEMENT

Since 1962 the Veterans' Administration, at the request of the President, has been furnishing the next of kin of deceased veterans a memorial certificate expressing the appreciation of a grateful Nation for the devoted service to the country in the armed services. Many letters of approval of, and appreciation for, this program have been received at the White House.

The General Accounting Office, in 1964, questioned the authority of the Veterans' Administration to provide this sort of service. Although money was made available to continue the program, this legislation was introduced to overcome any doubt as to the authority for the action which has been taking place. The bill would provide express statutory authority for the Veterans' Administration to mail to the next of kin a memorial certificate signed by the President, expressing appreciation for the service of the deceased in the armed services.

The Veterans' Administration estimates that the maximum cost in any one year would not exceed \$35,000.

The PRESIDENT pro tempore. The bill is open to amendment. If there be no amendment to be proposed, the question is on the third reading of the bill.

The bill was ordered to a third reading, was read the third time, and passed.

AMENDMENT OF CHAPTER I, TITLE 38, UNITED STATES CODE

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 417, H.R. 5242.

The PRESIDENT pro tempore. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 5242) to amend paragraph (10) of section 5 of the Interstate Commerce Act so as to change the basis for determining whether a proposed unification or acquisition of control comes within the exemption provided for by such paragraph.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 432), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

SUMMARY OF PROPOSED LEGISLATION

This bill, H.R. 5242, would amend section 5(10) of the Interstate Commerce Act so as to make gross operating revenues, instead of the number of vehicles owned or operated, the basis for determining whether proposed unification or acquisition of control is exempt from the provisions of section 5.

NEED FOR LEGISLATION

The unification of small trucking companies is exempted by paragraph (10) of section 5 from the formalized hearing procedures under section 5, and subjected instead to the simpler procedures of section 212(b) of the Interstate Commerce Act. The purpose of the legislation is to provide a more reliable criterion for determining whether the trucking operations seeking to merge come within the exemption of section 5(10).

The present test is whether or not the aggregate number of vehicles owned, leased, controlled, or operated by the combined trucking companies, for purposes of transportation subject to part II of the act, exceed 20. The Commission has advised the committee that in applying this test, numerous questions have arisen as to whether certain vehicles should or should not be included. Under the proposed legislation, the test would be changed to whether or not the gross operating revenues of the combined trucking companies exceed \$300,000. The Commission indicated that the proposed \$300,000 restriction of the exemption corresponds roughly to the present scope of the 20-vehicle limit, and would be a simpler and more definite test to apply.

Hearings on this measure were conducted by the Surface Transportation Subcommittee starting on May 10, 1965. The Interstate Commerce Commission and the Department of Commerce testified in favor of the measure. The measure was also supported by the American Trucking Associations. No one appeared in opposition to the proposed legislation.

" 310.70	Yarns of continuous man-made fibers having special characteristics of bulk or elasticity imparted to the yarns or the fibers by heating, twisting and untwisting, crimping, curling, or other processing.	25¢ per lb. + 30% ad val.	45¢ per lb. + 65% ad val.	"
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(b) The amendment made by subsection (a) shall apply with respect to articles entered, or withdrawn from warehouse, for consumption after the ninetieth day after the date of the enactment of this Act. For purposes of the Trade Expansion Act of 1962, the rate of duty in rate column numbered 1 of title I of the Tariff Act of 1930 provided by such amendment shall be treated as the rate of duty existing on July 1, 1962.

The amendment was agreed to.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report—No. 433—explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE

The purpose of H.R. 5768 as passed by the House is to continue for 3 years, until the close of November 7, 1968, the existing suspension of duties on certain classifications of spun silk yarn. The Committee on Finance approves of this continued temporary suspension of duty.

COMMITTEE AMENDMENT

The committee amendment creates a specific tariff category for certain textured yarn composed of continuous manmade fibers and provides a rate of duty for this product of 25 cents per pound plus 30 percent ad valorem.

The PRESIDENT pro tempore. The bill is open to amendment. If there be no amendment to be proposed, the question is on the third reading of the bill.

The bill was ordered to a third reading, was read the third time, and passed.

Mr. MANSFIELD. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. DIRKSEN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

TEMPORARY EXTENSION OF SUSPENSION OF DUTIES ON CERTAIN CLASSIFICATIONS OF YARN OF SILK

Mr. MANSFIELD. Mr. President, I ask unanimous consent to proceed to the consideration of Calendar No. 418, H.R. 5768.

The PRESIDENT pro tempore. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 5768) to extend for an additional temporary period the existing suspension of duties on certain classifications of yarn of silk.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Finance, with an amendment on page 1, after line 9, to insert:

SEC. 2. (a) Subpart E of part 1 of schedule 3 of title I of the Tariff Act of 1930 (Tariff Schedules of the United States, 28 F.R., part II, Aug. 17, 1963; 19 U.S.C. 1202) is amended by inserting after item 310.60 the following new item:

GENERAL EXPLANATION OF HOUSE BILL

Public Law 86-235, approved September 8, 1959, suspended for 3 years (until the close of November 7, 1962) the import duties imposed under paragraph 1202 of the old tariff schedules of the Tariff Act of 1930 on spun silk or schappe silk yarn (not dyed or colored, singles of more than 58,800 yards per pound, or plied of more than 29,400 yards per pound). The period of suspension was continued for an additional 3 years by Public Law 87-602, approved August 24, 1962. The committee bill, like the House bill, would continue the suspension of these duties (now provided for in items 905.30 and 905.31 of the new tariff schedules) for an additional 3 year period, until the close of November 7, 1968.

Spun silk yarns are of two principal types: Standard spun silk (schappe) yarn and silk-noil (bourrette) yarn. Standard or schappe spun silk yarns for general textile use are manufactured from long parallelized silk fiber stock recovered from waste cocoons and silk filature waste and are used for making sewing thread, decorative stripings for fine worsteds, lacing cord for cartridge bags and, in combination with other fibers, certain types of necktie fabrics, shirtings, dress and suiting fabrics, upholstery and drapery materials.

The silk-noil type of yarn is made from shorter length, and hence cheaper, silk fiber stock than schappe and must be spun on wool-spinning machinery. The material used consists of silk noils discarded as by-products in preparing silk waste for spin-

a careful search should be made for another first-rate man to head the FPC.

HOUSING AND URBAN DEVELOPMENT ACT OF 1965

The Senate resumed the consideration of the bill (S. 2213) to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

Mr. TOWER. Mr. President, the amendment I now offer would simply delete from the bill the provision for rent supplements.

My fears and reservations regarding this proposal are many, but most of all, of course, I fear a stifling of the incentive for homeownership, a continuing unrelenting trend toward giving to renters the status of Government wards.

I note that some have referred to the rent supplement proposal as an anti-homeownership program. To provide for supplements may indeed have an adverse effect upon those many families presently purchasing, or planning to purchase, their own homes without the benefit of Federal subsidization.

Further, not only do I fear that this rent supplement proposal would kill incentive for homeownership, I also fear that the proposal may well serve as a powerful incentive for a family to discontinue its homeownership and become a renter with Federal subsidy.

Truly one of the great developments in this country of the last 25 years has been the tremendous increase in homeownership. The dream of homeownership has without doubt motivated millions of Americans to purchase and pay for homes of their own, and we are now to say to those who have been diligent and conscientious in purchasing their own home that they are to pay a share of an \$8 billion subsidization program.

Actually, what we have is a system whereby the rent dollar of the beneficiary is worth substantially more than the rent dollar of the unassisted taxpayer.

Mr. President, I have supported, in general, our public housing program, though I feel it is in need of much improvement. I have had incorporated into the housing bill, a proposal whereby certain public housing tenants who so desire may contract for the accumulation of their rent over a 3-year period to count as downpayment on their unit thus allowing them to become homeowners.

It is this general type of approach which I favor following in assisting those needy who do not now have adequate housing.

Rent subsidies are to be financed by the ambitious and the industrious.

The program may well be interpreted by some as false hope that they too—that is, those presently living in adequate shelter, are entitled to have a portion of their rent paid by the American taxpayer.

I urge the deletion of this rent supplement proposal from the bill. I hope that a majority of the Senate will understand and appreciate some of the reservations that the Senator from Utah [Mr. BENNETT] and I, and many other Senators, have on this subject.

I dislike to use the term "socialism," because it has become an emotionally charged word. It has become a word that is used irresponsibly by some persons who are perhaps somewhat extreme in their thinking. Nevertheless, the program does smack of socialism. It would virtually open a Pandora's box of probabilities for the future. Ultimately, there might be a program of subsidizing payments for groceries or subsidizing payments for clothing. Indeed, food is more necessary to the sustenance of human life than is housing. So it seems logical that the subsidizing of food and clothing might be the next step.

Mr. BENNETT. Mr. President, will the Senator from Texas yield?

Mr. TOWER. I yield to the Senator from Utah.

Mr. BENNETT. Payments for groceries are already being subsidized under the food stamp plan.

Mr. TOWER. Yes; payments for groceries are being subsidized under the food stamp plan. I am thinking in terms of a direct cash subsidy on the monthly grocery bill of persons having a certain income. The Government would make up the difference. This would go beyond the food stamp plan. I am aware of that.

From the subsidizing of, say, grocery and clothing purchases, the next step might be a guaranteed annual income. To me, that would seem to be the next logical step. A guaranteed annual income would be provided, regardless of whether a person worked or did not work. Someone has suggested, and seriously, that everybody should be given a \$3,600 guaranteed annual income, regardless of whether he works or not.

If that day should come to pass, then I predict the decline of the United States as a great world power.

The subsidizing of rent creates a precedent that will lead to the opening of a Pandora's box of possibilities. We should know that this provision is vulnerable to vast abuse. I hope during the course of the debate to set forth some of what we may call loopholes in this provision. The views of the minority members of the Committee on Banking and Currency of the House of Representatives sum up the argument very well:

The administration's rent supplement proposal is foreign to American concepts. The proposal kills the incentive of the American family to improve its living accommodations by its own efforts.

It kills the incentive for homeownership; it makes renters wards of the Government. It is a system of economic integration of housing through Government subsidy. It is the way of the socialistic state.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. TOWER. I yield as much time to the Senator from Utah as he desires.

Mr. BENNETT. I support the

amendment to delete the rent supplement section from the bill. The rent supplement program as proposed in the original administration bill would provide rent assistance for individuals with an income of as high as \$9,000 to \$10,000 all over the United States.

Even this supplement, even the language in the committee bill, which was greatly changed from the original proposed language, could, in New York City, supply rent supplements for people whose incomes are above \$10,000 a year.

It is a credit to both the House and Senate committees that the planned administration proposal was roundly defeated and some amendments were made. However, I am sorry that the committee did not eliminate the entire rent subsidy concept. Rather than resist the rent subsidy idea, as it became obvious would be the case if the administration proposal were left in, the committee settled for a compromise which could easily be expanded, once the concept became a part of our housing legislation, to take in many more people than would now be the case.

This measure came very close to defeat, as evidenced from the House vote of 202 to 208 on the recommittal motion which was intended to delete the section from the bill.

As the Senator from Texas has pointed out, this program would have the effect of diminishing or destroying the incentive for homeownership or responsible budgeting. A family with an income of \$200 a month, or a family with an income of \$50 a month, could demand the same kind of living accommodations under this program as could a family with an income of \$300 a month.

The incentive to increase one's income in order to improve one's living accommodations would be taken away under the program. The incentive then would be for a person to place himself in a position to qualify for subsidies.

The program would be discriminatory against those who sacrifice to provide decent housing for themselves. I do not believe that there are many people in the country who would deny assistance to a family whose income is insufficient to provide standard housing. All of us deplore the conditions in which some individuals live. However, the underlying fallacy in the rent subsidy program, as in most Federal handout programs, is that those who expend the greatest effort are penalized, and those who expend the least effort are assisted.

A family which now occupies standard housing at some sacrifice, and with an expenditure of more than 25 percent of their income for rent, would not be entitled to assistance, while a family with an equal amount of income which has decided to spend its resources in some other manner would be allowed to take advantage of the program.

Any program which utilizes tax money should not encourage its recipients to do less for themselves than if the money were not available. All assistance should be based on a measure of individual effort.

The rent subsidy program has been sold on the basis that it would make it possible for private enterprise to supply the needs of those in the low-income brackets.

This is a strange twist of the definition of private enterprise. Those who would be eligible to operate structures qualified to receive rent subsidy tenants must operate nonprofit corporations, cooperative, or limited dividend corporations.

Private enterprise is not built on the basis that it will not receive profits, but rather on the prospect of profitability.

Mr. TOWER. Mr. President, will the Senator yield for a question?

Mr. BENNETT. I yield.

Mr. TOWER. Is any provision contained in the bill which might be construed as a limitation on salaries that might be paid officers or managerial personnel in nonprofit corporations?

Mr. BENNETT. No. There is only a limit on the theoretical, organizational pattern on the basis of which the corporation would be set up. Once it had qualified as a nonprofit corporation, it could then absorb any potential profits by paying them out as salary or other benefits to employees or officers of the organization.

Mr. TOWER. Mr. President, is there any proscription on the character of such nonprofit organizations? What kind of organization, for example, would qualify, or does it seem to be pretty much an open end proposition to the extent that any kind of nonprofit organization, either recently formed or not so recently formed, could qualify?

Mr. BENNETT. That would be up to the Administrator. However, I assume that the Administrator can be very liberal in his definition.

As the Senator from Texas knows, we have seen lately the development of a pattern which could continue in the rent subsidy housing projects. It is a pattern under which a sponsor qualifies as a nonprofit corporation. He then makes a contract with a contractor to build a house. There are no profit limitations on the contractor. The contractor may be related to the sponsor, as we have found to be true in many cases. Therefore, the profits can be provided by the contractor while the theoretical nonprofit corporation which would receive the project after it had been erected, would provide the facade behind which the profits were made.

Mr. TOWER. Indeed, it has already happened in existing programs.

Mr. BENNETT. The Senator is correct. There are many cases.

It is also disturbing to me that the local governing body or housing authority is not able to make any decision with respect to the selection of the sites for such buildings, or the eligibility of tenants, or, in fact, it is not able to make any decisions regarding the construction and authorization of buildings under the program.

This means that the Federal Government, the Administrator of the Federal Housing Administration, would be the sole authority. This differs greatly from the situation that now exists under the public housing program. A public hous-

ing program cannot be authorized or operated until after local authorities have been set up. The local authorities have a great deal to say concerning the basis on which people become eligible to live in public housing. This obviously would create an interesting situation.

The Administrator has furnished us some estimates as to possible income limits. The city of Atlanta, Ga., heads two lists, both of which have already been printed in the RECORD.

Under the public housing program, persons whose incomes are over \$3,500 a year would not be eligible for public housing occupancy. The local authorities have determined that figure. In arriving at it, they have stated that certain items of income would not be considered in computing the \$3,500. This is a local decision.

The Administrator estimates that, under this program, individuals with incomes up to \$5,500 would be eligible for the program. The decision is his entirely, and the local people will have nothing to say about it. In fact, they would have nothing to do with the authorization or operation of the program. It is entirely a Federal program. To me, this is a significant breakthrough in our housing pattern. It would be the first time that no local individual or authority would have any opportunity to pass judgment on the program.

Mr. TOWER. That would mean that the Federal Government could go over the heads of the State and local government and directly to the private corporation, or, rather, to the nonprofit corporation.

Mr. BENNETT. The Senator is correct.

Mr. TOWER. They could be ignored without any recognition of what local policy may be on such matters or without any real concern for any zoning practices, whether they be formalized in the form of an ordinance or not. Is that a correct statement?

Mr. BENNETT. I am not sure that the Federal Government can authorize the construction of such projects in defiance of local building codes or local building and zoning ordinances.

Mr. TOWER. Aside from formalized ordinances or practices, very often cities have a zoning policy which is not formalized under law, which could be breached under a situation like this.

Mr. BENNETT. That is correct. The Federal Government will have sole control over the program. It will not consult with any local authority under any type of harmony.

We are told that this is an experimental program, and indeed it is. Nobody knows the problems that may be encountered or what flaws may make it unworkable. Yet in this bill we provide authorization for the Housing Administration to enter into 40-year contracts with approved housing unit owners to pay them rent subsidies for specified tenants in the amount of \$50 million the first year, \$100 million the second year, \$150 million the third year, and \$200 million the next year. These contracts will be spread over a period of 40 years and will represent an obligation of the Federal

Government of \$8 billion. This is a pretty expensive experimental program.

There are all kinds of questions which can be raised about this program for which there are no definite answers. For example, the Federal Government is foreclosing in various parts of the country on large apartment houses that have been built under other FHA programs. It is my opinion that the Federal Government can take one of the foreclosed properties, transfer it to a nonprofit corporation, and use it in this program immediately, without having to construct any new properties under the program. I do not believe there is a requirement that the buildings be constructed for this program, but it could be given the appearance of a nonprofit corporation.

Another question is raised. Suppose a contract is made with a nonprofit corporation, and the contract requires that 30 percent of the apartments in the building be reserved for subsidized tenants. Suppose the nonprofit corporation is unable to rent the remaining 70 percent at rents higher than rents being paid by the subsidized tenants. As I read the bill, it would be possible for the Administrator to change his contract so that in the end he could have that building entirely full of subsidized tenants. This is one of the unknowns.

It seems to me that if a nonprofit corporation that has signed a contract under this program finds it cannot carry out its obligation and repay its loan, rather than foreclose, the Government might encourage it to get some subsidized tenants. So, in effect, the program could develop into a guaranteed income to the sponsoring organization, because the Government is always in a position to make more units available to subsidized tenants and in a position to go out and find tenants and encourage them to move into the apartments, because it does not need to worry about whether or not the tenant can pay the rent. All it has to ascertain is that 25 percent of his current income is less than the level of rent which the Administrator has specified.

There are all kinds of problems involved in this program. I would have preferred an amendment which would have made this an experimental program, limited to a small number of units in various parts of the country.

If the Senator from Texas intends to offer such an amendment, in the event the pending amendment fails, I certainly will support it.

Mr. TOWER. Mr. President, one thing I may point out is that we are establishing an \$8 billion program that will cover a period of 40 years. We are really saddling ourselves with a gigantic program, when we have had no experimentation, no pilot project. We are firing in the dark. We do not know how the program will go. We are saddling ourselves with a big commitment. We are actually guaranteeing full occupancy to the sponsors of these housing projects for 40 years.

Underwriters in FHA insuring offices will not make commitments for any more units than can be sustained in the market over the specified period of time. This is the policy. I hope it will be the

policy to be followed by the administration. But we have no guidelines or projections as to what may be needed or may not be needed 40 years from now, or even 10 years from now.

Some of us feel that this is an attempt to achieve economic integration by use of Federal dollars and programs. The money is not ostensibly for that purpose, but in effect it would accomplish that purpose. I am not talking about breaking up ghettos and ethnic blocs in various cities. They should be broken up. I do not believe there should be slums inhabited by one ethnic group.

But this is an effort to achieve in effect economic integration. This has nothing to do with race, but involves taking people in various income levels and attempting to mix them in one neighborhood under the auspices of Federal programs. That to me is undemocratic and unacceptable.

This has been called the federalization of "residential patterns." That is a very good description. We are making use of a program for the purpose of bringing together families that make \$8,000 a year, families that make \$15,000 a year, and so forth. In other words, we are trying to range over the socioeconomic spectrum and bring them into one economic pattern. I do not believe people are going to take to it too well, regardless of what particular scale a particular family may be in. I do not believe it is the function of the Federal Government to force an economic pattern through a subsidy rent program and the use of Federal dollars and Federal programs.

Mr. SPARKMAN. Mr. President, I yield myself such time as I may need. There are a few statements I made in my general statement yesterday in regard to rent supplements. In discussing the bill, I discussed rent supplements and had an exchange with the Senator from Louisiana [Mr. ELLENDER].

I wish to mention a few of the things which have been brought up in the discussion today by the two able Senators who have participated. First, I wish to mention the point the Senator from Texas brought up a moment ago, with reference to need. It is true that the pending bill provides for a 40-year undertaking. But, so does public housing; so does FHA section 213, cooperative housing and FHA section 220; and so do many of the other FHA programs, just as is proposed here. The Senator from Texas supports public housing, and said so a few moments ago. He does not particularly like it. I have said many critical things about the present public housing program. One thing we are trying to do is to develop an FHA program which it is hoped may be able to replace public housing.

Mr. BENNETT. Mr. President, will the Senator from Alabama yield for a question?

Mr. SPARKMAN. I am glad to yield.
Mr. BENNETT. Under the bill, would it be possible for a family to move out of a public housing unit into a rent subsidized unit?

Mr. SPARKMAN. I cannot tell the Senator that. I suppose that would be governed by the authority handling the program.

Mr. TOWER. That would be at the discretion of the Administrator; is that not correct?

Mr. SPARKMAN. I do not know. I cannot answer that question. There is nothing in the law that ties down a family to a public housing unit once it is in there. There is also nothing in the law to prevent a person who comes within the definition of the act from moving into one of these projects. In other words, whoever moves in must be a qualified tenant. There is a difference which I believe we should keep in mind between this system and the present public housing system. Under the public housing system, a person is required to contribute only 20 percent of his income. I believe it was on the motion of the Senator from Utah that it was raised to 25 percent of the rent supplement, so that the tenant in the program pays more than the tenant in the public housing program.

Mr. BENNETT. On the other hand, under the program, might not the tenant get a more desirable accommodation and worth much more?

Mr. SPARKMAN. I seriously doubt whether that could be reasonably expected, because this is supposed to be economy-built housing. I do not presume that the accommodations would be better than in public housing. I do not know this, but I would guess that probably the best accommodations to be obtained would be in the first public housing units, because they were built at a much cheaper rate than any housing can be built for at the present time. I believe that they would be better off.

However, I started to talk about the need over a 40-year period, or whatever it may be. Of course, we cannot predict the need, but in all the programs which we have provided in housing, there has been a time limitation. Most of them run up to 40 years. I believe that on some, there may be a limit of as much as 50 years. I am told by my staff that that would be for college housing, even though I dare say we could assume that there is some speculation as to what the need would be. But I believe that everyone of us has the assumption that the need will continue to be great.

Mr. TOWER. Mr. President, will the Senator from Alabama yield for a question?

Mr. SPARKMAN. I yield.

Mr. TOWER. Is it not true that the \$8 billion to be spent over a period of 40 years would be contracted for within the next 4 years?

Mr. SPARKMAN. That is true, but that is the same kind of arrangement as exists in public housing. When the Public Housing Act was first enacted in 1949, it was provided that a sufficient number of units could be contracted for, not to exceed \$336 million a year. That was the public housing program as originally prepared. We have just reached that authorization.

Mr. TOWER. Is that the reason why

there are 170,000 units in the pipeline now?

Mr. SPARKMAN. Some of those units may be in there because of being tied up in the finalizing of that \$336 million. The Senator from Texas knows that I agree with him, and with the Senator from Utah, because we all participated in questioning the housing officials when they came before our committee about the great pipeline, whatever we may wish to call it. The Senator also knows that we have put into the report the request that the administration supply us with full information and try to get the pipeline behind us.

Mr. DOUGLAS. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. DOUGLAS. Is it not true that the inflated figure of the ultimate cost of \$8 billion over a 40-year period is based on the assumption that there will be no increase in incomes of those in the rent supplement program? But, as the incomes rise, the amount of the rent supplement diminishes; that is, for each rise of \$10 in income, there would be a decrease of \$2.50 in the rent supplement. We know that over a period of time there is an increase, roughly, of 2 to 3 percent in real income each year, so that there is a built-in margin of reduction in payments which our friends across the aisle do not take into consideration at all; is that not true?

Mr. SPARKMAN. That is true—

Mr. BENNETT. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. The request was made of our staff committee in the committee session that it be directed to obtain information as best it could as to what the agency estimates of the cost would be. We have received a letter in reply to that request, and the agency estimates that the total cost over a 40-year period will be \$5.8 billion. They say there is even a possibility of a decrease in that amount, to account for those units which will be built under section 221(d)(3) of the program below market interest rates.

Mr. BENNETT. Mr. President, will the Senator from Alabama yield for a question?

Mr. SPARKMAN. I yield.

Mr. BENNETT. The point has been made that it is expected that incomes will rise and, therefore, it is assumed that eventually nearly everyone in the housing units will get out from under the subsidy.

Mr. DOUGLAS. Would that not be a fine thing?

Mr. BENNETT. But, as soon as they would get out from under the subsidy, they would release their apartment, which would then be rented to someone else, because the contract will require the 30 percent—if that is the correct figure—and the apartment will be leased to subsidized persons. Therefore, it would go out of the top and come in from the bottom.

Mr. DOUGLAS. Only if we have millions of people, 40 years from now, who still live in poverty. If the Senator from

Utah would only join us, we could diminish that number now.

Mr. SPARKMAN. Let me add that, of course, many assumptions must be made.

Mr. BENNETT. The Senator is correct.

Mr. SPARKMAN. The Senator from Utah is making an assumption. We could just as easily—

Mr. BENNETT. The Senator from Illinois is also making an assumption. I am suggesting that there is another assumption which counterbalances his.

Mr. SPARKMAN. We can easily assume that after the incomes rise, the tenants could purchase their units, as they are given the right to do. They are given the right to do this under the program. Under the amendment offered by the Senator from Texas [Mr. TOWER], they would also be given the right to purchase their units in public housing for the first time.

Mr. BENNETT. I suggest that there is another assumption, that the Administrator has the right to set the level under which subsidies will be paid. We have already seen that he expects to set that level higher than what the public housing level will be. Can we not assume that as incomes rise, the Administrator will raise the level below which subsidies can be paid. That is just as logical an assumption as the assumption that people will work themselves out of the top.

Mr. SPARKMAN. May I ask the Senator from Utah where he gets the assumption that the Administrator will set the price higher than for public housing?

Mr. BENNETT. I get it from the statement supplied to the committee by the Administrator, the tables for which were put in the RECORD by the Senator from Illinois. I have already quoted one figure for Atlanta, Ga., for four-bedroom housing under this program. The Administrator makes it clear that until he has made a survey these figures are not firm figures. He estimates a figure of \$5,500 income for Atlanta, Ga., for four bedrooms. Under public housing the figure is \$3,500.

Mr. DOUGLAS. Those are the figures for Atlanta?

Mr. BENNETT. For public housing the figure is \$3,500, and the other is \$5,500.

Mr. DOUGLAS. Did the Atlanta authorities fix that figure?

Mr. BENNETT. Yes. I am making the point that we start with a higher set of assumptions than is true for public housing.

Mr. SPARKMAN. In my discussion yesterday I gave the figures that were supplied by the housing agency. As in the case of public housing the figure varies from one area of the country to another.

Mr. BENNETT. Yes.

Mr. SPARKMAN. It is estimated that the overall national average for rent supplement payments is \$40 a month per unit, whereas the level of subsidy for public housing units runs to about \$58 per month. The overall figure is lower than the public housing figure.

Mr. BENNETT. The answer may be that most public housing units are built in large cities, where the rates are high and where salaries are high. It is estimated that these subsidy units will be built across the country, where the average would be lower.

Mr. SPARKMAN. I have no way of knowing that.

Mr. BENNETT. Neither have I.

Mr. SPARKMAN. On the question of classes, they are about the same as for public housing today. It is true that there will be low-income people in these units. That is one of the primary purposes for which this housing will be built. Certain classes are eligible for this type of housing. First of all there would be the elderly; second, the physically handicapped; third, those who are displaced by reason of governmental action, such as urban renewal, building of highways, parks, and undertakings of that kind. In addition the families must be of low income. I remind the Senator from Utah that again it was a part of his amendment—I believe it was his proposal in the subcommittee which was endorsed unanimously—that sought to remove the lower floor.

Mr. BENNETT. I believe that amendment was offered by the Senator from Illinois on the day when the Senator from Utah was not present.

Mr. SPARKMAN. I remember that the Senator from Utah offered his 25 percent amendment. It was discussed then, and it was agreed that there would be no floor, and that higher participation by the tenant would be required.

The Senator will recall that the big complaint about this program had been that it did not go down low enough; in other words, I am referring to the income level in its original form.

Mr. TOWER. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. TOWER. I believe that the amendment by the Senator from Maine [Mr. MUSKIE] was the amendment that made this a low income program.

Mr. SPARKMAN. Yes; by taking it away from the lower middle income, we cut off the lower middle income and require it to be in the lower level.

I am talking about the income "floor." In public housing, rather strange to say, there are people who get incomes that are so low that they are not allowed in public housing. The Senator may recall our discussion in the subcommittee. It was felt that it was not right to build low income housing and then say people had such low income that they were not eligible for it. We use about the same classes.

Mr. MUSKIE. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. MUSKIE. I should like to have that point clarified for my benefit. As the Senator knows, I was not a crusader for rent supplements. It was only when the committee agreed to reduce it to its present dimensions that it made sense to me—and good sense, I believe—and I supported it.

As I understand, the group eligible for rent supplement payments under the

Senate bill as it is now written, is a narrower group than the group that is eligible for public housing.

I notice on page 4 of the bill the list of those who are eligible for rent supplements, to which the Senator has referred. They are those who are displaced by governmental action; the elderly; the physically handicapped; those occupying substandard housing; and those who come under the Proxmire amendment because their dwelling had been affected by natural disaster. Those are the five groups. Those eligible for public housing are those who fall under the income ceilings, whether they are members of any of these five groups. Is that correct?

Mr. SPARKMAN. Yes; except that both conditions must exist.

Mr. MUSKIE. Under the rent supplement provision.

Mr. SPARKMAN. Yes.

Mr. MUSKIE. But only one for public housing.

Mr. SPARKMAN. Yes. It is no broader in this program than in public housing; as the Senator points out, it is narrower.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. DOUGLAS. I believe this matter can be cleared up because of the preliminary estimates of income limits for families of different sizes which the Administrator said he would follow. The table to which I am referring is printed at page 16065 of the RECORD of Tuesday. If we look at the column showing 3 or 4 persons, we see the limit that he has fixed, and we can compare it with the rates under public housing. I will give this table to the Senator from Utah, so that he may check the figures. In Atlanta, Ga., for example, for continued occupancy the income limit for public housing is \$4,000. Under the rent supplement program it is proposed to be only \$3,800. In Boston, Mass., the continued occupancy figure under public housing is \$5,225; the rent supplement program calls for a \$4,800 ceiling. In Bridgeport, Conn., for continued occupancy it is \$6,125, whereas for rent supplements it is \$4,600. In Columbia, S.C., the continued occupancy calls for \$4,250; the rent supplement calls for \$3,700. It will be noted that I did not include my city of Chicago. For continued occupancy in public housing, \$5,750; for rent supplements, \$5,000. Jefferson City, Mo.: Continued occupancy \$5,000; rent supplement \$4,100. That is true of almost the entire list. The Senator from Maine is completely correct. The income limits under the rent supplement program generally are much more restrictive than under public housing. I will take these figures to the Senator from Utah, so that he may check them.

Mr. BENNETT. I did not have a record of the limits on continued occupancy. I was supplied the limits for admission. Both of these are limits for admission. We do not have the limits for continued occupancy.

Mr. DOUGLAS. Under continued occupancy in rent supplement units as the

income rises, the subsidy goes down. So it is very different from public housing.

Mr. BENNETT. The Senate moved over from a 3- to 4-bedroom limit to a 3- to 4-person limit. Let us consider Atlanta, Ga. The Senator does not have those figures. The figure I was quoting was for four bedrooms for seven to eight persons.

Mr. DOUGLAS. What I am trying to say is that at almost every point we find the income limit for the subsidized rent supplement program lower than the continued occupancy figures under public housing.

Mr. BENNETT. The Senator from Utah would like to have a schedule which is comparable at every point, because the table I hold refers to one class only, and this schedule refers to four classes.

Mr. DOUGLAS. There are proportionate additions.

Mr. BENNETT. If the Senator could have printed in the RECORD a list of continued occupancy limits in relation to the other classes for which we have in the RECORD preliminary estimates, I think it would be helpful.

Mr. DOUGLAS. We shall do so. I ask unanimous consent to insert in the RECORD the table on public housing and rent supplement income ceilings.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Public housing maximum income limits for 4-person families as of July 1, 1965, for selected localities¹

Locality	Admission		Con- tinued occu- pancy	Rent supple- ment ceilings, 4-per- son families
	Regular	Dis- placed		
Atlanta, Ga.	\$3,200	\$4,000	\$4,000	\$3,800
Boston, Mass.	3,800	4,750	5,225	4,800
Bridgeport, Conn.	4,900	5,880	6,125	4,600
Chicago, Ill.	4,600	5,200	5,750	5,000
Columbia, S. C.	3,400	3,400	4,250	3,700
Columbus, Ohio	4,400	4,400	5,300	3,900
Fresno, Calif.	3,400	3,800	4,250	4,400
Huntington, W. Va.	2,900	2,900	3,625	3,700
Jefferson City, Mo.	4,000	4,400	5,000	4,100
Kansas City, Mo.	3,600	3,900	4,500	4,100
Louisville, Ky.	3,800	4,750	4,750	4,300
Milwaukee, Wis.	3,800	4,200	4,700	4,100
Newark, N.J.	4,560	4,980	5,700	5,000
Providence, R.I.	4,200	5,040	5,350	3,700
Paterson, N.J.	3,900	4,800	4,875	4,800
Pittsburgh, Pa.	4,450	5,400	5,400	4,600
Port Arthur, Tex.	3,000	3,000	3,750	3,700
San Antonio, Tex.	3,100	3,750	3,750	3,700
St. Louis, Mo.	4,400	4,900	5,300	4,500
Terre Haute, Ind.	4,400	4,400	5,500	3,900
Toledo, Ohio	4,400	4,400	5,500	4,500
Waco, Tex.	3,000	3,400	3,750	3,700
Utica, N.Y.	4,400	5,200	5,400	3,700

¹ Public housing income limits are stated in terms of total family income less deductions and exemptions permitted by the local housing authorities. They include such items as payroll deductions for social security, unusual medical expenses, expenses of a serviceman living away from home, etc. They may also include exemptions such as \$100 per minor or dependent adult, some income exemptions for certain family members (in some cases, all income), and VA service-connected disability and death benefits.

Finally, the actual income limits for admission should not be confused with legally possible income limits which can, in the case of the elderly, go all the way up to private unsubsidized rents and which can, in the case of the nonelderly and nondisplaced, go much higher than actual in many areas because they are so far below the 20-percent gap requirement.

² Approved but not utilized.

³ No displaced limit approved. Regular limits apply to displaced families.

Mr. BENNETT. I thank the Senator.

Mr. DOUGLAS. In general, there is about a 25-percent increase in the income

ceiling for continued occupancy over the admission rates for public housing.

Mr. SPARKMAN. Mr. President, I believe the Senator from Illinois already has placed that information in the RECORD.

Mr. DOUGLAS. I believe I put it in for four-person families. I withdraw that statement. I did not submit the figures for continued occupancy for the RECORD, but in general it can be said that the rate for continued occupancy is 25 percent above the admission figure. Families are permitted to increase their income by about 25 percent before they are evicted from public housing.

Mr. SPARKMAN. It seems to me that the simple answer is the item which I stated a little while ago to the effect that the estimate of the cost—and that is one of the big items with which we are concerned—will be an average of \$40 a unit for the rent supplement program as against \$58 per unit the country over for future public housing.

Mr. MUSKIE. Mr. President, will the Senator yield at that point?

Mr. SPARKMAN. I yield.

Mr. MUSKIE. I have been getting educated on the question of cost because of my real concern with the new program. But, as I understand, in addition to the \$58 monthly per unit cost of public housing to get the full cost, we ought to have the cost represented by tax exemptions from Federal taxes and tax exemptions from local taxes. I understand that those two figures add up to another \$17 per month, making the total cost of public housing something like \$75 a month.

Those are the figures given to me by the agency. I believe that they are reasonable and ought to be taken into account.

There is another question. I should like to confirm what I have been told.

Mr. SPARKMAN. First, when the Senator refers to the \$17 additional, he is referring to the fact that public housing is tax free in two respects—income taxes on the bonds and real estate taxes on the property.

Mr. MUSKIE. Yes, public housing is exempt from Federal income taxes.

Mr. SPARKMAN. Yes.

Mr. MUSKIE. I understand that that is the cost that is contributed at \$7 per month per unit. The projects are also exempt from local taxation, and I understand that represents a figure equivalent to \$10 a month per unit, resulting in \$17 a month per unit for tax exemption, which represents the public cost. That would not be a public cost in rent supplemental housing, because that would be privately owned and subject to local taxation.

Mr. SPARKMAN. The Senator is correct. I am glad the Senator brought out that point. I brought that out in my statement yesterday. The figure I have is that \$48 million of taxes would be lost to the Federal Government. I believe that it is highly important for us to remember a fact about the program which we are proposing today. As I said yesterday, it is nothing new. In 1947, or 1946—in the early days of debate on the Taft-Ellender-Wagner bill—the real

estate boards recommended a program almost the same as the one now proposed.

Time after time since then they have recommended a similar program, which they describe as a rent certificate program. The only difference would be the manner in which payment would be made.

Mr. MUSKIE. Mr. President, will the Senator yield?

Mr. SPARKMAN. Let me continue with this point if I may. This program has been recommended through the years by private enterprise as a substitute for public housing. Furthermore, these projects would be built by private enterprise under FHA supervision and under the FHA insurance plan—not Government loans, not Government money—but money loaned by private enterprise to private enterprisers and insured by the FHA. The buildings would be owned by private enterprise; taxes would be paid to the Federal Government on the income that is derived from the program. Taxes would be paid to the local governments, and the project would be operated as private enterprise.

I should like to go one step further. The organizations that have recommended the program are remarkable. As I have said, through the years the real estate boards have recommended a program similar to the one proposed. They do not recommend the present program. They still stick to their rent certificate plan. This year they proposed another program which would have lowered the interest rate on these loans, even to zero percent, subsidizing it in that way. I submit that every one of us would prefer the kind of program which operates as provided under the bill rather than one which would be subsidized by lowering the interest charge to zero. The American Bankers Association did not come out and say that they particularly supported the program, but they said they preferred it over the plan of reducing interest rates as we do in one of the programs that we have already, or even as we do in a program such as the section 221d(3) below-market rate program, because there is a low interest rate there.

Some builders' organization endorsed it. As I have said, the American Bankers Association had many kind words to say about it and expressed preference for it over a change in the interest rate. The National Housing Conference approved it. The General Improvement Contractors approved it. The National Council Agency, the AFL-CIO, the American Institute of Planners, the National Conference of Catholic Charities, the National Association of Mutual Savings Banks, the American Association of Homes for the Aging, the U.S. Cooperative League, the National Association of Settlements and Neighborhood Centers, the National Farmers Union, the National League of Municipalities, and the U.S. Conference of Mayors approved the plan. I have read a short list of the organizations throughout this country that are supporting the program.

Mr. DOUGLAS. Mr. President, I ask the Senator from Alabama if the National Association of Homebuilders has become a socialist organization?

Mr. SPARKMAN. No. I believe that the National Association of Homebuilders is one of the strongest of our private enterprises.

Mr. DOUGLAS. How about the American Bankers Association?

Mr. SPARKMAN. Of course not. Over the past several years the American Bankers Association has been quite active, helpful, and strong in advocacy of good private enterprise housing programs.

Mr. DOUGLAS. The American Institute of Planners?

Mr. SPARKMAN. No; certainly they are not.

Mr. DOUGLAS. Or the National Conference of Catholic Charities?

Mr. SPARKMAN. No, nor the Conference of Mayors, the League of Municipalities, or any of the others.

Mr. PROXMIRE. Mr. President, will the Senator yield on that point?

Mr. SPARKMAN. I yield.

Mr. PROXMIRE. The Senator is making a very important argument, because those who are opposed to rent supplemental subsidies have said that they are socialistic and have implied that they are not supported by solid American institutions.

I invite the Senator's attention to two statements in the hearings. I noticed that when the mutual savings banks supported rent supplements, they did so for a very interesting reason. I call the Senator's attention to page 584 of the hearings reporting the testimony of the mutual savings banks, and I read one paragraph:

We recognize the importance of providing standard housing for such persons, particularly since this group will doubtless be enlarged by increasing code enforcement in urban areas. And we endorse the principle of providing a direct rent subsidy, since this will permit financing by private capital with market interest rate mortgages, insured under section 221(d)(3), rather than with public funds under submarket interest rate loans. Indeed, we welcome the prospect set forth in the President's recent "Message on the Cities" that, with a successful rent subsidy program, "it should be possible to phase out most of our existing programs of low-interest loans."

I invite the attention of the Senator from Texas to a statement made by the American Bankers Association, which as the Senator from Illinois has mentioned, is anything but a socialistic organization. I ask the Senator's indulgence while I read their interesting statement, which appears on page 373 of the hearings:

Section 101 conforms with our statement of principles. We prefer the rent supplementation approach which is based upon marketable interest rates over the subsidized interest rate approach of 222(d)(3) under which loans are originated at below market interest rates.

Since the real criteria for need is the ability of people to obtain minimum decent housing at rentals which are consistent with their level of income, the rent supplementation should become available to people who are eligible under section 101 but who cannot obtain decent housing at rentals not exceeding 25 percent of their gross income.

I recognize that we have before us both 221(d)(3) and rent supplement. What is important is that this conservative or-

ganization came out foursquare on the side of the rent supplement principle, its purpose and effect, which is to make people more self-reliant and to get them gradually but eventually out from under the subsidized program.

Mr. SPARKMAN. I appreciate the comments of the Senator from Wisconsin. He has read from the statements of two of the approving organizations, the first being the National Association of Mutual Savings Banks; the second being the American Bankers Association.

I will modify a statement I made a while ago. I said that the American Bankers Association did not positively approve the program. It did. I recall now that it approved that very part of the bill. It started with the statement that section 101 conformed with their statement of principles. In other words, the representatives of the American Bankers Association and the National Association of Mutual Savings Banks submitted resolutions that apparently had been passed in their association meetings. In everything they approved, they began with the statement that "It conforms with our statement of principles." If they disapproved it, they said it did not conform with their statements of principles, or something to that effect.

As the Senator from Wisconsin has said, two of the most conservative, strong, and good private enterprises systems of our country advocate the rent supplement program.

Mr. TOWER. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. TOWER. We conservatives would never concede that we have a monopoly on truth. We are capable of being wrong on occasion. The most conservative organization can be led down the garden path from time to time.

However, the statements read by the Senator from Wisconsin were not in support of this measure, but of the President's bill. This measure is not the President's bill; this is a bill that was modified by the amendment of the Senator from Maine [Mr. MUSKIE].

Mr. PROXMIRE. Yes, indeed.

Mr. TOWER. There was no testimony on that.

Mr. PROXMIRE. The language was modified by the distinguished Senator from Maine and by me. My modification increased the level of income which tenants would have to pay in rent before receiving rent supplement to 25 percent. The Senator from Maine provided that the total incomes of recipients must be so low that they qualified for public housing. He took a more conservative approach than the administration. I am sure these great organizations would be more enthusiastically in favor of this proposal than the administration's.

Mr. TOWER. They were testifying with respect to the other program.

Mr. PROXMIRE. They were.

Mr. DOUGLAS. Does the Senator from Texas mean to say that the American Bankers Association would favor a subsidy for well-to-do families and oppose a subsidy for poor families? I cannot believe that.

Mr. SPARKMAN. I have enjoyed the

discussion, but I realize that time is passing.

I believe it would be well to establish the fact that this proposal is supported by some of the greatest private enterprise groups and organizations in the country. I do not believe that the Senator from Texas, even though he thinks they might sometimes be led down the primrose path, would ever suggest that the American Bankers Association of the National Association of Mutual Savings Banks is a socialist organization or that it would support what it believed to be socialist legislation.

Mr. MUSKIE. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. MUSKIE. I suspect, having been rather conservative on this issue myself, that one of the reasons why those organizations support the program, perhaps support it even more enthusiastically in its present form, is that they understand that the Government is already committed to the principle of rent subsidy, because the public housing program is a rent subsidy program.

Mr. SPARKMAN. Yes.

Mr. MUSKIE. They understand that. So the question is which form to use. Shall we use the form that uses public money or use the form that uses private money? These organizations like the rent supplement program because it is a form of rent subsidy which uses private enterprise and private money to do the same job.

Mr. SPARKMAN. Yes. In that connection, public housing as we have had it in the past and as we now have it is not considered socialistic. Bob Taft, who originated the program, did not consider it to be socialistic.

I wish to say for the benefit of the Senator from Texas [Mr. TOWER], who supports public housing—he said so a few minutes ago—that public housing as we have it certainly smacks more of socialism than does the program we are proposing today under private enterprise, a program which the Senator from Texas says he opposes. I doubt whether, deep in his heart, he opposes it as strongly as he indicated. But I wanted to draw that distinction. I join with Bob Taft in the belief that public housing is not socialistic; but it does enjoy a Federal subsidy.

Mr. DOUGLAS. Is it not true that public housing is publicly financed?

Mr. SPARKMAN. Yes.

Mr. DOUGLAS. The supplementary rent program will be privately financed.

Mr. SPARKMAN. Yes.

Mr. DOUGLAS. Is it not true that the direction of public housing is by a public body, whereas the rent supplement program will be managed by a private body?

Mr. SPARKMAN. I wish to correct one statement that might be misunderstood. Rent supplements of money that is paid are paid by the Government.

Mr. DOUGLAS. To the manager of the building?

Mr. SPARKMAN. For management, ownership, payment of income taxes to the Federal Government, payment of taxes to the State, county, or city government; and payments to school districts are provided for in this program, as

against none in the public housing program, which the Senator from Texas supports.

Mr. DOUGLAS. In reality, the Senator from Texas is expressing a preference for a much more socialistic program than the rent supplement program, and a much more costly program.

Mr. SPARKMAN. The Government participates much more in the public housing program and at much greater expense to the taxpayers.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. SPARKMAN. The Senator from Texas has asked me to yield to him.

Mr. BENNETT. Will the Senator from Texas allow me to make one comment?

Mr. TOWER. I yield.

Mr. BENNETT. Nonprofit corporations pay no Federal income taxes.

Mr. SPARKMAN. I thought of that; yes.

Mr. BENNETT. Nonprofit corporations pay no Federal income taxes.

Mr. SPARKMAN. Because they have no profits. But limited dividend organizations do. So do cooperatives on undistributed portions.

Mr. BENNETT. Yes, theoretically.

Mr. SPARKMAN. I accept the correction by the Senator from Utah.

Mr. TOWER. It seems that I am being made a big liberal today.

Mr. SPARKMAN. And by conservatives.

Mr. TOWER. After the stirring remarks by the distinguished Senator from Illinois [Mr. DOUGLAS], I may get the endorsement of the trade unions in my State for reelection. That is entirely unlikely.

I believe that we must remember that a great deal of testimony and comments which have been read were addressed to the bill prior to the modifications of the Muskie amendment. No hearings have been held since the adoption of the Muskie amendment.

A very interesting item appeared in a newsletter published by Representative PAUL A. FINO, of New York, who can hardly claim to be very conservative. He states, as reported by the Pittsburgh Post-Gazette, that Mr. Weaver went on to say that under the proposed program, only those with hearts of gold and heads of lead would construct a rent housing program unit for lower-income families.

Mr. DOUGLAS. Mr. President, I believe that was an unfortunate expression on the part of Dr. Weaver, or one of his speechwriters. I believe that on reconsideration he would modify that statement.

I should say that those who oppose the rent subsidy program have hearts of lead. I do not believe that they have heads of gold, either.

Mr. SPARKMAN. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from Alabama has 69 minutes remaining to his side. There are 92 minutes remaining on the other side.

Mr. SPARKMAN. I do not wish to prolong this debate. I yield to the Senator from Utah.

Mr. BENNETT. Mr. President, the

Senator from Utah was about to rise to a point of personal privilege. It is against the rules of the Senate to make derogatory statements on the floor about other Senators. To describe the Senator from Texas and myself as having hearts of lead and heads of gold, I believe, would come within the rule.

Mr. DOUGLAS. I did not say the Senators had heads of gold.

Mr. BENNETT. I shall not press the matter further. However, I point out that this is skirting pretty close to a violation.

Mr. SPARKMAN. Mr. President, I do not care to prolong the discussion much more.

I believe that the people of the country will be concerned as to the cost of the program. We must remember that we are trying to find some measure to take the place of the public housing program, as we have known it through the years. I believe that the best way to arrive at the cost of the program is by a comparison with the existing public housing program.

Yesterday I included in my presentation a statement from the Housing Agency that gave some comparison of the cost. I have a very brief summary of it here.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a statement on the subsidy involved under the rent supplement program compared to public housing.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

SUBSIDY INVOLVED UNDER RENT SUPPLEMENT PROGRAM COMPARED TO PUBLIC HOUSING

The amount of the rent supplement payment that may be made on behalf of a particular family will never be greater than the amount of the subsidy that would be paid for that same family in a public housing unit. As to average costs, it is estimated that the average subsidy cost under rent supplements would run about \$40 a month per unit—the level of the subsidy for public housing units currently being built runs about \$58 a month per unit.

There are several reasons for the lower subsidy cost in the rent supplement program. Land and construction costs in the rent supplement program would be less than in the public housing program. There will be available to sponsors of rent supplement projects a much wider range of selections of sites, including suburban and outlying land, and generally no clearance would be involved. In addition, certain special construction requirements that add to the cost of public housing would not apply to housing constructed under the rent supplement program.

Under the rent supplement program, the occupant would be required to pay 25 percent of his income for rent compared to the general 20 percent requirement under the public housing program.

These factors alone—lower land and construction costs and greater payments by occupants—will offset the advantages of low-interest rate loans through tax exemptions in the public housing program. In addition, of course, the tax exemption accorded income on bonds issued in the public housing program involves a very substantial loss of revenue to the Treasury and this represents a cost that must be borne by other tax sources. It is estimated that the tax exemption of the income on public housing bonds now costs the Treasury \$48 million a year in revenues.

Finally, the local property tax exemption

accorded public housing represents a very substantial local contribution and is also a part of the economic cost of public housing.

Mr. SPARKMAN. Mr. President, with reference to the statement that the Senator from Texas made to the effect that bankers from the mutual savings banks did not testify with relation to the bill after the Muskie amendment had been agreed to, I believe that their testimony would be much more favorable since we have agreed to the Muskie amendment. The Muskie amendment removed the requirement for rent supplements for higher income living.

I believe that requirement would have been subject to strong opposition. I did not like it myself. I fully believe that those banking associations would have been much more favorably impressed with the bill with that item removed.

There are two principal things for us to remember in supporting this measure in contrast to the present public housing program. First, the new program would be a private enterprise program built under the proved insurance program of the Federal Housing Administration, built by private enterprise, owned by private enterprise. Private enterprise pays taxes, as do individuals.

I cite those reasons as opposed to public housing which would cost more, which would be built under a governmental financial support program. I do not mean insurance, but I do mean that that program would be carried on under the written faith and credit of the U.S. Government, which is behind the bonds issued by the city public housing authorities throughout the country.

Rent subsidies would be paid by the Federal Government. At the same time, according to the statement that I have just submitted for the RECORD, there is an estimated loss of \$48 million income to the United States each year resulting from the nontax payment status of the public housing program.

Mr. President, another contrast is the cost. I believe that is all important. The Senator from Ohio [Mr. LAUSCHE] is interested in the average per-unit cost for public housing in the United States today. That figure is \$58 a month for new housing constructed at the present time. The average cost per unit of these houses built now would be \$40 a month. It would involve \$18 a month less in subsidy. In addition, those people would pay taxes, as proposed in the bill. Under the public housing program, no taxes are paid. The buildings would be owned and operated by private enterprise. Public housing is a governmental operation.

I believe that those are the principal things to remember in considering the bill.

Mr. MUSKIE. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. MUSKIE. Mr. President, I believe that it might be of interest for Senators to know what motivation was behind my amendment.

I was prepared to oppose the supplement. Then I directed my attention to the supplement proposal with a view to determine to my satisfaction whether any part of the proposal was meritorious.

I recall the hearing which we held in 1959 when President Eisenhower vetoed the housing bill. It will be recalled that the first witness was a recorded speech by the late Senator Taft. In that recorded speech, Senator Taft described to a housing body the difficulty that he had had in supporting public housing, and that when he did so, he did it only because no one had offered a constructive alternative. He stated that although he supported it because he felt there was a very great need for it, he intended to continue to search for an alternative.

Mr. SPARKMAN. And we have done that throughout the years.

Mr. MUSKIE. We have done that ever since.

That was my first year in the Senate. It was my first year on the Committee on Banking and Currency. It was the first housing bill in which I participated. I was so impressed by it that it has lurked in my mind ever since. I have, as have others, been looking for ways with which to deal with the problem in a more effective and more economical way.

It seemed to me that the rent subsidy program, if tailored to the public housing program, would be a sensible and reasonable supplemental program by which to deal with the problem.

Mr. SPARKMAN. The Senator has correctly stated the situation.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. LAUSCHE. Has the Senator discussed what the income qualification will be?

Mr. SPARKMAN. Yes. It has been placed in the RECORD. I believe I can show the Senator the figures, which he can read privately. It varies from section to section, but it follows rather closely what is provided under public housing. I believe a reading of that will show that it generally is close to what is provided under public housing.

Mr. President, may I ask how much time I have left?

The PRESIDING OFFICER. There are 59 minutes remaining under the control of the Senator from Alabama.

Mr. SPARKMAN. I yield to the Senator from Texas [Mr. Tower].

Mr. TOWER. Mr. President, I yield myself such time as may be necessary.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. TOWER. Let me point out that the proposed subsidy goes, not to the renter, but to the landlord. Although private enterprise may be involved in the construction, this is not in reality the sort of thing taken on by an entrepreneur. It is the kind of thing taken on by a nonprofit corporation established for the purpose, or to be established for the purpose of wanting to get in on this program.

One of the possible abuses is that we may have new sponsors getting into the act and putting their heads together with contractors and deciding that it would be a good idea to use the subsidy to make profits.

Let me further note that, although a family may have a considerable amount of subsidized rent under this program,

as I understand, according to the ruling of the Internal Revenue Service, this is nontaxable income. It should be considered as income, because it is. If one person is paying \$62.50 rent a month and the Government is paying the other \$37.50, he is receiving \$37.50 monthly in income. The person who makes sufficient income so that he pays the \$100 a month is paying a tax on that income. This is an inequity in the program.

I do not believe we should try to imply that the late and great Bob Taft would have favored this as an alternative to the existing housing program. The Senator from Alabama has said that the idea of a rent supplement has been around for years—since 1936, he said. I am sure that Bob Taft, with his interest in public housing, was aware that this alternative had been considered, but he never advocated it. He would have gasped at sight of this program. He understood rent subsidy, and felt that it should not be a part of public housing. I hope this amendment will be approved.

I yield 2 minutes to the Senator from Nebraska [Mr. Curtis].

The PRESIDING OFFICER. The Senator from Nebraska is recognized for 2 minutes.

Mr. CURTIS. Mr. President, I thank the Senator from Texas.

I am opposed to the Great Society's program of rent subsidies. I shall support the motion to strike out the rent subsidies provision of the pending housing bill.

There are many reasons why this should be done. I hope that a majority of the Senators will take a similar view. Rent subsidies should be defeated because: First, it is a new program of spending that will be most difficult to ever stop; second, it will make more of our citizens dependent upon the Government; third, it will delay the day when the Federal budget can be balanced; fourth, it is an unnecessary subsidy program promoted in Washington in a grasp for more power and control over our economy and over the lives of individuals; and, fifth, it will discourage home ownership.

I yield back my time.

Mr. MAGNUSON. Mr. President, will the Senator yield me time on the bill?

Mr. DOUGLAS. I yield time on the bill.

Mr. MAGNUSON. In the bill is section 211, which provides for approval of technically suitable materials and adds a new section which, under the procedure, provides that any material or product which is technically suitable shall be accepted.

Naturally, all the people in my State of Washington, as well as in Oregon, who are in the lumber industry are interested in the interpretation of this section. I understand that yesterday the two distinguished Senators from Oregon [Mrs. NEUBERGER and Mr. MORSE] queried the distinguished Senator from Alabama [Mr. SPARKMAN] on the interpretation of this section. It is of great concern to all of us who come from lumber-producing States, which includes my own State of Washington.

I associate myself with the remarks of the Senator from Alabama in the inter-

pretation of this provision. It will go a long way toward making uniform materials and products to be used in structures under FHA.

Responsible builders are for this provision. For example, if a green piece of lumber were used in a house, after a period of time it would spring and the house would be adversely affected.

I rose to associate myself with the recommendation of the committee and the remarks of the Senators from Oregon on section 211. I hope the section will remain in the bill.

Mr. DOUGLAS. I thank the Senator.

Mr. THURMOND and Mr. CLARK rose.

Mr. DOUGLAS. I yield time on the bill to the Senator from Pennsylvania [Mr. CLARK].

Mr. CLARK. Mr. President, I ask if the Senator would be willing to yield 20 minutes to me on the bill to make a speech. The Senator from South Carolina also has a matter to present.

Mr. TOWER. Mr. President, the Senator from South Carolina has been trying to obtain the floor for some time. I would like to yield him 15 minutes.

Mr. CLARK. If the Senator from South Carolina wishes to proceed at this time very well. How long will he take?

Mr. THURMOND. I have been waiting for a long time to be recognized.

Mr. CLARK. Very well.

Mr. TOWER. I yield 15 minutes to the Senator from South Carolina [Mr. THURMOND].

The PRESIDING OFFICER. The Senator from South Carolina is recognized for 15 minutes.

Mr. THURMOND. Mr. President, I rise in support of the amendment offered by the distinguished Senator from Texas [Mr. Tower]. First, I should like to offer my congratulations to the Senator from Texas for the excellent work he has done in connection with the pending bill. As the ranking minority member on the Housing Subcommittee, the Senator from Texas has labored hard and long to correct the numerous inequities in this measure, and all the people in the country have benefited from his efforts.

The rent subsidy scheme contained in the pending bill authorizes contract authority up to \$50 million for fiscal year 1966, up to \$100 million for fiscal year 1967, up to \$150 million for fiscal year 1968, and \$200 million for fiscal year 1969. Over the 40-year life of the contracts involved, this provision calls for a total outlay of the astronomical figure of \$8 billion. The plan is to pay that portion of a family's rent which exceeds 25 percent of its income.

The Senate Banking and Currency Committee has changed the plan somewhat from that which was originally visualized in the administration request. The original request was designed to subsidize the rent of families in the income range above that required for eligibility for public housing and yet too low to obtain standard housing. The income range would have been largely left to administrative determination and in some cases it could have gone as high as \$9,000 or \$10,000 per year. The committee bill limits eligibility for the rent

subsidy program to those families which qualify as low-income families for the purpose of public housing. This is an improvement, but there are many other defects left.

Mr. President, I submit that there is absolutely no justification for going into a program of this magnitude which has so little chance of succeeding. The rent subsidy program is no more than a duplicate of the public housing program now on the books and even with the committee amendment the cost involved has not been reduced.

The families for whom the rent subsidy would be paid would live in either a cooperative, private, nonprofit, or limited dividend project, which itself would be financed under section 221(d)(3) of the Federal Housing Act. The housing units involved would be new or rehabilitated projects. They differ substantially from the ordinary public housing project in that they would not be localized in a particular area. They would be scattered throughout the community or city. In addition, it is anticipated that a portion of the residents of each individual unit will be full-paying occupants, not receiving any rent subsidy from the Government.

The owners of the project, called sponsors, will have a difficult time finding a sufficient number of full-paying tenants to assure the economic stability of the unit. If Congress approves this proposal, it is almost certain that the entire unit will eventually have to be filled by families receiving rent subsidies. This will seriously jeopardize the Government's investment.

It is obvious that many individuals who are normally supporters of housing projects have some very serious reservations about this proposal. The other body adopted an amendment to the housing bill on the floor of the House of Representatives limiting it to low-income families, the same as has been done by the Senate Banking and Currency Committee.

The New York Times published a very interesting article written by Tom Wicker, entitled "Washington: Johnson's Housing Victory," which discussed the battle over the housing bill in the other body. I ask unanimous consent to have this article printed in the RECORD at the conclusion of my remarks. Also, Mr. President, I ask unanimous consent to have a copy of my newsletter dated June 23, 1965, entitled "Stranger in the House" printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER (Mr. HARRIS in the chair). Without objection, it is so ordered.

(See exhibit 1.)

Mr. THURMOND. Mr. President, in my judgment, it would be the height of folly for Congress to authorize an \$8 billion program of rent subsidies which is so likely to fail. Once this is started, there will be no backing away from it, for years to come. Any contract entered into will have to be honored over its entire lifetime, and all of the contracts will be long term. Most of them will be for 40 years.

I urge the Senate to adopt the amendment offered by the distinguished Senator from Texas [Mr. TOWER] and delete the rent subsidy provisions from the pending bill.

EXHIBIT 1

WASHINGTON: JOHNSON'S HOUSING VICTORY (By Tom Wicker)

WASHINGTON, July 1.—Congress is approaching the 4th of July in the usual mid-summer mood and that spells trouble for any President. In the case of President Johnson, it spells a good deal less trouble than it has for others and there now is an undercurrent of confidence at the White House that there will be no major setbacks at this session.

RUMBLINGS OF REVOLT

So many things happened that smacked ominously of revolt. The Senate sought openly to remove one of Sargent Shriver's two hats and almost refused to suspend the law to permit Mr. Johnson to name a retired general as Administrator of the Federal Aviation Administration. Representative MENDEL RIVERS, South Carolina's reply to Secretary McNamara, got his back up on military pay and military base closings. The veterans' lobby and some outraged Members of Congress forced the President to compromise on closing outmoded veterans' hospitals. Mr. Johnson was forced to veto a minor flood-control bill as a gesture against what he considered congressional incursions on Executive territory.

Some other things might have happened, but didn't. There could have been full-scale Senate debate on Vietnam and the Dominican Republic, or a major setback in either crisis, unsettling the President's grip on his Democratic majorities. The old religious and racial prejudices might have deadlocked the House on the aid to education bill. And the Republicans, finding their first really open target, might have shot down the controversial housing rental subsidy that squeaked through the House yesterday.

CRUCIAL BATTLE

That well may have been the crucial battle of 1965—and it was viewed with so much concern in the White House that Mr. Johnson himself got on the phone to an estimated 30 Members of Congress yesterday. It was his most determined personal effort of the year.

There were three reasons. The rental subsidy was one of the most important, though least publicized items, in the President's entire program. It was one of the most difficult to pass. And it came to the floor of Congress at a time when a major setback might have sharply interrupted Mr. Johnson's legislative momentum.

The subsidy was particularly important to the White House because it was the one genuinely new idea in the entire legislative program and the first major development in years in the housing field.

It was also viewed as the least expensive way, in terms of the Federal budget, to lift low-income families into adequate housing. But it was difficult to get through the House because conservatives in both parties can be mobilized most easily against what appears to be a straight Federal "dole," because even the public housing lobby saw the plan as an invasion of its interests, and—most importantly—because it was a new idea, not long debated, long advocated, or well understood in the press or in Congress.

Moreover, there was a troublesome racial aspect. The rental subsidy should work to break down the "ghetto idea." Thus, lower income, all-white neighborhoods, from which Negroes have been excluded because of their economic inability, now may be opened to them through Federal rental subsidy.

Mr. Johnson compromised on details of

the plan, but he could not afford a defeat—any more than Representative JOHN LINDSAY, the Republican-Liberal candidate for mayor of New York, could afford to vote against a program with such an impact on urban areas. Not only was it a major White House legislative goal—victory on such controversial issue, coming at this stage of the session—but also was a tactical necessity.

Coming up soon, after all, will be the controversial repeal of section 14(b) of the Taft-Hartley Act; an immigration bill eliminating national origins restrictions; the always difficult farm bill; a doubled authorization for a poverty program riven with political and administrative disputes; and a proposal for regional centers to treat heart, cancer, and stroke that will be far more open to charges of "socialized medicine" than was the medicare bill.

THE DOG DAYS

Members of Congress already have accomplished a great deal this year, enough for most sessions to quit on. Washington is getting hot and muggy, and somewhere the fish are biting and hometown fences await mending. Controversial issues are more unwelcome in the dog days than in the brave early weeks of a session. Mr. Johnson burned up the phone yesterday not just to save a major item of his program but to keep necessary pressure on Congress for the hard work ahead.

STRANGER IN THE HOUSE

(By Hon. STROM THURMOND, U.S. Senator from South Carolina)

Should the administration's housing proposals be approved by the Congress, the specter of big government's authority will be haunting far more American homes in the years to come. The bill would expand all the old housing programs, good and bad, and authorize most of the schemes which the Congress has rejected in past sessions.

The polyglot nature of the housing bill would take a book-length dissertation to describe, but it can be illustrated by examination of a few of the programs.

The public housing program, begun more than a quarter-century ago, has resulted in 581,000 public housing units now in operation across the country. Disillusionment with this program at the local level is illustrated by the fact that 170,000 units are tied up in the "pipeline." The commitment by the National Government has been made, but local authorities have not started these projects. Despite the overwhelming evidence that public housing is no longer attractive at local levels, it is proposed that 140,000 additional units be authorized over the next 4 years.

In addition to the old public housing program, an approach often rejected by Congress is intertwined. On top of the authorization for an annual average of 35,000 newly constructed units, the bill would authorize purchase of an average of 15,000 units annually of existing housing and the leasing of 10,000 units of existing housing. This would permit the "scattering" of public housing throughout existing and new residential areas in addition to the familiar institutional-type projects. This would give the green light to "integration by scattering," a scheme I twice successfully stopped in the Senate before Lyndon Johnson went all the way with Martin Luther King. The total of the units authorized for the next 4 years would, therefore, be 240,000 units of public housing, almost half the number put in operation over the last quarter-century.

Grafted atop the public housing program would be a "new" program of "rent subsidies." This is designed to promote more "integration by scattering" than any feature of the bill. Subsidized rental units could be built in individual or multiple units

without any location veto by local governments. As proposed, the "rent subsidy" would be available to the elderly, handicapped, and displaced who occupy substandard housing. It would also be available to those whose incomes are below the amount required to obtain standard housing. The Government would pay that part of the family's rent which exceeds 25 percent of the family's income. The person for whom the rent subsidy is paid would live in cooperative, private nonprofit, and limited-dividend projects.

Apparently, this program is designed to benefit the 8 percent of families with incomes between \$4,000 and \$8,000 who live in "substandard" housing. It is evidently of no concern that this might be considered unfair to the 92 percent of families in this income bracket and the 72 percent of the families in \$4,000-and-less income bracket who, according to the last census, manage to secure their own "standard" housing without Federal help.

The cost of such a "rent subsidy" program over the next 40 years would be \$8 billion.

The rent subsidy program may be too much for even this submissive Congress to swallow whole. The Senate Banking Committee voted to "limit" the rent subsidy program to those who are eligible for public housing. This, of course, makes it duplicate the public housing program, with little assurance that, in the final analysis, it would lower the ultimate costs.

The housing bill would authorize 3 new grant programs. The Administrator of the Housing and Home Finance Agency would have \$400 million to give for financing 50 percent of the cost of water and sewage facilities in areas where he foresees "significant population growth." He would also have \$100 million to give for financing the purchase by communities of land for future sites for public works. To make these grants, the Administrator would have to predict the direction of the future growth of the community. The Administrator would also have \$200 million to provide "neighborhood facilities."

These examples demonstrate the only consistency in the bill, which is the purpose of the Government to take over the responsibilities of local governments and the individuals in the field of housing.

With borrowed money, the National Government would like to buy a place of authority in more and more American homes. Once in, the "stranger in the house," or neighborhood, will be there forever.

Sincerely,

STROM THURMOND.

Mr. TOWER. Mr. President, I suggest the absence of a quorum, and I ask unanimous consent that the time be not charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered; and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. TOWER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TOWER. Mr. President, I ask unanimous consent that the distinguished Senator from Virginia may be permitted to speak out of order and that the time be not charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered.

COINAGE OF THE UNITED STATES

Mr. ROBERTSON. Mr. President, I ask the Chair to lay before the Senate

a message from the House of Representatives on the bill, S. 2080, to provide for the coinage of the United States, with the amendment of the House thereto.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 2080) to provide for the coinage of the United States, which was, to strike out all after the enacting clause and insert:

That this Act may be cited as the "Coinage Act of 1965".

TITLE I—AUTHORIZATION OF ADDITIONAL COINAGE

SEC. 101. (a) The Secretary may coin and issue pursuant to this section half dollars or 50-cent pieces, quarter dollars or 25-cent pieces, and dimes or 10-cent pieces in such quantities as he may determine to be necessary to meet the needs of the public. Any coin minted under authority of this section shall be a clad coin the weight of whose cladding is not less than 30 per centum of the weight of the entire coin, and which meets the following additional specifications:

- (1) The half dollar shall have—
 - (A) a diameter of 1.205 inches;
 - (B) a cladding of an alloy of 800 parts of silver and 200 parts of copper; and
 - (C) a core of an alloy of silver and copper such that the whole coin weighs 11.5 grams and contains 4.6 grams of silver and 6.9 grams of copper.
- (2) The quarter dollar shall have—
 - (A) a diameter of 0.955 inch;
 - (B) a cladding of an alloy of 75 per centum copper and 25 per centum nickel; and
 - (C) a core of copper such that the weight of the whole coin is 5.67 grams.
- (3) The dime shall have—
 - (A) a diameter of 0.705 inch;
 - (B) a cladding of an alloy of 75 per centum copper and 25 per centum nickel; and

(C) a core of copper such that the weight of the whole coin is 2.268 grams.

(b) Half dollars, quarter dollars, and dimes may be minted from 900 fine coin silver only until such date as the Secretary of the Treasury determines that adequate supplies of the coins authorized by this Act are available, and in no event later than 5 years after the date of enactment of this Act.

(c) No standard silver dollars may be minted during the 5-year period which begins on the date of enactment of this Act.

SEC. 102. All coins and currencies of the United States (including Federal Reserve notes and circulating notes of Federal Reserve banks and national banking associations), regardless of when coined or issued, shall be legal tender for all debts, public and private, public charges, taxes, duties, and dues.

SEC. 103. (a) In order to acquire equipment, manufacturing facilities, patents, patent rights, technical knowledge and assistance, metallic strip, and other materials necessary to produce rapidly an adequate supply of the coins authorized by section 101 of this Act, the Secretary may enter into contracts upon such terms and conditions as he may deem appropriate and in the public interest.

(b) During such period as he may deem necessary, but in no event later than five years after the date of enactment of this Act, the Secretary may exercise the authority conferred by subsection (a) of this section without regard to any other provisions of law governing procurement or public contracts.

SEC. 104. The Secretary shall purchase at a price of \$1.25 per fine troy ounce any silver mined after the date of enactment of this Act from natural deposits in the United States or any place subject to the jurisdiction thereof and tendered to a United States

mint or assay office within one year after the month in which the ore from which it is derived was mined.

SEC. 105. (a) Whenever in the judgment of the Secretary such action is necessary to protect the coinage of the United States, he is authorized under such rules and regulations as he may prescribe to prohibit, curtail, or regulate the exportation, melting, or treating of any coin of the United States.

(b) Whoever knowingly violates any order, rule, regulation, or license issued pursuant to subsection (a) of this section shall be fined not more than \$10,000, or imprisoned not more than five years, or both.

SEC. 106. (a) There shall be forfeited to the United States any coins exported, melted, or treated in violation of any order, rule, regulation, or license issued under section 105 (a), and any metal resulting from such melting or treating.

(b) The powers of the Secretary and his delegates, and the judicial and other remedies available to the United States, for the enforcement of forfeitures of property subject to forfeiture pursuant to subsection (a) of this section shall be the same as those provided in part II of subchapter C of chapter 75 of the Internal Revenue Code of 1954 for the enforcement of forfeitures of property subject to forfeiture under any provision of such Code.

SEC. 107. The Secretary may issue such rules and regulations as he may deem necessary to carry out the provisions of this Act.

SEC. 108. For the purposes of this title—

- (1) The term "Secretary" means the Secretary of the Treasury.
- (2) The term "clad coin" means a coin composed of three layers of metal, the two outer layers being of identical composition and metallurgically bonded to an inner layer.
- (3) The term "cladding" means the outer layers of a clad coin.
- (4) The term "core" means the inner layer of a clad coin.

(5) A specification given otherwise than as a limit shall be maintained within such reasonable manufacturing tolerances as the Secretary may specify.

(6) Specifications given for an alloy are by weight.

TITLE II—AMENDMENTS TO EXISTING LAW

SEC. 201. The first sentence of section 3558 of the Revised Statutes (31 U.S.C. 283) is amended to read: "The business of the United States assay office in San Francisco shall be in all respects similar to that of the assay office of New York except that until the Secretary of the Treasury determines that the mints of the United States are adequate for the production of ample supplies of coins, its facilities may be used for the production of coins."

SEC. 202. Section 4 of the Act of August 20, 1963 (Public Law 88-102; 31 U.S.C. 294), is amended by changing "\$30,000,000" to read "\$45,000,000."

SEC. 203. (a) Section 3 of the Act of December 18, 1942 (56 Stat. 1065; 31 U.S.C. 317c), is amended by striking "minor" each place it appears.

(b) Section 9 of the Act of March 14, 1900, (31 Stat. 48; 31 U.S.C. 320), is repealed.

SEC. 204. (a) Section 3517 of the Revised Statutes (31 U.S.C. 324) is amended to read:

"SEC. 3517. Upon one side of all coins of the United States there shall be an impression emblematic of liberty, with an inscription of the word 'Liberty', and upon the reverse side shall be the figure or representation of an eagle, with the inscriptions 'United States of America' and 'E Pluribus Unum' and a designation of the value of the coin; but on the dime, 5-, and 1-cent piece, the figure of the eagle shall be omitted. The motto 'In God we trust' shall be inscribed on all coins. Any coins minted after the enactment of the Coinage Act of 1965

matter of detail—the House said not for 5 years shall we do it, but in the meantime we might find new sources of silver. We use more in each year than the world production of silver, and we would fix it so that our friends in New England, the silversmiths, would not have any. The photographers might be limited, and even the military, that would have priority, might not get it.

My friend the Senator from Rhode Island [Mr. PASTORE] is concerned about the moving picture industry. They were getting a great deal of silver out there.

Mr. MURPHY. They use a great deal. They take silver worth \$50,000 a year out of the bottom of tanks.

Mr. ROBERTSON. I do not think that will cause the Senator any trouble. One Congress cannot bind another.

Mr. MURPHY. If there is a new supply it is possible for the Congress to go back and have another look at it.

Mr. ROBERTSON. Absolutely. In any event I want to go along with the recommendations of this commission, to see if we can find out how we can take care of the moving pictures, photographers, the silversmiths, and everybody else.

Mr. MAGNUSON. Including the producers.

Mr. MURPHY. I am concerned about the miners, too.

Mr. MAGNUSON. Miners and producers.

Mr. ROBERTSON. They are all paying taxes on whatever they earn out of producing silver.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. PASTORE. I want to compliment the distinguished Senator from Virginia together with the members of his committee for accepting the House amendments.

It was known in the beginning that no one on either side would be fully and completely satisfied.

Mr. ROBERTSON. That is correct.

Mr. PASTORE. Somehow we had to approach a middle-of-the-road conciliation and understanding in order to be fair and to do justice. I think the bill, under all the circumstances, does do justice.

It does not satisfy, I repeat, everyone concerned, but I think it is in the public interest and we ought to try it out as it is.

Mr. ROBERTSON. I thank the Senators. I am happy we do not have to wait a number of days during which people would not know what the coins are going to be.

We can settle the question right now. No one is fully pleased, but the compromise is fair. Next year we can take another look at it and in any event, we are creating a special Joint Commission to review the coinage program and make recommendations to us.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. ROBERTSON. Before yielding to the Senator from Utah, I want to say that I am sure that we could not have had such a successful handling of the bill on the floor of the Senate but for

the warm support of the Senator from Utah, who put the national welfare perhaps a little above what seemed on the surface to be the interest of his own silver producers. The Senator went along with me in support of the administration bill. I thought that was very fine of him, and I appreciated his fine support.

I yield to the Senator from Utah.

Mr. BENNETT. Mr. President, I should like to express my appreciation for those comments. Again I say that I shall go along with my chairman in accepting the House language.

There are some differences between our bill and the House bill. The chairman has discussed them. I do not believe that any of them are so important as to justify further delay in the passage of the proposed legislation. I am pleased that the House saw fit to agree with our bill in retaining silver in the half dollar instead of going along with the House Banking Committee which recommended no silver in any of our subsidiary coins. Because any delay in action on this measure which is so vital to our Nation's coinage system can only complicate the problem, I believe we should accept the House language.

During the last few minutes a comment was made in the discussion to which I should like to direct the attention of the Senator from California. He has said to me privately a number of times and on the floor of the Senate that he believes that as many as a billion ounces of silver could come into the market if the price were stabilized. The present price of \$1.29 an ounce has existed since September 1963. The price is stabilized. It has been stabilized for nearly 2 years. Under the bill it will remain at the present level for from 2 to 3 years until the coinage transition is completed. If there is as much as a billion ounces of silver in hoarding apparently the \$1.29 price will not bring it out.

Mr. MURPHY. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. MURPHY. My point was that if there is a billion ounces in the free market, obviously it is being held in the hope that there will be a price increase. If it is established that the price will remain where it is, it may be that some speculators who are holding silver will release the silver and thereby make it possible for us to get the use of it, and they may go on in their speculations into some other field.

Mr. BENNETT. I would agree that there are some holdings of silver for speculation. I think there is no question about that. If passage of the bill will bring some of that silver out, I shall be very happy, because it will help the silver processors, who need silver for film, silverware, electronic devices and other uses.

Passage of the bill will not hurt the western silver producers.

When they assess the situation, they will realize that the proposal is not an elimination of the prospect of a substantial rise in the price of silver, but rather lays the groundwork which is

necessary before the present ceiling can be removed and the price can rise.

Mr. ROBERTSON. I should like to comment on that suggestion. I believe that all the silver producers should write to the distinguished Senator from Utah and say, "We are grateful that you succeeded in keeping some silver in our currency, in the 50-cent piece." The House Committee on Banking and Currency voted to take all silver out of the subsidiary coins. But thanks to the very fine effort made in our committee by the Senator from Utah [Mr. BENNETT], our committee voted that we should keep silver in the 50-cent piece, and therefore those producers should write to the Senator from Utah a letter thanking him for that.

Mr. BENNETT. I received some letters of that kind and I received some letters telling me that I am a traitor and that I have destroyed the silver mining industry of my State.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. SALTONSTALL. From the point of view of the silver users, I hope that the Senator's statement is a correct one, and an increase in the price of silver will be postponed for many years.

Mr. BENNETT. I do not know how long it will be before the price rises. A price increase will be postponed at least until the time when the new coinage system is in operation.

All of the discussion reminds me of a story which I have always enjoyed. In Salt Lake City we have a daily newspaper, the Deseret News, owned by the L.D.S. or Mormon Church. We once had in the Senate a Republican, the Honorable Reed Smoot, and a Democrat, the Honorable William H. King. When each of these men came home, they went to the head of the church to complain about the editorials that were being printed in the church newspaper. The Democrat did not like some; the Republican did not like some. The president of the church said:

I know I have the right editor on the newspaper. He is plowing a line between the two.

In the silver bill we have tried to draw a line as fairly as we could between the processors and the producers, neither of whose desires could be completely satisfied under the present circumstances.

I am very happy to join my chairman in recommending to the Senate that it accept the recommendation of the Treasury, approve the language of the House bill, and eliminate the need for a conference. Let us get on with the task of developing our new coinage system toward the day when the price of silver may be free to seek its own market level.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. MAGNUSON. I join with the Senator from Virginia in suggesting that the Senator from Utah takes a very judicial view of the whole question. Although there may be some disagreement on the question as to whether we would not have had a bill if it had not been for

the Senator, we are taking a look at it, and I hope that the measure will turn out in the way the Senator has suggested.

I shall not come back and say I told you so. I shall keep quiet. But starting today, when the bill is enacted, there will be a hoarding of quarters and dimes.

Mr. BENNETT. Only time will tell. In my opinion, the situation would be the same anyway, because people would begin to realize that the Treasury's stock of silver was running out. If there is any hoarding, it will follow the same pattern that would have existed otherwise.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Virginia that the Senate concur in the amendment of the House.

The motion was agreed to.

Mr. MUSKIE. Mr. President, I move to reconsider the vote.

Mr. BENNETT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MAGNUSON. Mr. President, let the RECORD show that I voted "No."

The PRESIDING OFFICER (Mr. HARRIS in the chair). The RECORD will so indicate.

HOUSING AND URBAN DEVELOPMENT ACT OF 1965

The Senate resumed the consideration of the bill (S. 2213) to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

Mr. BENNETT. Mr. President, I suggest the absence of a quorum. I ask unanimous consent that the time for the quorum call be charged equally to both sides.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BENNETT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MUSKIE. Mr. President, I yield myself as much time as I may need to engage in a colloquy with the Senator from Alaska.

Mr. BARTLETT. Mr. President, earlier in the day, it was stated that families having incomes of more than \$10,000 a year would be eligible for rent supplements, as proposed in the bill. Can the Senator from Maine inform me as to that?

Mr. MUSKIE. That figure is not based upon the experience under the public housing program, to my knowledge. If I am in error, I feel certain that I shall be corrected.

Mr. BARTLETT. Perhaps it was the Senator from Utah who made the statement.

Mr. BENNETT. It is my understanding that in New York City the public housing limit is above \$10,000.

Mr. BARTLETT. I ask the Senator from Utah if it would be correct to say that this situation already exists and that rent supplements would not alter it.

Mr. BENNETT. Under the bill, the limits for rent supplements for incomes under which persons can qualify for such supplements are exactly the same as the official limits for public housing. As to public housing, local authorities have the right to set limits below the top; and in the case of rent supplements, the Administrator, I suppose, would have the right to set rates below that figure. But under the bill, the rates for the two systems would be the same. The limits on the rates of the two would be the same.

Mr. BARTLETT. Then, this would be no new venture, no great new experiment seeking to reach a level not called for under the public housing law?

Mr. MUSKIE. The Senator is correct. Income ceilings vary from community to community, depending wholly upon the amount of private housing that is available in the private market.

Mr. BARTLETT. Surveys are to be made by the Housing and Home Finance Agency.

Mr. MUSKIE. Yes. In setting income ceilings, surveys are to be made of the availability of substantial housing, housing which is decent, safe, and sanitary. When the low limits are ascertained by such surveys, they will form the basis for the income ceilings which will then be fixed.

With the exception of special groups, which I shall identify in a moment, the ceilings will be set at a point 20 percent below the lowest figure at which rental is available in the private housing market for the family involved.

Mr. BARTLETT. Why is that proposed to be done?

Mr. MUSKIE. The 20-percent gap, so called, which now obtains in public housing is established to insure that there will be no competition between public housing and private housing in the private market. The 20-percent gap represents a leaning over backward to avoid competition with private housing. There have been exceptions to the 20-percent gap for the elderly, the physically handicapped, and the victims of disaster. Other than that, the 20-percent gap applies.

So really, when we are talking about income levels, we are talking about income levels which are lower than they ought to be to take care of groups who cannot find decent, safe, sanitary housing in the private market. This is true with respect to public housing under the present law and the rent proposal in the bill.

Mr. BARTLETT. We ought not to judge this program entirely or perhaps not too importantly upon the basis of income, but upon the basis of the situation the Senator has described.

Mr. MUSKIE. The income ceilings are important. It was for that reason that I offered in committee the amendment that is now a part of the bill. It limits the program to those who are eligible for public housing. But on the question of rent subsidy, as I said earlier this morning, public housing is a rent subsidy. The bill relates to private

housing which is decent, safe, and sanitary for persons in the groups I have described who cannot obtain housing in the private market which meets the best standards, and this will be done in the form of a subsidy. So when we are tempted to raise the question of subsidy, we ought to understand that the debate concerns the forms of subsidy that ought to be used and the forms that will be most effective and most economical.

Mr. BARTLETT. Is public housing now available for all those who desire it and presumably would be entitled to it?

Mr. MUSKIE. Mr. President, unfortunately, public housing has not met the problem. For example, on page 7 of the committee report there is a table which identifies the number of people in various cities who live in substandard housing now.

In spite of the fact that public housing has been available since 1937, for example, in Chicago, there are 51,780 families with incomes of less than \$2,000 a year.

Mr. BARTLETT. Families or individuals?

Mr. MUSKIE. Families. There are 51,780 families in Chicago with incomes of less than \$2,000 a year who live in substandard housing in that city.

Mr. BARTLETT. I should think that they would be living in substandard housing with that kind of income.

Mr. MUSKIE. Those people cannot purchase on the present market housing that is decent and sanitary.

In Chicago, there are 17,942 families with incomes of between \$3,000 and \$4,000 who live in substandard housing. There are 19,174 families in Chicago with incomes of between \$2,000 and \$3,000 a year who live in substandard housing, despite the fact that there are 28,371 public housing units in the city of Chicago today.

Public housing, although it has solved the problem for 28,000 families in the city of Chicago, it has left unsolved the problem for 88,000 other families.

The existence of this need drove the late Senator Taft to support public housing against his will. It was not because he thought it was a perfect answer. It was because he saw that there was a problem that needed to be met, and that public housing was the most immediate and feasible answer available.

The rent subsidy program contained in the pending measure would be another answer. It would certainly be one of smaller magnitude in terms of cost to deal with the same problem than public housing.

In New York, there are 156,250 families with incomes of less than \$4,000 who live in substandard housing today. That is in spite of the fact that New York has not only a Federal program, but a State program of Federal housing. Therefore, the need still exists.

Mr. BARTLETT. Mr. President, is it the feeling of the downtown experts in housing, in the Housing and Home Finance Agency, that public housing, together with the proposal which is now made, would take care of the situation, or substantially so?

Mr. MUSKIE. I do not believe that anyone has any assurance that the problem be solved by public housing, or by

public housing plus the rent subsidy. However, the officials downtown believe that rent subsidies can help and are worth trying.

Mr. BARTLETT. Mr. President, I believe that the Senator stated that people who are victims of a natural disaster would be eligible for the program. Would that be because of the amendment offered by the Senator from Wisconsin?

Mr. MUSKIE. Yes. The Senator from Wisconsin [Mr. PROXMIRE] offered an amendment to make eligible those who meet the income requirement in the bill and who have been victims of natural disaster.

I should think that would be to the interest of the Senators from Alaska and Senators from Midwestern States, since such States have suffered disasters.

Mr. BARTLETT. It would be highly desirable. I commend the Senator from Wisconsin for offering the amendment. This would apply not only to people from the Midwestern States, but also to almost every other section of the country. Many parts of the Nation have been hit in the past 2 or 3 years by natural disasters such as earthquakes, tornadoes, floods, and other sorts of disasters. I believe that those victims should be included.

Mr. MUSKIE. Mr. President, I believe that it should be clearly understood that the rent subsidy program is directed not only to people in the low-income group, but also to special groups of people. Not all people who qualify under the public housing income ceiling would be eligible under the rent supplement program.

The following special groups would qualify for this assistance. They must be members of one of five special groups, each of whom, for one reason or another, is unable to provide decent housing for himself and his family out of his income. There would be those who, by governmental action, are forced out of their existing housing and who fall under the income ceiling. There would be the elderly who are unable to provide decent housing. I have statistics to show that many of this group live in substandard housing. They are unable to buy decent housing out of their resources. There would be the physically handicapped, those who occupy slums, and disaster victims.

These are the very special groups whose private resources are inadequate and would benefit from the rent subsidy program. I repeat that even those would be restricted by the income ceiling.

Mr. BARTLETT. I was rather astonished to hear that the program would cost \$8 billion over a 40-year period, although in the debate this morning, I believe that the Housing and Home Finance Administration suggested a figure of \$5.8 billion. It would seem a rather large sum, indeed.

Mr. MUSKIE. On a figure of that kind, for example, if we project the current national gross product and view it as the accumulated national gross product at the current level over a 40-year period, it would be \$28,000 billion. That is an interesting figure. However, what

relevancy would it have in the year 1965 in dealing with the current problem?

Mr. BARTLETT. I believe that is an important point. The \$8 billion for a 40-year period, if \$8 billion should be the correct figure, would mean \$200 million a year. Certainly that would not be beyond the capacity of the people to take care of a special group in such circumstances.

I heard the figure of \$8 billion mentioned. It occurred to me that a young couple might start married life and be required to pay \$150 a month for groceries. I do not know the exact figure, it might be more than that. However, instead of relating it in that way, if someone were to tell them that over a 40-year period they would have paid a grocery bill of \$72,000, they would be inclined to give up. The problem cannot be approached in that way. We cannot relate it to what we pay out month after month and year after year.

Mr. MUSKIE. If you were to go outside and ask a taxi driver how much it would cost to retain his services for a year, you would not retain those services. However, if you were to hire that cab driver to go downtown for 60 cents, or for the prevailing rate for taxicabs, you could afford it. However, you could not afford it for a year.

Mr. BARTLETT. Precisely. I believe that point is important.

I thank the Senator from Maine for educating me on this subject. I badly needed the education.

Mr. MUSKIE. Mr. President, I have listened to the debate, which I think has been conducted in a very restrained way. Not once this morning have I heard the opponents of the measure argue that the housing needs of the people who would be covered by the rent subsidy program are not the responsibility of the Government. I have not heard that argued once as a reason for opposing rent subsidy.

So far as I know, many of those who oppose rent subsidies support public housing because they recognize that this is a need that tugs at the conscience of the Nation. They recognize that this is a need which must be met and cannot be ignored. Whatever answer we use to deal with the problem will be costly.

For example, the 40-year figure for the equivalent of our public housing would range from \$15 to \$20 billion, as compared with the figures that have been used to make a 40-year comparison on rent subsidies.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. MUSKIE. I yield.

Mr. BENNETT. Mr. President, this bill would provide an additional \$7.5 billion for additional public housing for 40 years.

Mr. MUSKIE. I understand. I assume that program may be subject to some debate. However, we are not now talking about what a total answer ought to be, but whether this answer is as good an answer, a better answer, or a worse answer than public housing to the problem of the needs of the people.

I believe that this measure is worth testing. The Senator from Utah does not believe that it is worth testing.

I believe that the action we ought to use, if any, to deal with the problems of disadvantaged groups is not merely public housing. I believe that we ought to try something new, especially something that would undertake to utilize and monopolize the resources of the private sector of the economy to deal with the problem.

Mr. BENNETT. The Senator from Utah believes that the project is worth testing. However, the Senator from Utah believes that we are trying to start in on a full scale rather than on a pilot scale.

Mr. MUSKIE. Mr. President, do I understand that the Senator supports the amendment of the Senator from Texas?

Mr. BENNETT. The Senator from Utah will support the pending amendment of the Senator from Texas.

Mr. MUSKIE. That would undertake to wipe out the program completely.

Mr. BENNETT. If that amendment is rejected, another amendment will probably be offered to set up the program on an experimental basis.

Mr. MUSKIE. The Senator from Utah clearly prefers to eliminate the program rather than to reduce the program.

Mr. BENNETT. I would prefer to reduce it. However, I am not at the present time in control of the manner in which the amendments will be offered.

Mr. MUSKIE. It would be possible to offer an amendment to reduce the program rather than to eliminate it. I invite the Senator from Utah to follow that course of action.

Mr. BARTLETT. Let me ask one further question. If this program turns out to be such that admittedly it is a dismal failure, or that it does not work at all, or that it is not working well enough to warrant continuing it, surely Congress would not continue to spend the \$8 billion provided in the program because in 1965 it had decided to do so?

Mr. MUSKIE. The Senator is correct. I believe the figure of \$8 billion, irrelevant as that is, is also inaccurate, for reasons which have been pointed out. In the first place, it is based on the assumption that every contract will be a 40-year contract. The agency does not think it will. It does not have any idea as to what the proportion will be, but it knows that many contracts will be for 20 years rather than for 40 years.

Mr. PROXMIRE. Mr. President, if the Senator will yield on the point raised by the Senator from Alaska, the Senator from Alaska and I are members of the Appropriations Committee, and if it turns out that this program is not working properly, the Appropriations Committee as well as the Banking and Currency Committee will have jurisdiction. The Appropriations Committee will have an opportunity to look at it and review it, and the Senator from Alaska as a member of the committee will have a ringside seat at that review.

Mr. BARTLETT. The Senator is correct. We know, as members of the Appropriations Committee, that that committee looks at all these items with care.

Mr. MUSKIE. The Senator from Wisconsin and I are also members of the Banking and Currency Committee, and we know that the committee looks at these programs very closely. We do not give any blank checks for as long as 2 years, even though authorizations cover longer periods. We always retain control and are free to act or control such programs as experience dictates.

Mr. BARTLETT. The Senator is correct when he states that the figure of \$8 billion should not be used. Since they will not all be 40-year contracts, perhaps the figure may be closer to \$5 billion.

Also, perhaps we should emphasize what was said earlier by the Senator from Illinois [Mr. DOUGLAS], that we hope and believe the economy of the country will improve year by year and that there are many people who require help now who will not require it later.

Mr. MUSKIE. That is one of the advantages of the rent supplement program, because it requires that these contracts must be renegotiated on a periodic basis to take into account income standards which affect those who are benefiting from such subsidy program. As the income goes up, the subsidy comes down. If income rises to the point where a subsidy is no longer justified, those people can continue to reside in the buildings. This is a desirable feature.

Mr. BARTLETT. A person could stay in that residence for 40 years, or as long as he wanted to.

Mr. MUSKIE. Yes. One of the alleged abuses is that when people in public housing no longer come under the income ceiling, certain undesirable results take place, and there are people who should not be in there who continue to stay there, wholly because they have become established there as residents. To remain there would be in violation of the law. Even though their circumstances have improved, they still find it difficult to find rental in the public market, and they would prefer to linger on there.

Under this program the right of the tenant to remain is established, because it is private housing. In other words, the tenants will include some who receive supplement rents and others who do not.

Mr. BARTLETT. I thank the Senator.

Mr. BENNETT. Will the Senator yield on my time, before the Senator from Alaska departs? The reason for the 40-year contract, or 20-years, or whatever the length of the mortgage is, is that the organization which constructs the building must have assurance of what it is going to get and it must contract that a certain percentage of its apartments will be filled with rent supplement tenants. It must contract to rent a certain percentage of the apartments to people who are going to receive rent supplements. The Government has to be prepared to supply both the type of tenants and the money required; otherwise the man who accepts the responsibility and executes the mortgage will not have any assurance of mortgage repayment.

I am reading from a letter written by Milton P. Semer, for Robert C. Weaver, Administrator:

It will be necessary to have such 40-year contracts to lend assurance of that mortgage repayment capability and because the approval of projects containing units under such rent supplement contracts will be contingent upon serving an unmet need among low and moderate income persons and families.

This obligation, once it is accepted by the sponsoring organization, includes an obligation of the United States to continue to provide rent supplement tenants for whatever percentage of the units of the apartment are reserved for rent subsidized tenants.

Mr. BARTLETT. I am no expert in this field, but let us assume that one of these units was built in a fairly small community, and only one, because there was no need for any more, and the 40-year contract was entered into, but at the end of 10 years there was no one in that community who any longer needed the supplement program. Would it be possible, under the bill we are now considering, for the owner of that unit to rent the entire structure to renters who would not be aided by the Government?

Mr. BENNETT. It would be possible, but, at the same time, the owner is under an obligation to maintain a certain percentage of his apartments to serve such people as long as any such people existed.

Mr. BARTLETT. Yes, but not when there are no such people left to occupy it. Is that correct?

Mr. BENNETT. I believe that follows logically. When there is no demand for a service, the service ends, of course.

Mr. BARTLETT. And the organization that has put up the building actually will not care, under the bill, whether there are rent supplements, so long as his building is occupied?

Mr. BENNETT. Does the Senator know of any apartment where there is 100-percent occupancy?

Mr. BARTLETT. No; but I know of some where it is pretty close to it.

Mr. BENNETT. In my own State of Utah there have been so many apartments built in Salt Lake City, for example, under the liberal terms that have been available, that some of the newer apartments are in serious trouble.

This is one of the great unknowns of the situation. If the man about whom we are talking has a vacancy in the apartment, he has a right to go to the Government and say, "I have contracted to reserve a part of my apartment for rent supplement tenants. I need some. I have vacancies because you are responsible for it. I have reserved a certain percentage of my apartment units for such people."

Mr. MUSKIE. There is nothing in the bill that assures a project owner that all units will be occupied.

The \$8 billion figure is based on three assumptions that are erroneous:

First, all contracts will be for 40 years. I agree that whatever terms are made will have to be honored, but we are assured by the agency that the contracts will range from 20 to 40 years.

The second assumption which is erroneous is that all these units will be

filled for 40 years. The Senator from Utah himself has admitted that will not be so, because there are vacancies.

The third basis of the erroneous assumption is that all tenants will be occupying the percentage set aside from them for all 40 years. That also has been found to be erroneous.

These three basic assumptions which underlie the \$8 billion figure are erroneous.

However, let us take a look at the relevancy of the \$8 billion figure.

I obtained the following figures for my own use:

The Nation's 40-year bill for tobacco and tobacco products will be \$292 billion.

The Nation's 40-year bill for cosmetics and hair care will be \$125 billion.

The Nation's 40-year bill for alcoholic beverages will be \$250 billion.

The Nation's 40-year bill for automobiles will be \$2,228 billion.

The Nation's 40-year bill for clothing will be \$1,665 billion.

If that \$8 billion figure has any relevancy, let us compare it with these figures I have just cited. Let us also take the 40-year gross national product of \$30,000 billion and compare it with the \$8 billion figure.

What we are talking about is our ability from year to year to deal with pressing national problems.

I repeat, not once have I heard an opponent of the bill argue that the needs of the elderly, the displaced, and the handicapped are not a Government responsibility.

If, then, that responsibility is conceded, what we are concerned with is the means for dealing with it. The only means we have at present is through public housing. Over a 40-year period, it will cost \$19 billion. I will accept even the \$8 billion figure as a basis for comparison with that one. Therefore, if we accept the responsibility and recognize the need, let us get to the heart of the issue.

Is it not reasonable to try rent supplements as another way—and perhaps a more economical and effective way—to deal with the problems of exactly the same people who are dealt with in public housing?

Mr. DOUGLAS. Mr. President, will the Senator from Maine yield?

Mr. MUSKIE. I am happy to yield to the Senator from Illinois.

Mr. DOUGLAS. The Senator from Maine has made an excellent statement about the 40-year cost of many items in the social and national budget.

I should like to speak about the \$80 billion subsidy over 40 years we now give to homeowners, which I believe our friends on the other side of the aisle do not wish to remove.

THE \$80 BILLION HIDDEN HOUSING SUBSIDY

Mr. President, the opponents of the rent supplement program cry that any subsidy will corrupt the poor—that it will destroy their incentive and sap their moral fiber. This tender solicitude for the welfare of the poor is indeed touching. In fact, such concern has long been part of our history.

The moral fiber of the poor has long been protected by self-appointed guardians who profess to see an ominous danger in any major piece of legislation which might somehow benefit the poor. But these warnings sound a little hollow; especially when they are made from the comforts of an FHA insured and tax subsidized home.

Let us examine these tax subsidies for middle class homeowners.

It is conservatively estimated that American homeowners pay approximately \$10 billion a year in interest on their home mortgages. This only includes interest payments on 1 to 4 family nonfarm dwellings. If farm homes were added in the figure would be larger. It does not cover interest payments on apartment buildings which are normally rented to occupants.

As we all know, the interest and the taxes on most home mortgages can be deducted from current income and therefore are not taxable income and diminishes the amount of taxes which will be paid by the rate of tax on the \$10 billion deductible.

Assuming an average tax bracket of 20 percent, this means that homeowners can deduct \$2 billion a year in interest payments from their income tax. In other words, the Federal Government is indirectly subsidizing middle-class homeowners to the tune of \$2 billion a year. Moreover, since the opponents of rent supplements seem to prefer a statement of cost computed over 40 years, let me oblige them with a simple computation. Two billion dollars per year times 40 years equals \$80 billion. Think of it—\$80 billion for the well-to-do middle class. Not \$80 million, but \$80 billion.

Compare this gigantic subsidy for relatively prosperous homeowners with the modest amount of subsidies proposed for impoverished slum dwellers. The \$80-billion hidden housing subsidy for the middle-income families and the rich is 10 times the maximum cost of the rent supplement program and 20 times its probable cost. Let me also point out that this comparison does not take into account the other tax benefits accorded homeowners, such as the ability to deduct local property taxes from Federal income tax payments. The \$80 billion estimate also does not project any increase in the number of middle-class homeowners or the probable increase in the value of their property. Thus, if anything, the estimate of an \$80 billion hidden housing subsidy for the middle class is conservative. It could be much higher.

Let me emphasize that I have nothing against homeowners. I am one myself. I am delighted that the Federal Government has helped millions of Americans to own their own homes.

All I am suggesting is that some Federal benefits also be extended to the poor. Tax subsidies for homeowners are of no benefit to the poor who are forced to rent a slum apartment in or near the core of the city.

Why is the cry of socialism or regimentation always raised whenever we propose to extend middle class benefits to low-income groups? Can it be that the

rich cannot bear to see the poor given an equal opportunity? Can it be that only the middle class have moral fibers sufficiently strong to avoid being corrupted by subsidies? Can it be that only the rich know how to avoid regimentation?

Like matches for children, are subsidies too dangerous for the poor? Are we saying \$80 billion for the rich but not 1 cent for the poor?

Why is it that when we tax the poor to pay the rich it is called by some free enterprise, but when we propose to tax the rich to help provide for the poor it is called by some socialism? Perhaps these terms are merely self-serving pronouncements intended to justify our existing policies. As the Russians seem to say at every International Conference, "What is mine is mine; what is yours is negotiable."

But we are deciding much more than who gets what subsidy. We are not attempting to re-slice a static economic pie. We are talking about the future of America. We are talking about providing every family in America with a decent home, so that it can go on to make its full contribution to American life. The poor have a contribution to make as well as the rich. The requirements of our modern and complex society are such that we can no longer afford to maintain a permanent generation of ill-housed, ill-educated, and undermotivated slum dwellers. In fact, so long as we are comparing subsidies, the poor are a much better investment than the rich. In economic language, the marginal returns are greater.

One thousand dollars made available to the poor will be of more benefit than \$1,000 made available to the well to do.

For every poor family we assist to a better way of life, we are creating a productive, taxpaying individual who will more than return the original investment.

Accordingly, Mr. President, I believe that the Government must extend a helping hand to every American—rich and poor alike—to attain a decent, living environment. If we can afford \$80 billion over a 40-year period to invest in homes for the well to do, surely we can afford to invest \$4 to \$8 billion over a 40-year period for the poor.

Mr. PROXMIRE. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I am glad to yield.

Mr. PROXMIRE. Along the lines of the remarks just made by the Senator from Illinois, the point concerning productive investment, is it not true that a rent supplement of \$50 million a year, aggregating \$200 million for a period of 4 years, would result in a remarkable stimulus to the economy, because the amount of construction would not be a matter of a few hundred million dollars, but would be a matter literally of billions of dollars? Is it not also true that in terms of a stimulus to the economy, the particular investment of rent supplements would probably also be more stimulating than almost anything the Government can do?

I ask the Senator from Illinois that question as a past president of the American Economic Association and as the

vice chairman—soon to be the chairman, next session—of the Congressional Joint Economic Committee.

Mr. DOUGLAS. Yes. The Senator from Wisconsin is entirely correct. Under section 221(D)(3) of the bill, this will be in a sense an ingredient. The average cost per family housing unit is \$12,500. This would amount to a total construction cost of \$6 billion to \$8 billion spread over 4 years, and will be a very fine stimulus. However, I do not believe we should make our case exclusively or even primarily on this basis, because this tends to regard the poor and the children only as people to be taken care of because they will stimulate industry.

I prefer also to think of this program as an investment in human life. It is the best investment we can make. The Senator is correct.

Mr. PROXMIRE. I agree with the Senator's statement wholeheartedly. However, at the same time, if we consider the cost of \$10,000 for each job, the \$6.25 billion construction will result in possibly as many as 625,000 jobs. In view of the fact that several million people are still out of work, we have the serious and nagging problem of unemployment. Would not this particular program provide a most welcome and desirable improvement?

Mr. DOUGLAS. The Senator is absolutely correct. If there is an excess of savings over the amount now invested, and an accumulation of idle funds in savings institutions, which for one reason or another is not flowing out into actual investments, this program offers an opportunity to tap the idle funds.

Mr. PROXMIRE. For every dollar invested in the program, with the \$200 million resulting in \$6.25 billion construction, there would be a multiplier factor of twenty-five fold, which is a most remarkable multiplier.

Mr. DOUGLAS. Of course there is the modification that the \$200 million represents the annual charge. The \$6.25 billion will be the initial cost. It is not certain that the \$6.25 billion will be self-perpetuating.

Mr. PROXMIRE. A family which has \$75 or \$80 now available for the payment of rent each month, without using an excessive proportion of their income, would, with rent supplements, be in a position to pay \$100 a month in rent; and the little marginal addition would enable them to live in a home which otherwise would not be constructed. In this way a relatively modest investment by the Federal Government can result in great impetus for the construction industry.

Mr. DOUGLAS. The Senator has made a very subtle and profound point when he points out that a slight addition to income produces a great difference in the quality of housing.

This is precisely what we are trying to effect. The Senator has put his finger on one of the vital economic facts which are often neglected.

When we were dealing with school lunches—and this is an ironic observation—we never could get the school lunch program through with the argument that

it was good for hungry and starving children. However, when we made the point that this would furnish a program for milk and butter from cows, bread from wheatfields, and meat from hogs and cattle, Congress and the country were in favor of it. This in a sense gave moral justification for taking care of hungry children. I believe this argument may convince some doubting Thomases, who may be impervious to the idea of decent housing, because it will be a fine thing for the building industry and the contractors. It will be a fine thing for them and for investors, but it will also be a fine thing for 500,000 American families who are now living in squalor, and who will have a chance to live a decent life.

Mr. TOWER. Mr. President, I yield time to the Senator from Utah.

Mr. BENNETT. Mr. President, I have thoroughly enjoyed the peroration of my friend from Illinois about the \$80 billion subsidy. What he did not tell us is that the interest costs of individuals who invest in rental housing are also deductible from their income tax base. In general, these individuals have higher incomes and with our progressive income tax structure are in higher brackets. This means that the interest costs reduce the tax payments by a greater amount per dollar of interest than for those purchasing homes.

The lowering of taxes lowers the rent that must be charged tenants in order to make a profit. Rental tenants thus actually gain an equal or greater benefit from the tax deductibility used as the basis of the \$2 billion figure fabricated by the Senator from Illinois.

The \$2 billion a year figure or blown-up figure of \$80 billion in 40 years that the Senator from Illinois claims is a subsidy to home buyers is merely a phantom figure that fades into nothing when brought into the light.

Mr. President, I believe the Senate should understand this and not act on the basis of incorrect subsidy claims.

If the Senator were to propose to the Committee on Finance that no one who occupies a home or has residential property for rent may deduct interest costs in computing his income tax, we would still be on the same basis.

This discussion is particularly interesting also because the conditions under which the rent subsidy program will operate are those of being essentially income tax free.

Mr. MUSKIE. Mr. President, I yield myself 5 minutes.

Earlier I made the point that we ought not to forget that we are dealing, in public housing and in the rent supplement program, with exactly the same problem and exactly the same people, with one exception; namely, that the group we are dealing with in the rent supplement program is a smaller group than the group we are dealing with in the public housing program.

It would be helpful and useful to identify the nature of these groups and to tell something of their problems, so that they will not be overlooked as we become involved in rhetoric in this debate. What we are dealing with is a very diffi-

cult and human problem, to which the great Senator Taft was able to find no other answer but a public housing program, which he accepted reluctantly, but which he ardently supported because it was, not the perfect answer, but the best answer for a problem which in his judgment the Nation could use. That is the same group we are talking about. Who are they? They are the elderly.

There are 2.8 million households, living in deficient housing, in which the head is 65 years of age or older.

This is housing that is not safe, decent, and sanitary. Of these, 81 percent have incomes of less than \$3,000 a year.

There are 2 million families in which persons 65 years of age and older have to live with younger relatives, imposing a burden on them—which I am sure they willingly accept—because of low income or poor health.

In addition, there are 6½ million elderly householders living in housing that is considered standard but is unsuitable because it is too large, too difficult to manage, or unsafe. Of these, 54 percent have incomes of less than \$3,000 a year.

Of the approximately 70,000 families displaced from their homes each year by some kind of public action, Federal, State, or local, it is estimated that more than 20 percent are elderly. This is one of the groups which prompted Senator Taft, reluctantly, and at the same time willingly, to support public housing, because he was moved by the human needs. This is one of the groups that we who sponsor the rent supplement program in its present form in the bill, have included.

There is a second group with which we are involved—displaced families. Between 70,000 and 80,000 families are displaced each year by some type of public action—highway construction, urban renewal, public buildings, and so on.

Through December 31, 1964, the total displacements resulting from urban renewal action were 185,000 families. Of those, approximately 80 percent, or roughly 150,000, came from substandard housing.

Put in another way, 80 percent of those who have been displaced from their housing deserve a general public interest, whether it is the result of highway construction, schools, or any other purpose; 80 percent of them are people who are least able to bear the burden of dislocation. Most of those who do not come from substandard housing come from units which, while not substandard, are overcrowded, or located in severely blighted neighborhoods. Among families displaced by urban renewal alone, 40 percent had incomes of less than \$3,000.

That is another group whose problems troubled Senator Taft. That is another group whose problems trouble those of us who support the rent supplement program in the form in which it is found in the present bill.

Then there are the handicapped. There are about 4.8 million people with disabling handicaps. That includes those suffering from some degree of paralysis, loss of limbs, the blind, and others severely afflicted. There is a heavy concentration of disabled persons

among the low-income groups. Roughly two-thirds of the disabled had incomes of less than \$4,000 a year.

An additional percentage, not immediately ascertainable, would fall within the income group that would be served by the rent supplement program, which would undertake to provide housing to meet the needs of those people. And it should be noted that handicap and poverty frequently go hand in hand.

For example, more than half of the disabled are 65 years of age or older, and of those older disabled persons, 72 percent have incomes of less than \$4,000 a year. Those are the groups whose problems, since 1937, have been an accepted responsibility of government, at least in part. Those are the groups whose problems tugged at the conscience and the heart of Senator Taft, so that he was able to support a program of whose merits he was not entirely convinced, because it was designed to deal with the problems of these people.

These are the people whose problems tug at the hearts and consciences of those who are willing to try another route, one which conceivably might prove successful, without some of the difficulties which we have experienced in the public housing program. A program of rent supplements would bring into the handling of the problems of those people the resources of the private sector of our economy, including the ideas, the imagination, the stimulus, the efforts, and the hands and hearts of many people working outside of governmental circles. They would apply themselves to the problems of certain groups which have been an accepted responsibility recognized in the laws of our country since 1937.

In terms of those who are interested not only in humanitarian considerations, but considerations of dollars and cents: there, too, the program of rent supplements should have an appeal, because we are dealing with a program which, by the worst estimates thus far advanced by the opposition, would be still cheaper and more economical than the alternative of public housing. The figures that have been given to me by the Agency are as follows:

The per unit cost per month of rent supplements would be \$40;

The per unit cost per month of public housing is \$58 in direct subsidy;

The per unit cost in terms of tax advantages, legal, and Federal, of public housing are \$17 a month, making a total of \$75 a month, which public housing is now costing the public sector to supply.

The difference is \$35 a month by those figures. Projected over the 40-year period, which seems to be so popular with the opposition to the program, we are talking about a 40-year figure, representing the cost of public housing, which approaches \$15 to \$20 billion, compared with the \$8 billion figure used by the opposition and the \$5.8 billion figure which the agency assures us is a more realistic evaluation of the 40-year cost, irrelevant as that figure might be, of the program of rent supplements.

Mr. President, I come to the position that I am occupying at the present mo-

ment not as a supporter of the President's supplement program as originally advanced. I opposed it at that time. If it were before us now, I would oppose it now. If it were before us in the form which it took after the first amendment in the committee was added, which included both low- and middle-income groups, I would be opposed to that now, because it would bring into the program groups which I do not believe the Nation is prepared to put on the public rolls of assistance in that way.

But in its present form, as an alternative to public housing, for exactly the same people whose problems have been troubling us since 1937, I say it is time for us to come forward with another answer which brings into the fray the private sector of our economy, which promises to be effective, which may very well be more economical, and which may indeed be more humanitarian.

For those reasons I support the present plan as it exists in the bill. It makes sense. I believe it is conservative. I believe it is sound. It is humanitarian. It is controllable and, by all reasonable standards and experiment, worth keeping.

Mr. TOWER. Mr. President—

The PRESIDING OFFICER. How much times does the Senator from Texas yield to himself?

Mr. TOWER. As much time as I may require.

I believe the key word is "experiment." This is indeed an experiment. That is why I wish the administration and the committee could have curbed their enthusiasm for the program until we had an opportunity to see how it might conceivably work, and not initiate a program of such proportions.

Regardless, the threat still exists to the furtherance of home ownership. I should like to read a section from the minority views of the House committee:

THREAT TO HOMEOWNERSHIP

To own one's own home, no matter how modest, is the goal of the typical American family. The rent supplement kills the incentive of a family to achieve that goal. Under FHA underwriting standards a family with \$3,000-a-year income can afford to purchase a home costing $2\frac{1}{2}$ times that amount or a \$7,500 home. The housing cost of such a home would approximate \$60 a month. But as noted in the illustration above, the \$3,000-a-year family by paying \$62.50 a month as rent could live in a partially federally subsidized \$100-a-month rental unit. The cost of such a dwelling unit would approximate \$12,500. Or, as above noted, that same family could also live in a \$200-a-month rental unit and pay only \$62.50 of its income a month as rent with the balance of \$137.50 paid by the Government under the rent supplement formula. The cost of the \$200-a-month rental unit would approximate \$25,000. Why would a family strive to own a \$7,500 home when for approximately the same monthly outlay for housing it could rent a \$12,500 or \$25,000 cost dwelling unit? Not alone would the rent supplement proposal kill incentive for homeownership, it also would be a powerful incentive for a family to discontinue homeownership and become a renter on the Federal dole. That runs counter to the American way of life.

That runs counter to the American way of life. It is not the same as public

housing. We are talking about a supplement for a living cost, a direct subsidy, one that is in addition to family income, one which I understand, according to the Internal Revenue Service, is not taxable. I believe it would destroy incentive. Why should a man earn sufficient money to pay \$100 a month rent for his family when a tax will be levied on that \$100? Why should he not be content to stay in an income group in which he would receive a \$37.50 a month rent subsidy on which he would not have to pay taxes?

It has been said over and over again by those connected with the administration that many welfare programs are stifling the initiative of the people. I suggest that this program is designed to do precisely that.

There is another aspect. Many persons, it is reasoned, feel a little stigmatized if they have to live in a public housing project. So it is proposed to remove the stigma by giving them a rent subsidy so that they can go elsewhere to live.

One of the professed purposes of the measure is to achieve some sort of economic integration of the various socioeconomic groups in the country. I am not talking about race; race has nothing to do with it. I am talking about the socioeconomic scale. The idea is to try to create neighborhoods and communities in which families having low incomes, middle incomes, and high incomes will all live together. Federal dollars and Federal programs would be used to implement this idea. There would be no State or local control. According to the bill, there would be no need to consult with local authorities. There would be no need for the Administrator to pay any attention to local policy. He would go directly into a community, deal with a nonprofit sponsor, establish units, make contracts for the construction of units, and then guarantee full occupancy for 40 years. If anyone thinks that that is not a radically new program, he had better look at it again. It would cost us much more than merely the money involved. It would intrude the Federal Government too much into the affairs of men. It would cost us primarily in terms of incentive.

I have never seen a program better calculated to be destructive of incentive than this program. I fervently hope that the Senate will see its way clear to delete this program from the bill.

There are existing programs which, however defective they may be, or how much they may need improvement, have provided us with experience. There has been no experience with a program such as is proposed. There is no program in existence that is so vulnerable to abuse as the proposed program would be.

I believe the rent supplement program will be a harbinger of direct subsidization of the grocer in the form of a payment of a percentage of a family's grocery bill. It may be a direct subsidization of the clothing store, so as to pay a portion of the family's clothing bill. Ultimately, it will have progressed to a guaranteed annual income. There are

those today who seriously advocate a guaranteed annual income. I believe that this is the beginning of such a program.

The program contains inherent dangers that have not been thought of yet. Originally, some of the proponents of the measure apparently decided that most of the lower-income persons in this country have been reduced almost to the status of absolute dependency on the Federal Government and, therefore, complete subordination to it. Now it is proposed to move into the middle class, to see if they cannot be reduced to the status of absolute dependency on Uncle Sam.

The bill started as a rent subsidy for moderate-income or middle-income families. In the wisdom of Senator from Maine [Mr. MUSKIE], that was changed in committee so as to revert to low-income families. It is bad enough there. It will have the effect of stifling incentive. My stars, if we ever stifle the incentive of what might be called the middle-income group in this country, we shall be in a bad situation.

I appreciate the constructive contribution the Senator from Maine has made; but even with that constructive contribution, I still believe the program is unwise and unsound. It is one with which we have had no experience, one as to which we can only guess what the results will be. I am afraid that they will not be to our liking; that we shall have committed ourselves irrevocably over the next 4 years to a contract for 40 years for a program that is, at best, educated guesswork.

Mr. President, I suggest the absence of a quorum. I ask unanimous consent that the time for the quorum call not be charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. TOWER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TOWER. Mr. President, I yield 1 minute to the Senator from Ohio.

STRENGTHENING AND IMPROVEMENT OF NATIONAL TRANSPORTATION SYSTEM

Mr. LAUSCHE. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives relative to House bill 5401.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H.R. 5401) to amend the Interstate Commerce Act so as to strengthen and improve the national transportation system, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. LAUSCHE. I move that the Senate insist upon its amendment and agree

to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. MAGNUSON, Mr. LAUSCHE, Mr. BARTLETT, Mr. MCGEE, Mr. COTTON, Mr. MORTON, and Mr. PEARSON conferees on the part of the Senate.

HOUSING AND URBAN DEVELOPMENT ACT OF 1965

The Senate resumed the consideration of the bill (S. 2213) to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

Mr. INOUE. Mr. President, will the Senator yield me 5 minutes?

Mr. MUSKIE. Mr. President, I yield 5 minutes to the Senator from Hawaii.

Mr. INOUE. Mr. President, the House version of S. 2213, H.R. 7984, specifically provides that Federal savings and loan associations are permitted to make loans on leasehold interest in real estate if the term of the lease is renewable for or runs 10 years beyond the term of the loan.

I introduced a bill, S. 114, on January 6 of this year, very similar to the objective of this specific section in H.R. 7984, but with language stipulating 5 years instead of 10.

Mr. President, as Senators may know, this matter is part of section 541.9 of the rules and regulations for Federal savings and loan associations and related definition of the various types of lending authorized in section 5(c) of the Home Owners' Loan Act of 1933.

The basic question is whether or not the Federal Home Loan Bank Board should be authorized to reduce the remaining life of the lease to less than 15 years beyond the maturity of the debt—as stipulated in the 1933 act.

It was due to my belief that mortgage loans should be permitted on leaseholds which expire less than 15 years beyond the maturity of the debt that I originally introduced in S. 114. This would facilitate sales of mortgages secured by leaseholds to Federal associations under the participation loan program.

Incidentally, the applicable Hawaii statute in section 180-54, Revised Laws of Hawaii, authorizes State savings and loan associations to make mortgage loans "provided the unexpired term of the lease at the time the loan is made thereon is at least 2 years beyond the maturity date of the loan."

Mr. President, I am not presently concerned as to the relative merits and demerits of lease land as against fee simple land for residential mortgage loans. The truth of the matter is that long-term leasehold provisions for residential purposes are a practical fact in

my State. The existing 15-year provision, therefore, is a great disadvantage to potential homeowners on leasehold lots in Hawaii. The situation is certainly a unique one and can probably be matched to a degree only by the State of Maryland.

For practical purposes, however, I believe that the reduced 10-year proviso pertains more directly to Hawaii. Since 1948, the Federal savings and loan associations there have been making loans on real estate secured by leasehold interest. The term of the loans run just a few years short of the term of the lease. As I have previously indicated, State chartered savings and loan associations, operating under State law, make loans secured by a leasehold interest as long as the lease runs 2 years beyond the term of the loan.

Practically speaking, the House proviso would permit Federal savings and loan associations to make loans on these leasehold interests provided that the term of the lease runs 10 years beyond the term of the loan. Incidentally, this would be similar to existing regulations on bank loans in this area.

Again, practically speaking, the House proviso of 10 years, which is 5 more years than I personally would prefer, would partially correct the present imbalanced competition between Federal savings and loan associations and State chartered associations in the area specifically, and only, of loans on real estate secured by leasehold interest.

The State chartered associations would also benefit by being able to generate additional needed mortgage funds through the sale of participation interests in leasehold loans to mainland Federal associations.

The effect, in short, should be a salutary one to all savings and loan associations dealing with leasehold mortgages. The 10-year proviso is at least a major step in the direction of recognizing leasehold residential real estate as a practical fact of life in Hawaii.

Mr. President, I had originally intended to introduce an amendment to S. 2213 along the lines of my bill, S. 114. However, in view of the House language on this point and after talking with the manager of S. 2213, I would like simply to go on record as requesting serious consideration be given to accepting the House language on this matter in conference.

Mr. MUSKIE. Let me say to the Senator from Hawaii that this is a problem that has troubled the committee. It has come to us in one or two different forms. I assure the Senator that we shall be happy to take it to conference and discuss it with the House managers of the bill.

Mr. INOUE. I thank my distinguished friend for that assurance.

Mr. MUSKIE. Mr. President, I yield myself such time as I may need for a short colloquy with the Senator from Alabama [Mr. SPARKMAN].

The PRESIDING OFFICER (Mr. KENNEDY of New York in the chair). The Senator from Maine has 10 minutes remaining.

Mr. MUSKIE. I yield myself 2 minutes.

Under the mortgage insurance for land development program, contained in section 201 of the bill, there is a requirement that the developed land be served by "public systems for water and sewerage." A question has arisen as to what constitutes a "public system" under the bill. In the State of Maine, for example, we have public water utilities, regulated by the Maine Public Utilities Commission. Some of these utilities are publicly owned. Some are investor owned. All are considered "public." It is the Senator's understanding that "public systems for water and sewerage," as contained in proposed "section 1005" under section 201(a) of the bill, means a water or sewer system, whether publicly or investor owned, which serves the general public in a specified area and is owned and operated under the authority of and regulation by an appropriate State public utility regulatory body?

Mr. SPARKMAN. Yes.

Mr. MUSKIE. I have one further question. Referring to the same section of the bill, the Commissioner is authorized to "approve an adequate privately or cooperatively owned—water or sewer—system which will be regulated in a manner acceptable to him." It is my understanding that this authority could be exercised where service by a public system is not feasible. The bill states that public systems must be "consistent with other existing or prospective systems within the area." Although the bill is not specific on this point, is it the Senator's understanding that the same condition applies to a "privately or cooperatively owned system"?

Mr. SPARKMAN. The answer again is in the affirmative.

Mr. MUSKIE. I thank the Senator very much for clarifying this point.

The PRESIDING OFFICER. Who yields time?

Mr. TOWER. Mr. President, I suggest the absence of a quorum, and ask unanimous consent that the time be charged to neither side.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. TOWER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MUSKIE. Mr. President, I yield myself 4 minutes.

The PRESIDING OFFICER. The Senator from Maine is recognized for 4 minutes.

Mr. LAUSCHE. Mr. President, will the Senator from Maine yield?

Mr. MUSKIE. I am glad to yield to the Senator from Ohio.

Mr. LAUSCHE. I should like to direct two questions to the Senator from Maine for purposes of acquiring information concerning the rent subsidy bill. The Senator from Alabama handed me a statement showing a sampling of the incomes which could qualify for a rent subsidy in 26 cities.

My first question is: Do I correctly understand that this sampling was made for the purpose of indicating what will happen if the rent subsidy bill is passed?

Mr. MUSKIE. Yes, the study shows the groups and indicates the incomes of typical groups in typical cities eligible for public housing, who, of course, would also be eligible under the pending bill.

Mr. LAUSCHE. The tabulation shows that in the 26 cities a \$4,800 income is the low amount which would qualify an individual for a subsidy, and \$6,500 is the high amount, in Chicago.

Mr. MUSKIE. The \$6,500 ceiling in Chicago applies to housing for seven or eight persons in four-bedroom housing.

Mr. LAUSCHE. That means that under certain conditions the amounts which I have described would qualify those families for subsidies?

Mr. MUSKIE. Yes. For one bedroom housing in Chicago, the ceiling is \$4,300, in the same table.

Mr. LAUSCHE. That would mean that in Chicago a family which needs one-bedroom housing, if it had an income of \$4,300, would still qualify for the subsidy?

Mr. MUSKIE. If the family were also a member of one of the five groups who are eligible under the bill.

Mr. LAUSCHE. Can the Senator tell me what amount of income in New York City under maximum conditions would qualify? The Senator from Utah [Mr. BENNETT] has stated that \$10,100 income would qualify a person for a rent subsidy.

Mr. MUSKIE. The New York experience is not reflected in this table. I believe it would be germane to point out how the income levels are established. They are not established as a result of anyone's arbitrary judgment as to what income level should qualify. Rather, a survey was made of the housing market to determine what rent level—not income level—in private housing is available which is decent, safe, and sanitary, for the families who would be involved. Then, once the rent level was established, it would be reduced by 20 percent—that is, if it were \$100, it would be \$80—and the \$80 figure multiplied by the factor of 4 would determine the income level. So the income levels will vary from city to city. Presumably, New York might be higher than any other community.

Mr. LAUSCHE. My inquiry was as to the maximum amount in New York City which under maximum conditions would qualify for a subsidy. It has been stated that it is \$10,100. Can the Senator answer that question?

Mr. MUSKIE. I do not have that figure.

Mr. LAUSCHE. Can the Senator from Alabama [Mr. SPARKMAN] answer it?

Mr. SPARKMAN. If the Senator from Maine will yield, I am sorry, but I do not have that figure. I do have a figure

which I believe is much more relevant. Let us remember that the purpose of the program is to supplant and replace future public housing. The average amount of the rental subsidy on public housing built today is \$58 a unit. The average unit on the subsidy of the rent supplement plan is estimated to be \$40 a unit. In addition—

The PRESIDING OFFICER. The time of the Senator from Maine has expired.

Mr. MUSKIE. Mr. President, I yield myself 1 additional minute.

The PRESIDING OFFICER. The Senator from Maine is recognized for 1 additional minute.

Mr. SPARKMAN. Public housing pays no taxes. It is estimated that the cost to the Federal Government would be \$4,800 a year. I have placed all that information in the RECORD.

Mr. LAUSCHE. The Senator from Utah has stated that his calculations show that in New York City a family placed in the position of maximum strength can get the maximum subsidy which would qualify the family, if the income was \$10,100. Do I understand that correctly?

Mr. BENNETT. I stated that the figure I received indicated that it is possible in New York to go above \$10,000. That is the ceiling. If we had an income of \$10,000 and the ceiling were \$10,100, we would have a \$100 potential rent subsidy.

The PRESIDING OFFICER. The time of the Senator from Maine has expired.

Mr. DIRKSEN. Who has time to yield to me?

Mr. TOWER. Mr. President,—

Mr. LAUSCHE. Mr. President, will the Senator from Texas yield me 1 minute in order to complete my statement?

Mr. TOWER. Mr. President, I yield such time as the Senator from Ohio may require.

The PRESIDING OFFICER. The Senator from Ohio may proceed.

Mr. LAUSCHE. Mr. President, I will not vote for the establishment of this program in our Federal system because, in my judgment, it would be the beginning of a program which, although in its infancy today, will grow and grow without limit in the future.

This is a dangerous, new program into which we are entering. Many difficulties lie ahead. I am not willing to take the position that the income levels which have been mentioned are so low that persons with those incomes should be entitled to a rent subsidy.

I thank the Senator from Maine and the Senator from Texas for yielding to me.

Mr. MUSKIE. Mr. President, I yield myself 2 minutes on the bill.

The PRESIDING OFFICER. The Senator from Maine is recognized for 2 minutes.

Mr. MUSKIE. Mr. President, I am not going to attempt a recapitulation in a few minutes of all the colloquy that has occurred in the course of the day, nor on the point which the Senator from Ohio has raised. We are discussing the very same groups—no larger groups—of

disabled, elderly, handicapped, displaced-by-Government-action persons that the Government has accepted as a responsibility, under the same criteria of eligibility, since 1937.

Therefore, we are not talking about whether those groups should not be subsidized. They are being subsidized at the present time, under the same income criteria as would be in effect under the rent supplement program. The groups eligible for rent supplements will be smaller than the groups eligible for public housing. The income ceilings are as relevant to the current public housing program as they are to this program.

We are discussing another way of dealing with exactly the same problem we have been dealing with since 1937, concerning exactly the same people that we have been dealing with since 1937.

But, I am for this method, because it is the cheaper way to do it. It may be a more effective way to do it. It is worth the experiment. The former colleague of the Senator from Ohio [Mr. LAUSCHE], Senator Taft, became an ardent supporter of public housing. Why? Not because he thought it was a perfect program, but because the public housing program was designed to meet the problems of people whose needs tugged at his heart and his conscience so that he could not ignore them. He therefore supported public housing as a means of dealing with the situation.

I am not happy with public housing. I am sure that the Senator is not happy with public housing. However, there is another way to deal with problems of exactly the same people because, in my judgment, it is cheaper, it may be more effective, and it is worth trying.

Mr. LAUSCHE. Mr. President, will the Senator from Texas yield me 3 or 4 minutes?

Mr. TOWER. I yield 4 minutes to the Senator from Ohio.

Mr. LAUSCHE. The Senator from Maine has made a seemingly effective argument. He contends that the program of granting direct subsidies is identically the same program that thus far has been in existence.

Mr. MUSKIE. If it were identical I would not be in favor of it.

Mr. LAUSCHE. The Senator from Maine has been talking for 2 hours. I hope he will let me speak for a few minutes.

Mr. MUSKIE. The Senator from Ohio may have as much time as he wishes.

Mr. LAUSCHE. I yield not at all to the Senator from Maine in his desire to be charitable and helpful to those who are in need. This proposal goes far beyond it. We are about to enter into a program which, the Senator says today, provides that if a person earns \$4,800 he is entitled to a subsidy.

I say to the Senator from Maine that by 1968, the next presidential election will take place, he will be raising that amount. That is what will happen. Every 2 years, when we have a congressional election, he will be lifting up the amount. That will be done as a demagogic appeal to the many people whom he will not wish to leave out, and who

will not want to be denied something. If the money were available, I would say all right. How is the differentiation made? Why is \$4,800 the sacrosanct amount? Why is \$10,000 the sacrosanct amount in New York?

Mr. MUSKIE. Mr. President—

Mr. LAUSCHE. Mr. President, I do not yield now. How will he answer those who will say—

Mr. MUSKIE. I shall be glad to answer.

Mr. LAUSCHE. How will he answer those who will say, "Why should I be barred?" He will not be able to do it.

Mr. MUSKIE. I shall be glad to answer the Senator's question.

Mr. LAUSCHE. The Senator may answer it on his own time.

Mr. MUSKIE. I can answer it now on my own time.

Mr. LAUSCHE. The Senator will have time to answer. He has been speaking for 2 hours.

Mr. MUSKIE. I have not been speaking for 2 hours. I would be happy to answer the Senator's question on my own time. I would like to do that now, so that my answer will relate to his question.

Mr. LAUSCHE. I am quite sure that the Senator will need 2 hours to explain it and to sustain his point.

Mr. MUSKIE. I am willing to take that long if it is necessary to do so.

Mr. LAUSCHE. I have asked for only a few minutes to speak. I admire the Senator from Maine for his desire to be helpful. However, I believe in a measure that must apply realistic fiscal programs to our country's policies.

Every day I hear the argument on the floor of the Senate, "Those who are not willing to continue spending more than they take in have callous souls. We who believe in deficit operations are persons who are gifted with a charitable and merciful attitude toward the people." That is the argument that is being made.

In conclusion, we shall be doing what the man did who killed the goose that had laid the golden egg. We have all read the Greek fable about the man who had a goose that laid a golden egg each day. He was not content with taking that golden egg. He decided he would kill the goose so that he would get all the golden eggs at one time. He killed the goose, and got nothing.

If we continue with our program, we shall achieve the same end.

Mr. MUSKIE. Mr. President, I yield myself 2 minutes. I invite the Senator from Ohio to join me in the save-the-goose drive. We have heard from the opposition that the 4-year cost of the program would be \$8 billion. HHFA, on the basis of an analysis, which I think is accurate, reduced that figure to \$5.8 billion. If a 40-year cost has any relevancy, the cost of an equivalent number of units of public housing over a 40-year period would run from \$15 to \$18 billion. I believe the Senator from Ohio will recognize, even better than I, that that is more money than \$8 billion.

Therefore I invite the Senator to join me in the save-the-goose drive.

So far as I am concerned, I was opposed to the President's original rent

supplement program. If it were here in that form today, I would vote against it. I was opposed to the first modification in committee, which included the low income group and the low middle income group. If that program were before us today, I would vote against it.

I concede that the Senator from Ohio has a great heart. One reason why I am in favor of it in its present form, is that it is a cheaper way of dealing with the problems of exactly the same people—exactly, I say—as we are dealing with in public housing, and have been since 1937.

Mr. TOWER. Mr. President, I yield myself 2 minutes.

The Senator from Maine said that our figure is somewhat high when we say \$8 billion. He says that HHFA has a more realistic figure, which he states is accurate, in the amount of \$5.8 billion.

I point out that the HHFA has gone up \$1.1 billion since its representatives testified. When they testified, they said it would be only \$4.7 billion.

To use a word that we hear very often these days, I believe this shows the pattern of escalation. I can see only escalation and an unsound, unwise, and unproved program.

The burden of proof or justification rests on the shoulders of those who advocate it. I believe this is a program which is doomed to stifle incentive and retard the desire of people to improve their lot and improve their housing and their standard of living. It will retard homeownership. It will have an altogether deleterious effect.

I point out what was said about this bill. Since so many organizations have been quoted as being in favor of it, let us repair to the statement of Mr. Ira S. Robbins, president of the National Association of Housing & Redevelopment Officials, an organization which has more compassion and does more for the elderly and the underprivileged than probably any other group. This is what he said:

The bill proposes two complex new programs—rent supplements, and "new towns" (sometimes the HHFA Administrator likes to call these "new communities")—that both were formulated without long, thoughtful probing and give-and-take debate with local public officials, who have a day-to-day exposure to the problems toward which the programs are directed.

The rent supplement plan, on which we will make extensive comments, is advanced as "the most crucial new instrument in our effort to improve the American city." Yet this plan, which at least is administratively cumbersome and socially indefensible, came to the Congress without any review of testing by representatives of the various local operating agencies that should administer the program.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. TOWER. I yield myself 2 additional minutes.

This is the statement made by an official of the National Association of Housing & Redevelopment Officials.

The witness, I understand, was called as a friendly witness. I presume there was no little chagrin in the hearts of those who favor the program when they heard this testimony. This is what people who are closest to the problem think

about it. This testimony should be given great credit.

Mr. MUSKIE. Mr. President, will the Senator yield?

Mr. TOWER. I yield.

Mr. MUSKIE. I should like to ask the Senator a question.

It seems to me that the HHFA estimate in testimony before the committee was based on something other than the present program, which includes low-income groups and greatly enlarges the number of people eligible. That estimate was directed at the earlier program.

Mr. TOWER. The Senator from Maine [Mr. MUSKIE], with his amendment, made the cost another \$1.1 billion.

Mr. MUSKIE. Obviously, more people would be taken in, for the reasons I have indicated. I shall not suggest to the Senator that we have fewer people, because we are bringing in poorer people rather than the higher income people. There are more of them.

Mr. TOWER. I understand.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. MUSKIE. I yield 2 minutes to the Senator from Illinois on the bill.

Mr. DOUGLAS. The Senator from Texas has brought into the debate the name of Mr. Ira Robbins, who has had an honorable career in public housing in New York. The public housing officials, though excellent citizens, have mesmerized themselves into believing that only public housing will solve the slum problem. Unfortunately, the fact remains that, excellent as that program is, it has not done so. A half million people are on the waiting list for public housing. Last year 21 out of 25 large cities did not initiate a single unit. Although 35,000 units had been authorized each year, not more than 24,000 have been built in recent years. The program is moving more and more into smaller cities and for the elderly, disregarding the slums of the larger communities, and yet the public housing authorities cling to the idea that they have a vested interest in the whole problem of poverty and will not permit another approach to be made to housing the poor. We are not opposing public housing; we are proposing to increase it. But we say that there should be another method as well, and we say to the public housing people, "Do not believe that you have a vested interest in misery."

Mr. TOWER. Mr. President, as the saying goes, "You all called them. We did not." The Senator is trying to discredit his own witness. What I have stated is what he said about the program.

Mr. SPARKMAN. Mr. President, will the Senator yield to me for a question?

Mr. TOWER. I yield.

Mr. SPARKMAN. Only for a brief statement. I wish to correct the impression that might be left. I am appearing as amicus curiae, a friend of the court. As chairman of the subcommittee, I supervise the calling of witnesses. We do not call friendly or unfriendly witnesses. We always insert in the CONGRESSIONAL RECORD notices of our hearings. We send notices to organizations. We invite all interested organizations,

groups, and persons who wish to appear before the committee to let us know, and we put them on the schedule. That is exactly what was done with every single one of the organizations listed. We had no idea as to how their representatives might testify.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. TOWER. I yield 5 minutes to the Senator from Illinois.

Mr. DIRKSEN. I should like to ask a question or two.

If I remember correctly, under the 1949 program we supposedly committed ourselves to the building of 810,000 public housing units. That was 16 years ago. In that period of time, instead of building 810,000 units, we built only 400,000. Is that correct?

Mr. SPARKMAN. I shall check that figure.

Mr. DIRKSEN. The Senator ought to be able to tell me now.

Mr. SPARKMAN. I believe the total is about 600,000. But stating such figures is not quite so simple. As the Senator knows, following the end of World War II, many defense projects were transferred over to cities and converted into public housing. So the program does not all come under the program to which the Senator refers.

Mr. DIRKSEN. I thought I had received correct figures. That would mean that in 16 years we have reached half the goal that was set in 1949. As I said, in 1946, there were commitments for 500,000 supplemental units, I suppose; and if we got only half of the 800,000 in 16 years, how would we get 500,000 in 4 years?

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. SPARKMAN. The Senator starts with a premise—

Mr. DIRKSEN. I did not start with anything.

Mr. SPARKMAN. Yes; I believe the Senator did when he said that we established a program which anticipated 810,000 units. It is true, I believe, that Senator Taft, in his estimates of costs as they prevailed at that time, stated that 810,000 units would be constructed. But he arrived at that figure on the following basis, and this is the way the Public Housing Act was set up: The Government obligated itself to a certain amount in support of the bond issues of various municipalities throughout the country. Over 40 years a total of those projects was set at \$336 million. As costs went up, it meant that the number of units to be built under that kind of obligation would go down. That is the reason why I say that we probably proceed on the cost premise that if we take the 810,000 units as the tiedown point, actually it is \$336 million. In that case, the proposal in the bill as it came from the committee was \$200 million for the program. As I understand, the Senator from Maine [Mr. MUSKIE] proposes to offer an amendment to bring that figure in line with the House figure.

Mr. DIRKSEN. So costs increase.

Mr. SPARKMAN. They do.

Mr. DIRKSEN. Now we have a 40-year program. Has the Senator any rea-

son to believe that costs will not go up like that over a 40-year period?

Mr. SPARKMAN. They may, but they are anchored.

Mr. DIRKSEN. "May?" They cannot help but increase.

Mr. SPARKMAN. They are anchored by the number of millions of dollars that may be assigned to do the job.

Mr. DIRKSEN. Mr. President, one of the most interesting things that a great Senator named Reed Smoot from Utah said to me one day was:

Young man, the course of the budget and expenditures is always up.

One of the most interesting statistical graphs that the Senator can ever look at is one which starts with 1789 and shows where we are in 1965. This is a 40-year program.

I have another question. Is it true that we had to increase subsidies on public housing twice?

Mr. SPARKMAN. Again we make a false conclusion by not keeping anchored to the original authorization, which has stood throughout the years. This is a \$336 million involvement, to supplement rents. Somehow the term "rent supplement" seems to have become a bad name.

Mr. DIRKSEN. Let us call it a subsidy.

Mr. SPARKMAN. Very well, a subsidy. Using the term in the same way, it is proposed to subsidize rents not to exceed 3½ percent of the investment that an individual city has in a project. So the amount of the subsidy paid would always be limited by that 3½-percent figure. That has never been increased.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. ROBERTSON. I find it difficult to understand the reference to \$336 million. We are at the moment committed to over \$12 billion in public housing. Once we go 1 year into the new program, we shall be in it for the next 39 years. That is the point. When I heard the figure a few years ago, \$9 billion was already committed then.

Mr. DIRKSEN. Over a period of years \$9 billion will not even touch the program in my book.

I should like to ask another question. What is a limited dividend corporation?

Mr. SPARKMAN. I am not personally familiar with them. Frankly, I do not know whether they exist in my State or not. They did not when I was practicing law. But, as I understand, a limited dividend corporation is a corporation that is organized in which the amount of earnings is limited to 6 percent. So far as the housing program is concerned, 6 percent profit is the limit.

Mr. DIRKSEN. Is there anything in the bill that would fix a limit to the salaries of the officers and the directors of a limited dividend corporation? If there is, I have not found it. My concept of a limited dividend corporation is one that could pay up to 6 percent.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. SPARKMAN. It might be that we could enlist the services of the Sena-

tor from New York [Mr. JAVITS], because there are limited dividend corporations in New York.

Mr. DIRKSEN. He knows. It is 6 percent.

Mr. SPARKMAN. I am not certain as to what the general law might be on the question of the salaries of officers. There is no provision in the bill which would limit salaries. But I invite the Senator's attention to the fact that yesterday the Senate accepted an amendment of the Senator from Iowa [Mr. MILLER] that in the setup of charges, costs, and so forth, overhead could not exceed that of a normal housing corporation.

Mr. DIRKSEN. But what about direct subsidies?

Mr. SPARKMAN. They would be a part of the costs.

Mr. DIRKSEN. All I have to say is that this looks like a pretty lush business. It will be like the poverty program. Consider the astronomical salaries that are being paid to administer it. Six percent is not high today when building and loan institutions are paying 4 or 4½ percent and banks are paying 4 or perhaps 4½ percent. But here it is 6 percent. Let me get my hand on the wheel of one of these contracts and make myself \$100,000 a year. I cannot think of anything fancier. Limited dividend corporations sprout like mad.

The Senator has not answered my question. Perhaps he has, so now I have another question.

Suppose there is a community in which there are vacancies, but someone wants to get in under the program. What would happen? Would the vacancies be ignored?

Mr. MUSKIE. Is the Senator asking with respect to housing under the rent supplement program?

Mr. DIRKSEN. Yes; or housing which is proposed to be built. Suppose a man puts up a string of houses and is looking for tenants. Suppose some "eager beaver" in town says, "Let's not bother with them. Let's get on the gravy train. Let's get into supplemental housing." The people who will be displaced or who live in slums or industrial areas will be invaded next, and they will go.

But suppose there is a man who has his own hard dough invested in buildings, buildings that are not substandard, either. What is proposed to be done? Let them stand there and bereave the owner of any tenants he might get?

Mr. MUSKIE. But if I understand the Senator's point correctly, he is asking about people who are eligible under the criteria of the bill, which are the same criteria as for public housing. The Senator is asking whether if someone wants to do something about it he can do it. Of course he can.

If the Senator is asking me whether the practice would be abused by someone who has vacant housing on his hands and is trying to get revenue, and sees this program as a convenient way to get rich—if the Senator is postulating the possibility of such abuse, I say that whether that would happen would depend on the integrity and judgment of the people who administer the program.

The Senator is, of course, free to postulate that; and I can see the possibility. All people are not angels; there is venality; and abuses can creep into a housing program unless people of integrity and honesty administer it. If the Senator's question is intended to get me to concede that there could be abuse, his point is made.

Mr. DIRKSEN. I would not have my beloved brother from the State of Maine concede anything. I am searching for information, because we have some public housing setups back home, and I have been through them. I once wrote a little booklet for Lewis Strauss, when he was Housing Administrator. The title was, "How To Live in a House." It was never published. It gave me some concern as I went through those properties. After a little while, they were reduced to slums. That is why I approach this program with a baleful eye.

Mr. MUSKIE. The State of Maine does not have much public housing, as the Senator from Illinois knows, so I do not know about those conditions as well as he undoubtedly does. This is one of the reasons why some of us who find ourselves on the Committee on Banking and Currency, charged with some responsibility for the legislation, have been studying the problem since the days of the late Senator Taft, seeking to deal with some of the difficulties. We do not say that we believe that the programs will work perfectly and will insure 100 percent beneficial results. Obviously, it will not.

I opposed the bill in its original form and in its first modified form. I find myself supporting it here principally as an alternative to public housing, with all the difficulties that public housing has encountered in its years of experience.

Although we all entertain reservations about new programs, I should like the Senator from Illinois to realize that, on balance, weighing the pros and cons, this is a reasonable approach.

Mr. DIRKSEN. I merely say to my good friend from Maine that this is like getting married.

Mr. MUSKIE. I had a few reservations about that, too.

Mr. DIRKSEN. Forty years. I am getting close to it. This program will extend beyond the year 2000. Yet it is proposed to commit the Government that far and hope to get out with the amount of money that is put in. I think it will have to be multiplied by 3 before we are through.

Mr. MUSKIE. Mr. President, will the Senator yield on that point?

Mr. DIRKSEN. I yield.

Mr. MUSKIE. As the Senator from Virginia has said, when we took the first step in public housing, we were committed to a number of years.

Mr. DIRKSEN. Surely.

Mr. MUSKIE. If we take the first step in rent supplements, we shall be committed to a number of years. So the programs are alike. If this is a shortcoming, the programs are alike in that respect. I would agree that because we are being committed, we should take an extra good look at it.

Mr. DIRKSEN. But this is a different dish, because the man who builds the house, who is the landlord, will get the money. The tenant will not get the money.

Mr. MUSKIE. He will get the service.

Mr. DIRKSEN. Twenty-five percent of his monthly paycheck is the base for the rent.

Mr. MUSKIE. The tenant will not own the house in either instance. He will get a rental.

Mr. DIRKSEN. I know. That is another thing. The title will be somewhere in orbit with *Gemini II*.

Mr. MUSKIE. Perhaps it will be in orbit in Illinois, but in Maine it will be nailed down.

Mr. DIRKSEN. That I shall have to see.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. SPARKMAN. The Senator from Illinois has been quite familiar with the operations of the Federal Housing Administration.

Mr. DIRKSEN. I was a member of the Committee on Banking and Currency when that bill was written.

Mr. SPARKMAN. That is correct. The Senator has been familiar with its operation over the years. I believe he will agree with me that the FHA has done an excellent job as a whole.

I invite attention, first of all, to the fact that this is not a program under which a person could build, go out into the free market, and say, "Come in, tenants; I will get you in and reap a harvest for you." This program will be authorized and supervised by the Federal Housing Administration.

Perhaps the Senator has not read the Miller amendment, which was agreed to yesterday. I should like to read it; it is brief.

Mr. DIRKSEN. That will not be necessary.

Mr. SPARKMAN. It is only 5 or 6 lines long. It reads:

No payments under this section may be made with respect to any property for which the costs of operation (including wages and salaries) are determined by the Administrator to be greater than similar costs of operation of similar housing in the community where the property is situated.

The Senator from Iowa offered that amendment, and we promptly accepted it.

Mr. DIRKSEN. Yes; and it is as wide as a 40-acre field.

Mr. SPARKMAN. It is so far as the discretion of the Administrator is concerned; but I think we can rely on the FHA doing a good job. The FHA has done a good job through the years. I think it will continue to do a good job.

So far as competition with existing buildings is concerned—the Senator mentioned that—remember that if there is anybody in this country who is concerned about free bidding and free competition, it is the people who build homes.

If the Senator will read the testimony of the National Association of Home Builders, which appears in the hearings, he will see how strongly they endorse the

program. They are confident that the FHA will not approve a project that will draw a pall of gloom, despair, and disaster over housing that already exists in a community.

Mr. DIRKSEN. Mr. President, I have one further question. I foresee that among those who qualify for this assistance, there may be those who would be displaced by governmental action. That would be when the Federal bulldozer would come into play.

Mr. SPARKMAN. Mr. President, does the Senator mean for the purpose of building highways, public buildings, or some other public purpose?

Mr. DIRKSEN. I mean for whatever displacement is occasioned by governmental action.

Mr. SPARKMAN. I understand.

Mr. DIRKSEN. Here is an opportunity for a family to get a house with a conventional mortgage on it. Perhaps the mother in the family would say, "We have been displaced by governmental action."

Mr. SPARKMAN. The Senator from Illinois ought to read further. That is only one condition. There is another very important condition.

Mr. DIRKSEN. I know.

Mr. SPARKMAN. It would not take effect at just any time.

Mr. DOMINICK. Mr. President, may we have order in the Chamber? I am interested in what is going on, if no one else is.

The PRESIDING OFFICER. There will be order in the Chamber.

Mr. DIRKSEN. The family about which I spoke would discuss the subject around the family table. The father would say, "I have a chance to get a little family place with a conventional mortgage." The lady would say, "Don't be in a hurry. I see a chance to receive a big chunk of rent supplement from that great big Treasury in Washington, D.C." That family could qualify under the criteria established by the pending bill.

Would this provision be somewhat of a restraint on people going ahead in the field of home ownership? I am talking like a building and loan man. I could say, "building and loan" before I could say "jack rabbit." I have been brought up that way. I have lived in a community in which people continue to build and own their homes. I do not want to see that feature discouraged at all.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. SPARKMAN. Mr. President, I am pleased to remind the Senator from Illinois that the building and loan interests strongly endorse this legislation.

Mr. DIRKSEN. That may be. Does the Senator mean that they all do?

Mr. SPARKMAN. The leagues which represent them.

Mr. DIRKSEN. Mr. President, I formerly belonged to a savings and loan association. Later I resigned. I was on the board of directors of the third largest savings and loan association in the United States. I have not heard a word from them as to their intention to support such a proposal.

Mr. SPARKMAN. The Senator knows that there are two associations.

Mr. DIRKSEN. There is the Federal League.

Mr. SPARKMAN. There is the U.S. Savings League.

Mr. DIRKSEN. I know.

Mr. SPARKMAN. There is also the National Savings League. Both organizations appeared, and their testimony is contained in the transcript of the hearings.

Mr. DIRKSEN. Those leagues do not deal particularly with rental property. They deal in, and their primary function is, home ownership.

Mr. SPARKMAN. They are interested in the other field also.

Mr. DIRKSEN. This proposal would not deal with home ownership at all. In 40 years, the cost of this proposal would be away up there with Gemini.

Mr. SPARKMAN. They would have the privilege of buying a home if their income were to increase.

Mr. DIRKSEN. After a long time. However, they would not have to sell it to them. With 6 percent interest, a good salary for the company board of directors, and the necessary cost and expenses, this would be a good dish. This would be a pretty lush business.

Mr. President, I say to my friend, the Senator from Maine that, dearly as I love him, I am not going to vote for this kind of thing. I am going to support the amendment of the Senator from Texas to strike this provision from the bill.

Mr. MUSKIE. Mr. President, I yield myself 2 minutes on the bill.

The PRESIDING OFFICER. The Senator from Maine is recognized for 2 minutes.

Mr. MUSKIE. Mr. President, I was never in any doubt from the beginning of the questions of the Senator as to what his position on this portion of the bill would be. However, the Senator began to ask a question which he did not finish. That question related to eligibility for this program.

I repeat what I have said several times this afternoon. The eligibility is exactly the same as it would be in the case of the public housing program as a first condition. However, that would be followed by five other conditions which would affect the number who would be eligible.

The first group would be those displaced by governmental action. Those displaced by governmental action are now covered by the public housing program. The second group would be the elderly. The elderly are now covered by the public housing program.

The third group would be the physically handicapped. They are now covered by the public housing program. The next group would be those occupying substandard housing. They are now covered by the public housing program. Those groups have been our concern since 1937. They were our concern when the public housing program was established.

This amendment is offered as a reasonable alternative to public housing for exactly the same people. To those groups we have added those hit by dis-

aster. I said earlier that I had reservations about the President's original proposal, and until it reached its present form, I would not have supported it. I support it in its present form.

The Senator from Alabama has indicated that I plan to offer an amendment later to reduce the total amount that would be available. I do intend to offer such an amendment to bring the authorization in the Senate bill in line with the bill approved by the House last week. I intend to offer an amendment which would reduce the contract authorization from \$200 million to \$150 million.

The principal point that I emphasize is that the group who are covered by the public housing program is exactly the same group.

Mr. DOUGLAS. Mr. President, I wonder if the Senator from Maine would state more explicitly what his intended amendment would do, provided the Senator first votes down the amendment of the Senator from Texas.

Mr. MUSKIE. The present authorization for rent supplement contracts is \$50 million a year for 4 years. The amendment I intend to offer would change that provision so as to reduce the authorization by \$50 million, from \$200 to \$150 million for the 4-year period.

That would be the aggregate amount of the subsidy payments that could be contracted for, if the appropriations equaled the authorizations. The specific new contract authorizations under my amendment would be \$30 million prior to June 30, 1966; \$35 million on July 1, 1966; \$40 million on July 1, 1967; and \$45 million on July 1, 1968. The net effect would be to reduce the total contract authorization from \$200 to \$150 million.

Mr. DOUGLAS. The purpose of that provision would be to reduce the total number of authorized units from 500,000 apartments to 375,000.

Mr. MUSKIE. The Senator is correct.

Mr. DOUGLAS. First, we would have to defeat the amendment offered by the Senator from Texas, which would cut it out completely. Is that correct?

Mr. MUSKIE. The Senator is correct.

Mr. TOWER. First we would have to defeat the Tower liberation amendment.

Mr. President, I am prepared to yield back the remainder of my time.

Mr. ROBERTSON. Mr. President, before the Senator yields back his time, will he yield for a question?

Mr. TOWER. I yield.

Mr. ROBERTSON. A staff member has just informed me that in this bill, if we add the authorization for rent subsidy and public housing, we would have an authorization of \$15 billion over a period of years. Is that correct?

Mr. TOWER. That figure might be a little low.

Mr. MUSKIE. Mr. President, I yield five minutes to the Senator from Connecticut.

Mr. DODD. Mr. President, the legislative achievements of this session of Congress have led some to describe the Senate and our colleagues in the House in rather generous terms.

The landmark legislation of this and the last session do indeed justify some

pride of accomplishment on the part of all Americans.

But these legislative achievements, designed to meet the problems of conservation, education, civil rights, health, poverty, and a whole bundle of other national problems, are significant not so much because they have been passed, but rather because they have been passed at last.

For the problems of poverty predate the Republic.

The denial of equal civil rights for all citizens has afflicted us for a century.

The crisis of educational deficiency has existed for decades.

The destruction of our national beauty has been accelerating for many years.

All these problems have long been critical. They are not new.

What is new is effective congressional action to answer these crises which eat at the hope and heart of our civilization.

This Congress should not be called the "Civil Rights Congress" or the "Education Congress" or any of the other names with which it has been flattered.

We have only recognized and done our duty to provide the loom upon which the threads of American greatness may be spun into the fabric of a rejuvenated and improved American life.

If this Congress must be named, let it be known as the "Congress of Conscience," provided that we meet the urgent problems in American life which we have yet to take up.

The crisis of the American cities is one of those urgent problems we have yet to answer.

Ever since the first family units combined into communities, the quality of the community has influenced the quality of family life and the character of every member in the community. Nothing on earth since those first days has changed that fact.

Yet today, when crime and unemployment rates rise, when critics decry the meaninglessness of much of modern living, and when more and more of us are increasingly concerned with a lowering of ethical and cultural standards, urban decay remains the greatest unanswered domestic problem in America today.

The cities in which we live and raise our children are declining relentlessly into the decay of slums and the streams of concrete strips running endlessly on toward new suburbs into which we flee to postpone our slide.

Meanwhile, in the central parts of our cities, slumlife grows darker, choking the downtown heart which once invigorated urban living. There the hope of people flickers dimmer with each passing year of inaction.

We have had Federal programs for the cities.

We have built public housing. We have cleared some slums. And, recently, we have encouraged construction of decent private housing for people of low income.

But these programs have not even begun to meet the crisis of the cities.

Tentacles of the decay and desolation of urban blight squirm outward every year between the highways we build to

escape them. The murky grip of blight closes its grasp on the central city.

The American dream is a nightmare for the child whose home is two rooms with bare bulbs, leaking plumbing, rats in the bedclothes, and numberless brothers and sisters.

The Horatio Alger story is a sneering joke for a youth who spends his formative years in filthy squalor many of us choose to pretend does not exist.

The vision of a better life is as faint for he prisoner of the slum as is our realization of his desperation.

Our answers to these problems of the cities have been ineffective and stingy.

Our attempts to provide decent housing for the families of very low-wage earners have been shortsighted.

The number of units built has been too small. After nearly 20 years of Federal housing programs, almost 8 million American families still live in substandard housing.

Moreover, the Federal public housing program penalizes ambition and initiative.

The law limits public housing to those who make 20 percent less than a family needs to rent decent housing in the same community.

Yet the law also expels from public housing anyone who makes more than a subsistence income.

Faced with the prospect of losing their public housing if they improve their living standard, yet knowing they will be unable to afford decent living elsewhere, many of the occupants of public housing sacrifice their chances for self and family improvement in order to be able to have a decent roof over their heads.

This vicious circle of despair inherent in the Federal public housing program illustrates how far we have failed in our obligation to meet the urban crisis.

We have been trying to answer 20th century problems with an 18th century poorhouse philosophy.

The Housing and Urban Development Act of 1965, now pending before the Senate, contains what may eventually be an answer to this pressing problem of providing decent housing for the economically disadvantaged.

The bill provides limited funds which can be paid to certain families to allow them to afford decent private housing.

These families will not be forced to wear the poorhouse badge of public housing.

They and their children will not be forced to live in a ghetto with the most poverty stricken in the city.

They will be able to earn as much as their talents permit them to earn, without losing their homes. And as their earnings increase, their Federal rent supplement will decrease.

This program provides no giveaways. The rent supplement plan will apply only to the most needy.

The only families eligible for assistance under this bill will be the elderly, the handicapped, those displaced by renewal projects or natural disaster, and those living in slums.

And to be eligible, even these most disadvantaged people in our society must have incomes so low that they are eligible for public housing.

In the areas of highest living cost in the country, that means an income of less than \$6,500 to support a family of eight persons. In some cases it means an income as low as \$4,800 to support a family of eight.

And no one will be eligible for assistance who does not presently live in substandard housing.

So only the most disadvantaged and most poor living in the worst housing in the Nation will be eligible for any assistance.

No one is going to profiteer in this program.

The rent supplement program provides only the difference between the rent for decent housing and 25 percent of the eligible tenant's income. If the eligible tenant has an income of \$4,800 a year, and decent housing costs \$1,500 a year, the program will pay only \$300 a year—the difference between 25 percent of the tenant's income and the cost of decent housing.

As the tenant's income increases, the supplement decreases.

And to make sure the supplement is actually used for rent, it will be paid directly to the landlord.

But no landlords will get rich on this program.

The only housing for which rent supplements can be paid will be private housing built by nonprofit or cooperative enterprises or by corporations allowed to pay only limited dividends.

This program encourages new construction by private enterprise.

It will avoid creating new patches of public housing in our cities.

It will help get the Government out of the housing business.

In the light of the facts, I am surprised at the opposition of this prudent proposal has met from some quarters. Perhaps that opposition arises from the name "rent subsidies" which some have given the program.

The program should be called the private enterprise housing program or the antipublic housing program, because it encourages new construction of low-cost housing by private enterprise to provide decent, low-cost housing for the prisoners of despair who are locked in the slums of America.

The one valid criticism of the program which can be made is that it is not nearly big enough.

Despite all the housing acts of the last 2 decades, more than 8 million Americans still live in substandard housing.

More than 500,000 families are now on the waiting lists for the 600,000 public housing units built in the last 30 years.

And we are building new public housing at a rate of only 30,000 units a year.

The cost of the program proposed in this bill is \$50 million for each of the next 4 years.

This investment will enable private enterprise to construct and finance, over the next 4 years, 500,000 decent housing units suited to the needs of low-income families.

That will be a remarkable and important achievement.

But we know that at this hour there are more than 2 million lower income elderly and handicapped families alone

who cannot afford decent homes, and 6 million other families in substandard housing.

So even this step forward is too short. But we must take this step.

In passing this Housing and Urban Development Act of 1965, Congress will act to meet a crucial part of its responsibilities toward one of the most urgent problems our Nation faces—how to preserve and enrich our way of life as our rapidly aging communities burst at their seams with population.

Mr. TOWER. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. TOWER. Mr. President, I yield back the remainder of my time.

Mr. MUSKIE. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment offered by the Senator from Texas. On this question, the yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD (after having voted in the negative). Mr. President, on this vote I have a pair with the distinguished senior Senator from Virginia [Mr. BYRD]. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." Therefore I withdraw my vote.

Mr. SPARKMAN (after having voted in the negative). Mr. President, on this vote I have a live pair with the distinguished Senator from Arkansas [Mr. McCLELLAN]. If he were present and voting, he would vote "yea." If I were free to vote, I would vote "nay." Therefore I withdraw my vote.

Mr. TALMADGE (after having voted in the affirmative). Mr. President, on this vote I have a pair with the distinguished Senator from Florida [Mr. SMATHERS]. If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." I therefore withdraw my vote.

Mr. LONG of Louisiana. I announce that the Senator from Idaho [Mr. CHURCH], the Senator from Alaska [Mr. GRUENING], the Senator from Minnesota, [Mr. McCARTHY], the Senator from Arkansas [Mr. McCLELLAN], and the Senator from New Mexico [Mr. MONTOYA] are absent on official business.

I further announce that the Senator from Virginia [Mr. BYRD] and the Senator from Florida [Mr. SMATHERS] are necessarily absent.

I further announce that, if present and voting, the Senator from New Mexico [Mr. MONTOYA] would vote "nay."

On this vote, the Senator from Minnesota [Mr. McCARTHY] is paired with the Senator from Kansas [Mr. PEARSON].

If present and voting, the Senator from Minnesota would vote "nay" and the Senator from Kansas would vote "yea."

On this vote, the Senator from Alaska [Mr. GRUENING] is paired with the Senator from Idaho [Mr. JORDAN].

If present and voting, the Senator from Alaska would vote "nay" and the Senator from Idaho would vote "yea."

On this vote, the Senator from Idaho [Mr. CHURCH] is paired with the Senator from Vermont [Mr. PROUTY].

If present and voting, the Senator from Idaho would vote "nay" and the Senator from Vermont would vote "yea."

Mr. KUCHEL. I announce that the Senator from Idaho [Mr. JORDAN] and the Senator from Vermont [Mr. PROUTY] are necessarily absent.

The Senator from Kansas [Mr. PEARSON] is absent on official business.

On this vote, the Senator from Idaho [Mr. JORDAN] is paired with the Senator from Alaska [Mr. GRUENING].

If present and voting, the Senator from Idaho would vote "yea" and the Senator from Alaska would vote "nay."

On this vote, the Senator from Kansas [Mr. PEARSON] is paired with the Senator from Minnesota [Mr. McCARTHY].

If present and voting, the Senator from Kansas would vote "yea" and the Senator from Minnesota would vote "nay."

On this vote, the Senator from Vermont [Mr. PROUTY] is paired with the Senator from Idaho [Mr. CHURCH].

If present and voting, the Senator from Vermont would vote "yea" and the Senator from Idaho would vote "nay."

The result was announced—yeas 40, nays 47, as follows:

[No. 184 Leg.]

YEAS—40

Allott	Ervin	Murphy
Anderson	Fannin	Robertson
Bennett	Pong	Russell, S.C.
Bible	Gore	Russell, Ga.
Boggs	Hickenlooper	Saltonstall
Byrd, W. Va.	Hill	Simpson
Cannon	Holland	Stennis
Carlson	Hruska	Symington
Cooper	Jordan, N.C.	Thurmond
Cotton	Kuchel	Tower
Curtis	Lausche	Williams, Del.
Dirksen	Miller	Young, N. Dak.
Dominick	Morton	
Eastland	Mundt	

NAYS—47

Aiken	Inouye	Moss
Bartlett	Jackson	Muskie
Bass	Javits	Nelson
Bayh	Kennedy, Mass.	Neuberger
Brewster	Kennedy, N.Y.	Pastore
Burdick	Long, Mo.	Pell
Case	Long, La.	Proxmire
Clark	Magnuson	Randolph
Dodd	McGee	Ribicoff
Douglas	McGovern	Scott
Ellender	McIntyre	Smith
Fulbright	McNamara	Tydings
Harris	Metcalf	Williams, N.J.
Hart	Mondale	Yarborough
Hartke	Monroney	Young, Ohio
Hayden	Morse	

NOT VOTING—13

Byrd, Va.	McCarthy	Smathers
Church	McClellan	Sparkman
Gruening	Montoya	Talmadge
Jordan, Idaho	Pearson	
Mansfield	Prouty	

So Mr. Tower's amendment (No. 319) was rejected.

Mr. MUSKIE. Mr. President, I move that the vote by which the amendment was rejected be reconsidered.

Mr. DOUGLAS. Mr. President, I move that the motion to reconsider be laid on the table.

The motion to lay on the table was agreed to.

Mr. SPARKMAN. Mr. President, I yield 5 minutes to the Senator from Alaska on the bill.

Mr. BARTLETT. Mr. President, the Senate now has the opportunity to enact a significant housing bill, a measure which extends and expands our present programs of housing and urban renewal and establishes several promising new programs as well. The Housing and Urban Development Act of 1965 includes programs of proven worth and deals with problems which demand attention. The bill passed the House on June 30, and I urge early Senate approval.

The primary national development which makes necessary this comprehensive housing program is the phenomenal growth of our Nation's urban centers. Charles Abrams, world housing authority and author of "Man's Struggle for Shelter in an Urbanizing World," has estimated that during the next 40 years the population growth experienced in the world's cities alone will be double the population growth the entire world has experienced in the last 6,000 years. Housing needs in our Nation's cities and suburbs promise to increase sharply during the next few years as young adults born during the "baby boom" of the late forties marry and begin their families. As I said last September in commenting on the Housing Act of 1964:

It is folly to suppose that anything less than a massive effort will alleviate the housing difficulties these figures portend. Housing programs are integral to any national assault on poverty. They are essential to orderly urban development. They are absolutely necessary if population growth and urban expansion, promising as they are for a richer and more diversified society, are not at the same time to result in a deprived and miserable existence for millions.

We in Alaska have been later than the rest of the country to experience both the problems and the promises of urban growth. This has not meant, however, that we have not experienced acute housing needs. Our small and remote native villages have long suffered from inadequate shelter and from the lack of even the most basic sanitary facilities. It has been estimated that only 13.1 percent of rural Alaska natives live in structurally sound houses, with plumbing. Among Alaska natives, infant deaths account for 33 percent of all mortalities, as compared to 6 percent for the rest of the Nation. The tubercular and gastroenteric deaths rates among natives are six times what they are in the rest of the country.

Many of these problems are, of course, in large part attributable to the gross inadequacies of housing and public facilities in our native villages. And the problem is one which the entire range of Federal housing programs has failed to meet. The small populations of these native centers, the extremely low income of these families, and the extraordinarily high costs of construction and maintenance usually make existing Federal programs inapplicable or only partially applicable to our native villages. But the need for adequate shelter, for protection from cold and from disease, remains acute. Therefore, I have introduced and will continue to work for the enactment of S. 1915, a bill which would establish a housing program especially geared to the needs of these remote na-

tive villages. I have been very much gratified by the interest in this legislation displayed by the chairman and members of the Housing Subcommittee.

While Alaska's native housing problems have remained serious and in the large part unique, Mr. President, our cities and towns have more and more experienced rapid growth and housing and development needs similar to those of the other States. The population of Anchorage tripled between the censuses of 1950 and 1960 and is expected to double again by 1970. Fairbanks' population doubled between 1950 and 1960 and similar growth is projected for the current decade. This means, of course, that Alaska has increasingly experienced the problems and needs which have called forth the present variety of Federal housing programs. Consequently, these programs have found an increasing applicability and usefulness in the State. The following figures demonstrate that fact, showing what has been done in Alaska under each program to date:

COMMUNITY FACILITIES ADMINISTRATION AS OF DECEMBER 31, 1964

Public facility loans: \$26,516,000 of which \$25 million is for earthquake relief. In addition to earthquake area, localities of Palmer, Sitka, Dillingham, and Seward.

CFA's share of accelerated public works program: \$4,440,484 in grants and \$190,000 in loans.

Planning advances: \$1,611,137 in planning advances for 58 projects.

College housing loans: Five loans to Alaska Methodist University and the University of Alaska for \$9,423,000.

PUBLIC HOUSING ADMINISTRATION AS OF JUNE 30, 1965

Ten low-rent projects in Anchorage, Fairbanks, Juneau, Ketchikan, Metlakatla Reservation, Petersburg, and Sitka, involving 591 units and total development costs of \$12.6 million.

Also, 6 program reservations, totaling 97 units in Cordova, Ketchikan, Seldovia, Seward, Valdez, and Wrangell.

FEDERAL NATIONAL MORTGAGE ASSOCIATION AS OF MAY 31, 1965

Secondary market operations: 53 mortgages purchased totaling \$1,293,000.

Special assistance functions: 2,597 mortgages totaling \$60,162,000.

FEDERAL HOUSING ADMINISTRATION AS OF DECEMBER 31, 1964

Insured home mortgages: 7,590, totaling \$152,790,300.

Multifamily mortgages: 36 projects with 3,973 units, totaling \$48,093,300.

Title I home improvement loans: 5,438 loans totaling \$7,821,000.

URBAN RENEWAL ADMINISTRATION AS OF JUNE 30, 1965

Title I urban renewal projects: 16 projects in: Anchorage, 5; Kodiak, Seldovia, Seward, Valdez, 2; Cordova, Fairbanks, 2; Juneau, Petersburg, and Sitka. Grant reservations, \$37,040,677.

Urban planning grants: 19 grants, totaling \$462,118 for Anchorage, Anchorage Borough, Bristol Bay Borough, Cordova, Douglas, Fairbanks, Gateway Borough, Haines, Juneau, Juneau Borough, Kenai, Ketchikan, Kodiak, Palmer,

Petersburg, Port Chilkoot, Seward, Sitka, Sitka Borough, and Skagway.

FARMERS HOME ADMINISTRATION AS OF
JUNE 11, 1965

Rural housing program: 241 loans totaling \$3,197,580.

VETERANS' ADMINISTRATION AS OF MAY 31,
1965

Insured home loans: 290 loans totaling \$2,610,000.

Direct home and farm loans: 965 loans totaling \$9,650,000.

Alaska has indeed benefited from Federal housing and urban renewal programs. They have insured approximately 80 percent of the loans to individual homebuilders and developers of multiunit projects. They have stimulated local and institutional activity through loans and matching grants for college facilities, urban renewal, low-income and rural housing, community facilities and public works projects, and planning assistance. They were important to our earthquake recovery efforts. And they promise to be even more important as our State increasingly is touched by national trends of population growth and urban expansion.

The Housing and Urban Development Act of 1965, Mr. President, not only continues and expands these vital programs; it makes some promising new beginnings.

It authorizes grants to low-income homeowners in urban renewal areas for the financing of repairs necessary to bring their homes up to the standards prescribed for the area. This would make possible rehabilitation of certain neighborhoods without uprooting those living there or tearing down rundown houses that might be salvaged.

Second, the bill would provide for a moratorium on payments on FHA-insured and VA-guaranteed mortgages when the owner-occupant mortgagor is unemployed because of the closing of a Federal installation. It would authorize the Defense Department to purchase homes situated near a closing military base, thus giving relief to those who have been employed at the installation and have no market for their homes.

A third major provision of the bill would encourage land development by establishing a program of FHA mortgage insurance for private subdivision developers whether or not they themselves are homebuilders. As stated in the Banking and Currency Committee's report on the bill:

It is expected that the mortgage insurance device, which has proven so helpful in providing a stimulus to the construction of good homes, will prove equally helpful in providing a stimulus to the production of good building sites in good neighborhoods.

The Housing and Urban Development Act of 1965, in the fourth place, contains several provisions designed to aid communities in the construction of public facilities. It would supplement the assistance which has been available to Alaska communities under Area Redevelopment, the Economic Opportunity Act, Accelerated Public Works, and the programs of the Community Facilities Administration. It would provide for 50 percent matching grants to local public bodies and agencies for the construction of basic

water and sewer facilities. In extreme hardship cases, where a community has less than 10,000 population and a high unemployment rate, the Federal share would be raised to 90 percent.

A further provision would authorize Federal grants to help finance neighborhood facilities projects providing health, recreational, and other community services. In a designated redevelopment area, which includes most of Alaska, the Federal share of these projects could be as high as 75 percent.

The bill also provides for an expansion of the present open-space program. Grants of up to 50 percent would be made available to communities, not only to acquire land for public use, but also to develop it as a park or recreational area, as part of a conservation effort, or for historic or scenic purposes. Special provision is made for acquiring and clearing land in built-up urban areas for open-space use.

A sixth section of the bill would revise and expand the present home-loan program of the Farmers Home Administration. The increasing demand for improved rural housing has proven the inadequacy of our existing programs. In spite of the fact that the Farmers Home Administration has, in the last few years, greatly increased its activity in Alaska, as well as the other States, the growing need for better rural homes is not being met. The bill would make available long-term, low-interest loans to low- and moderate-income rural families through an expanded loan insurance program similar to that now serving urban homeowners through the Federal Housing Administration.

In addition, the Housing Act would institute a program of lease guarantees for small businessmen. Small concerns which have been displaced by federally assisted construction projects or which are eligible for assistance under title IV of the Economic Opportunity Act would be eligible for Federal guarantees of their rental costs. This provision follows recommendations made at various times by the Senate Select Committee on Small Business, of which I am a member.

A final provision authorizes the payment of "rent supplements" to persons living in moderately priced, FHA-insured units whose income qualifies them for public housing and who have been subject to natural disaster or other particular hardships. Payments would be made to the owner of the nonprofit unit and would make up the difference between the rental cost and one-fourth of the renting family's income.

I have given only a brief review, Mr. President, of what the Federal housing program has meant to Alaska and of the most promising sections of the new bill. The measure is one which deals imaginatively with problems of urban growth and provides for advance planning on the part of communities soon to experience such growth. And it provides needed assistance as well to small towns and rural families. Our Nation's housing and community development program must, generally speaking, proceed on two fronts. We must remedy the blighted and deprived conditions that

remain in our cities and countryside alike. And we must provide now that such conditions shall not multiply, but shall be replaced by housing and community facilities adequate for an expanding and progressing populace. In Alaska we must meet the needs of rural areas which have been too long overlooked; we must also enable our cities to plan and build for the years ahead. I regard the Housing and Urban Development Act of 1965 as a major step in the right direction.

Mr. TOWER and Mr. HARRIS addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized.

Mr. HARRIS. Mr. President, I call up my amendment which was submitted yesterday and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The legislative clerk proceeded to state the amendment.

Mr. HARRIS. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and the amendment will be printed in the RECORD at this point.

The amendment offered by Mr. HARRIS is as follows:

On page 61, strike out lines 10 through 17, and insert in lieu thereof the following: "PARTICIPATION BY NEW COLLEGES AND CERTAIN PUBLIC VOCATIONAL AND TECHNICAL INSTITUTIONS

"SEC. 502. Clause (1) of section 404(b) of the Housing Act of 1950 is amended to read as follows: '(1) (A) any educational institution which offers, or provides satisfactory assurance to the Administrator that it will offer within a reasonable time after completion of a facility for which assistance is requested under this title, at least a two-year program acceptable for full credit toward a baccalaureate degree (including any public educational institution, or any private educational institution no part of the net earnings of which inures to the benefit of any private shareholder or individual), or ((B) any public educational institution which (i) is administered by a college or university which is accredited by a nationally recognized accrediting agency or association, (ii) offers technical or vocational instruction, and (iii) provides residential facilities for some or all of the students receiving such instruction,')"

The PRESIDING OFFICER. The Senator will suspend. The Senate will be in order. The galleries will be in order.

Mr. SPARKMAN. Mr. President—

The PRESIDING OFFICER. The Senate will please be in order.

Mr. HARRIS. Mr. President—

Mr. MAGNUSON. Mr. President—

The PRESIDING OFFICER. The Senator from Oklahoma has the floor. The Chair has requested that the Senator suspend until order is maintained in the Chamber. The Senator from Oklahoma may proceed.

Mr. HARRIS. Mr. President, I refer Senators to page 16168 of yesterday's CONGRESSIONAL RECORD for an explanation of the amendment which was laid down yesterday and then temporarily laid aside.

Mr. President, the Office of Education informs us that the amendment would apply to not more than six such schools in the country now in existence. It would extend the present provisions of the Housing Act for colleges to schools which met four criteria, namely:

First, that they are publicly supported.

Second, that they are administered by a fully accredited degree-granting 4-year college or university.

Third, that they be vocational educational schools.

Fourth, that they provide residential facilities for some or all of their students.

Mr. President, I certainly hope that my amendment can be accepted by the Senator in charge of the bill.

Mr. SPARKMAN. Mr. President, the amendment was discussed yesterday and was laid aside until we could obtain some more information which we desired. We now have that information. The agency says that there is no objection to it. Therefore, for my part, I am willing to accept the amendment.

Mr. HARRIS. Mr. President, I yield back the remainder of my time.

Mr. SPARKMAN. Mr. President, I yield back the remainder of my time.

Mr. TOWER. Mr. President, I have no objection to the pending amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oklahoma.

The amendment was agreed to.

Mr. HARRIS. Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. SPARKMAN. Mr. President, I move that the motion to reconsider be laid on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 320

Mr. TOWER. Mr. President, I call up my amendment No. 320 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 2, line 19, strike out "\$50,000,000" and insert in lieu thereof "\$10,000,000".

On page 2, lines 20 and 21, strike out "\$50,000,000" and insert in lieu thereof "\$10,000,000".

Mr. TOWER. Mr. President, I ask for the yeas and nays on my amendment. The yeas and nays were ordered.

Mr. MAGNUSON. Mr. President, will the Senator from Texas yield?

Mr. TOWER. Mr. President, I yield 2 minutes to the Senator from Washington.

The PRESIDING OFFICER. The Senator from Washington is recognized for 2 minutes.

Mr. MAGNUSON. Mr. President,—
The PRESIDING OFFICER. The Senate will please be in order.

Mr. TOWER. Mr. President, before the Senator from Washington proceeds, let me say for the benefit of all Senators that I do not intend to take much time on the pending amendment and, depending upon how much time the distinguished Senator from Alabama wishes to

take, my guess would be that the larger proportion of the time would be yielded back and we should be able to vote on the amendment very shortly.

THE STRUGGLE BETWEEN THE NATIONAL COLLEGIATE ATHLETIC ASSOCIATION AND THE AMATEUR ATHLETIC UNION

Mr. MAGNUSON. Mr. President, this is a matter of some urgency; otherwise, I would not interrupt the debate on the housing bill. The Commerce Committee met this morning and discussed the subject at some length, and came to a decision on it.

Amateur athletics in our Nation suffers from a longstanding and harmful struggle. The struggle is between the National Collegiate Athletic Association and the Amateur Athletic Union. The athletes, educators, and sports lovers of our land are the victims of that struggle here at home, while this shameful squabble threatens to cripple our athletic teams abroad.

The dispute between the NCAA and the AAU centers upon track and field competition and came to a boiling point in San Diego in June. There the AAU sponsored a meet at which athletes were chosen to compete for the U.S. team which will face the Russians at Kiev. The NCAA banned college students from NCAA schools from competing. Several courageous students, among them Gerry Lindgren from Washington State University, defied that ban to try for a spot on the U.S. team. These same students now face the possible loss of their athletic scholarships because they sought to represent our Nation. Though Gerry's fate is still undecided, we must ask ourselves why this 18-year-old boy has become a pawn and innocent victim in this dispute.

But that is not all, an ominous specter looms over the 1968 Olympics. The U.S. track and field contingent faces a crippling blow if the feud continues. In 1928 the NCAA boycotted the Olympic games. We cannot permit them to repeat that tragic boycott.

People throughout the land are worried about the tragic consequences of this unfortunate controversy. On the 30th of June I expressed my concern in remarks before this distinguished body and was joined by several other Senators, including my colleague [Mr. JACKSON], who has long taken a deep interest in what he considers a useless controversy. He also called the attention of the American people to this matter in a strong statement at that time.

We spoke for the athletes and sports lovers of this country who must remain silent. The Seattle Times recognized that fact in an editorial on July 2:

We are certain the Senators' views represent those of the vast majority of American sports fans. Those fans don't care whether the NCAA or the AAU can assert precedence over the other. They don't want athletes like Lindgren penalized because of the stubbornness of certain badge wearers and paper shufflers.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. TOWER. I yield 2 additional minutes to the Senator from Washington.
Mr. MAGNUSON. Mr. President, this dispute has continued long enough. It is now the duty of the Senate to speak out for those who have no voice.

Therefore, I am pleased to announce that I will convene the Commerce Committee in special session to investigate every aspect of the NCAA-AAU controversy. We will call the representatives of all athletic organizations concerned in this dispute and seek their testimony in public hearings. We will call on those educators whose schools have been subjected to outside pressures as a result of this dispute. We will call on the athletes themselves. We will work until we get to the heart of this matter and we will take whatever action is necessary to prevent a strangling of athletic freedom in our Nation.

It is the young people of the country that I speak for today. Some of the college athletes involved in this dispute face the loss of their athletic scholarships and with it their college education. These young men and women must not be made to choose between an education and representing our country. The cost is too great to them, and to our country.

The Congress has worked to protect the freedom of every American to do many things necessary to the dignity of man. We must make certain that the freedom of every amateur athlete to compete for his nation is protected as well. If one student like Gerry Lindgren is denied his athletic scholarship, then we have betrayed our sacred trust. Our committee will not rest until athletic freedom is guaranteed to the young people of our land.

Mr. ALLOTT. Mr. President, I compliment the distinguished Senator from Washington for the work he has done. I hope his committee will pursue the subject vigorously. This situation is a disgrace to the United States. It is a purely childish feud which has existed and which has deprived our young men of the opportunity of participating across the board in athletic meets.

Mr. TOWER. Mr. President, I ask unanimous consent that the Senator from Washington may yield to the Senator from Maryland and to the Senator from New York and perhaps to other Senators, without the time being charged to either side on the pending amendment or bill.

The PRESIDING OFFICER (Mr. HART in the chair). Without objection, it is so ordered.

Mr. BREWSTER. First, I congratulate the chairman of the Committee on Commerce in bringing this matter to the attention of the committee, the Senate, and the country.

It has seemed to me for some time that it is more than regrettable that some of our best competitors cannot represent the United States in international competition. This was recently demonstrated at the San Diego meet, in connection with the conflict between the AAU and the NCAA.

As I see it, this dispute is entirely unnecessary and childish. I wish it were not necessary for the Government or the

Committee on Commerce of the Senate to become involved in the dispute. However, inasmuch as the reputation of the United States around the world in international sports competition is at stake, it is entirely appropriate for us to look into the subject.

I should also like to say that I speak for the Presiding Officer, the junior Senator from Michigan [Mr. HART], who for a long time has shown a great interest in this area. Just before he took over the duty of presiding over the Senate, he asked me if I would also express his great interest in this subject matter. It seems to me that it would be very useful to bring in the officials of the AAU and the NCAA and ask them what their position is. I have written both of them and asked them for their position. To date, I have not had an answer to my letters.

After focusing the attention of the Congress and of the Nation on their position, we may be able to bring about a resolution of their differences without legislation. But on this point I stand firm, that no amateur athlete should be penalized because he wishes to represent his country or compete in any meet at any place, at any time, because the university he attends or the association to which he belongs happens to be in a childish dispute with some other group.

I congratulate the Senator from Washington [Mr. MAGNUSON]. He is doing a great job. I am proud to associate myself with him in this situation.

Mr. MAGNUSON. I thank the Senator.

Mr. MURPHY. Mr. President, will the Senator yield?

Mr. BREWSTER. I yield.

Mr. MURPHY. Mr. President, I should like to join the Senator from Washington and the Senator from Maryland. My background and interest in this subject extends back to the very first international representation of the United States in an athletic event. That was in 1900, in Paris, when my father took a group of American athletes over there. They went on their own. They were not government sponsored. In 1904, in St. Louis. Again in 1908, in London, he was the coach of the first American team. He had the great privilege of taking the grandfather of the Senator from New York along with him as his friend and companion; again in 1912, when he was appointed the coach of the American team, and in 1906 in the Olympic Games.

I can remember arguments such as this, which worked to the detriment of athletes who wanted to perform and to represent their country and schools and colleges. From time to time selfish individuals would get on committees, and they would lose sight of the fact that the main purpose of this undertaking is the benefit derived from the athletic activity.

I concur completely in what the chairman has said. I hope that as this matter progresses, if I can be of any help, I shall be glad to assist the chairman. I have voluminous records. I am quite vigorous in my arguments at times. I can think of nothing that is more im-

portant to the attention of the committee than this subject. I associate myself with what the chairman has said.

Mr. KENNEDY of New York. Mr. President, I should like to commend the Senator from Washington for initiating this investigation and study, and also the members of the Commerce Committee. It is of great importance.

Over the past 4 years, I have had a good deal to do with both associations, the NCAA and the AAU.

I believe that if it had not been for the intervention of President Kennedy and then General MacArthur, our representation in the last Olympic Games would not have been of the caliber it was. It would have been far different. Many of our young athletes would have been penalized and not permitted to participate because they were members of one organization rather than of another organization.

Who determines it? The group that determines it are the paid officials, who have some authority and a vested interest in one organization or another. It has prevented young men and women from participation as athletes in behalf of the United States or in behalf of their university or college. What difference does it make? It does not make any difference to anyone in the Senate; it makes no difference to those in the galleries; it makes no difference to the people of the United States.

We desire to have the best possible team represent our country.

In fairness to the athlete himself, why should not the athlete who is the best athlete in his field not represent the United States, while someone else who is not quite as good, but who happens to belong to an organization which has the upper hand at a particular time, is permitted to participate in a meet, say, in the Soviet Union, France, England, or the Olympics?

Mr. President, it is completely unfair. The reason we have the existing situation is the result of complete selfishness on the part of the heads of both organizations, the AAU and the NCAA. There has been bad faith on the part of the high officials of both of those organizations over the past 4 years. The heads of both of those organizations could reach an agreement and an understanding.

I commend the Senator from Washington for his effort. I also commend to him the man who succeeded General MacArthur in working on the question. I talked with the Senator personally about Mr. James Gavin, our Ambassador to France, who has attempted to bring some order out of chaos, and who has many good ideas on the question.

I also hope that during the course of the investigation the committee will investigate whether either of these organizations is performing the functions that should be performed, and whether the young athletes in the United States are really being encouraged to the extent that they might be.

What about the young athlete who starts out well in high school and who does not have the financial means to go to college? Is he being encouraged? Is

there any possibility for him to continue later in athletics and athletic events? We need some kind of organization, private or in some way associated with the Government—perhaps the committee could go into that subject—to insure that those who are interested in athletics, those who have some ability, are encouraged as they come along through elementary school and high school to continue their participation, wherever possible, even if they have not attended a university, and to represent the United States in meets around the world or within our own country.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. BREWSTER. I yield to my colleague.

Mr. TYDINGS. Mr. President, I would like to associate myself with the remarks of the distinguished senior Senator from Maryland [Mr. BREWSTER], and the Senator from New York [Mr. KENNEDY], and to commend the chairman of the Senate Commerce Committee, the distinguished Senator from Washington, for his courage and initiative in presenting this matter.

I feel, and I believe the people of the State of Maryland also feel, that when the NCAA and the AAU get into jurisdictional disputes over which group shall control which track meet, these organizations have acted with almost total disregard for the interest of both our young athletes and the country.

It is outrageous for a young athlete to be deprived of the opportunity to compete and represent his country, because of petty bickering disputes between athletic organizations. It is high time for the leadership of the NCAA and the AAU to realize they are not beyond the realm of criticism.

I hope the distinguished chairman of this committee from the State of Washington realizes that there are a great many people interested in competitive athletics and in the physical and sports ability of these young people, who are behind us 100 percent. I hope he will pursue this matter with all possible vigor.

When the next Olympics comes around, the people of Maryland do not want another example of bickering and disregard for the athletes by a few entrenched bureaucrats at the head of these organizations.

I hope the situation will have a complete public hearing, and I commend the distinguished Senator from Washington for his leadership in this matter.

Mr. MAGNUSON. I thank the Senator. The case that has come out of Washington State University is only one example and, as the senior Senator from Maryland [Mr. BREWSTER] said the other day, it might be swept under the rug. But what we have seen will continue. I see no hope for the development of amateur athletes to represent the United States in future competition unless those athletes can be sure that they will not innocently, through no fault of their own, get in the middle between two organizations that have their feet in concrete about something.

Mr. TOWER. Mr. President, will the Senator yield?

Mr. BREWSTER. I yield to the Senator from Texas.

Mr. TOWER. It might be appropriate at this time to note that the distinguished Senator from Colorado [Mr. ALLOTT], who has spoken in support of the proposal of the Senator from Washington, was the junior and senior national AAU 400-meter hurdle champion in 1929. He was on the All-American track team in 1929, and I understand that at that time he broke an existing world record.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. BREWSTER. I yield.

Mr. LAUSCHE. I have always known that the Senator from Colorado was a great runner.

Mr. BREWSTER. Mr. President, in conclusion, it seems to me that the entire country agrees that the athlete who represent the United States overseas should be the very best that we can produce.

To date the expenses of American athletes in international competitions have been financed by private contributions. They have not been subsidized by the U.S. Government. Although teams from many countries around the world are official government teams, our own, to date, have not been. But it is shameful—it is disgraceful—that the two leading amateur athletic organizations are competing with each other to such an extent that we penalize those unfortunate athletes who are caught in the middle of the dispute, and we do not present our best competitors to the world.

So I congratulate the chairman of the Committee on Commerce for bringing the question to the attention of the country. I have every hope that the committee hearings will assist in the resolution of this dispute.

I yield the floor.

Mr. ALLOTT. Mr. President, I thank my distinguished friend from Texas for his kind remarks. I do not know what kind of proposed legislation the Commerce Committee can bring out. But there is more to it than merely competing successfully against the Russians. The real issue is whether we shall permit our young men and women to compete under conditions which provide them with the maximum of competition and which permits them to develop themselves to their maximum. Every young man and woman has that right. As long as the NCAA and AAU are involved in this senseless quarrel, those athletes will be deprived of a part of that competition. I know that if the Congress brings its force and pressure behind those groups, we can somehow solve the problem. I congratulate the distinguished Senator from Washington, who is chairman of the Committee on Commerce.

HOUSING AND URBAN DEVELOPMENT ACT OF 1965

The Senate resumed the consideration of the bill (S. 2213) to assist in the provision of housing for low- and moderate-income families, to promote orderly ur-

ban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

Mr. TOWER. Mr. President—

The PRESIDING OFFICER. How much time does the Senator from Texas yield to himself?

Mr. TOWER. I yield myself 3 minutes.

The rent supplement program provided for in the bill in effect calls for an authorization of \$8 billion. That would be for the next 40 years.

To clarify it, the authorization would be for \$50 million for the first year, \$100 million for the second year, \$150 million for the third year, and \$200 million for the fourth year.

This is too great an expenditure for a program with as many difficulties as are readily apparent in this one. I believe that such a radical departure from our public housing approach should be undertaken in a more cautious manner.

Administrative difficulties will be voluminous. What we are doing here is increasing in a virtually unlimited manner the complexity of our already complex housing statutes.

The effect of my amendment would limit the total authorization to \$100 million. In effect, what I am proposing is merely to continue the program, but not in such magnitude. I do not purpose changing the program at all. For all practical purposes, it would be a demonstration program. We can then take a look at it and see how it is working and later appropriate much larger sums if we feel that the program is worthwhile.

As I said earlier, we do not know what the results of the program will be. We do not know whether it will destroy the incentive to own homes or destroy the incentive of an individual to improve his own economic condition and, in that manner, improve his housing condition. There are too many unanswered questions.

We have noted, too, that the program as now drawn is vulnerable to abuse. That has been admitted by the managers of the bill. I am not proposing that we throw out the program; I merely propose to make it a smaller program, a demonstration program, to the extent that we may take a look at it and see how it is working, before we plunge into a costly program extending over 40 years.

Mr. MUSKIE. Mr. President, I object to the amendment and urge that it not be supported. Whichever version of the program becomes law as a result of the action of Congress would be fixed into the program for 4 years. So the character of it would be fixed into the program for 4 years.

The Senator from Texas has identified his amendment as reducing the program to, and correctly, a demonstration program. The problems of the group we are dealing with in the bill are such that something more than a demonstration program is needed. A program is needed that will effectively meet the needs of the people. That action should not be postponed for 4 years.

Under the program provided in the bill, ample opportunity would be pro-

vided for the legislative committees of both Houses to supervise and observe the progress of the program. In addition, the Appropriations Committees of both Houses will have an opportunity to control the levels of appropriations which will implement the program. It seems to me that this will afford ample control while, at the same time, affording an opportunity to deal effectively with the problem, if experience justifies that kind of activity.

I concede that any new program is an experiment in the sense that it is untried as an operational program. So in that sense the rent supplement program has been referred to as an experimental program. But that is not to suggest that much thought, study, and consideration have not been given to it. To the extent that it is possible to judge the prospects of this kind of program for success, that kind of consideration has been given. Now we are ready to launch it. As we launch it, the amounts proposed in the committee bill are not excessive in terms of the program. We are dealing with a group of people consisting of 500,000 who are already on the waiting list and unnumbered other hundreds of thousands whose problem is not being dealt with to the extent of placing them on the list.

It is a big problem. It has commanded the attention of the Nation for a long time. To convert this program, which I think has real prospects for success, into a mere demonstration program for 4 years would not be a wise step to take.

Mr. President, I yield 3 minutes to the distinguished Senator from Pennsylvania.

Mr. CLARK. Mr. President, I strongly oppose the pending amendment. In my judgment, the \$50 million authorization contained in the bill is wholly inadequate. If I had my way, we would have authorized a minimum of \$200 million for the first year. Measured against our needs, on the one hand, and our potential, on the other, the bill does not provide enough money to do the job. If this most important new program, in which I have great faith, is to be cut down to 20 percent of the amount now in the bill, we shall find that it will be, as the Senator from Maine has so well said, a mere demonstration program.

In my judgment, the cities of the Commonwealth of Pennsylvania, which I represent, in part, could, within the 4-year period, use the entire amount of the present authorization. We could use a great deal more of the \$50 million in the first year than the 12½ percent to which we would normally be confined because of the wise rule that no individual State should be permitted to take more than that percentage of the amount of money provided for Federal housing.

When one thinks of the teeming cities all over the country, north, south, east, and west, full of old and needy people—yes, and I shall use the term “poverty-stricken people”—who do not presently have over their heads a roof that will not leak and a floor that will not fall under their feet, and who do not have plumbing of the most rudimentary nature, and when one remembers that 9

million Americans are now living in unsafe, insanitary housing, one can begin to appreciate in some measure the great need for this new program.

Public housing has been a great disappointment to me since I became mayor of Philadelphia in 1952. Philadelphia has perhaps as much public housing per capita as any other city in the country. Yet the lists of requests for admission to public housing projects grows and grows by the years. The sites available to build new projects become more and more expensive and less and less available.

I am strongly of the view that this new and imaginative approach to taking care of the housing needs of our low-income citizens should be approved and expanded rather than to go out by what may be the back door.

Both Houses of Congress have now approved a rent supplement program, to be sure, by quite close votes. But I would hope that having approved such a program, we would not now indirectly destroy a major part of its utility by cutting the amount of money authorized from \$50 to \$10 million, in effect cutting the heart out of it. I hope the amendment will be rejected.

Mr. TOWER. Mr. President, I emphasize that if the program proves itself, Congress can next year or the year after raise the amount of money that is provided in the program. But if we commit ourselves now to \$50 million, and that \$50 million is let out in contracts, we cannot cut the amount once it has been obligated. The point is that we should allow the program to prove itself first. If it proves itself to be effective in the first few months, next year Congress can raise the amount to \$100 million or to any other amount it wishes. But once we have committed \$50 million, it will be committed, and we cannot reduce the amount, whether the program proves itself or not.

On that basis, I believe that very serious consideration should be given to my amendment.

I am prepared to yield back the remainder of my time.

Mr. MUSKIE. Mr. President, I yield myself 2 minutes.

The PRESIDING OFFICER. The Senator from Maine is recognized for 2 minutes.

Mr. MUSKIE. Mr. President, as I indicated in debate prior to the last vote, I have an amendment to propose which would, if agreed to, reduce the cost of the program on a 4-year period from \$200 million to \$150 million in new contract authorizations.

The Parliamentarian tells me that I cannot offer my amendment as a substitute to the pending amendment. Therefore, I will call it up immediately after the vote on the pending amendment. In order to give Senators an opportunity to vote on my amendment at the proper time, when Senators are ready to yield time—I have no desire to limit debate—I shall move to table the amendment of the Senator from Texas.

Mr. TOWER. Mr. President, I first suggest the absence of a quorum so that enough Senators may be present to order a yea and nay vote.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. TOWER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TOWER. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. TOWER. Mr. President, I yield back the remainder of my time.

Mr. MUSKIE. Mr. President, I do not intend to move to table. There will be a straight rollcall vote on the Tower amendment. With that understanding, I yield back the remainder of my time.

Mr. JAVITS. Mr. President, will the Senator yield me 1 minute on the bill?

Mr. TOWER. Mr. President, I yield 1 minute on the bill to the senior Senator from New York.

Mr. JAVITS. Mr. President, I have not spoken in detail on the rent subsidy proposal.

That issue has now been basically decided, and I say to the Senate that I believe I know of this situation from a social point of view. I believe I can say to the Senate that socially it is a wise move. One of the real problems that we have had is that we have cased people up, from a social tension point of view, in barracklike housing structures in which they feel that they are shut off from the rest of the world. They feel that they do not necessarily belong to the rest of the world because they are part of the large segment of substandard housing. Such amount of substandard housing is reflected by the fact that in 1950 New York City had approximately 367,000 units of substandard housing. Today it has a good deal less, but much more remains to be done.

I believe that the rent supplement experiment—and I say this with the greatest respect for those who oppose the bill—may very well prove to be a very desirable social effort in the big cities in which we have had a tremendous buildup of tensions, including racial tensions resulting from inadequate housing. I believe that has been somewhat attributable to the fact that we have segregated people in enormous housing structures and immunized them from a broad community responsibility. New York has a vital need of new housing units and improved housing.

Also of importance, is the legislative oversight which we should give to the program to insure that it is administered constructively and well no matter what amount of funds we finally agree on.

Mr. MUSKIE. Mr. President, I yield myself 30 seconds to make a statement for the benefit of Senators who have just entered the Chamber.

The PRESIDING OFFICER. The Senator from Maine is recognized for 30 seconds.

Mr. MUSKIE. Mr. President, the Tower amendment would not afford us an opportunity to get started. The amendment is identified by the Senator from Texas himself as a demonstration grant amendment.

I shall offer another amendment which would reduce the authorization contained in the bill by \$50 million.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment offered by the Senator from Texas. On this question the yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CARLSON (when his name was called). On this vote, I have a live pair with the distinguished Senator from New Mexico [Mr. ANDERSON]. If he were present and voting, he would vote "nay"; if I were at liberty to vote, I would vote "yea." Therefore, I withhold my vote.

The rollcall was concluded.

Mr. LONG of Louisiana. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Idaho [Mr. CHURCH], the Senator from Connecticut [Mr. DODD], the Senator from Alaska [Mr. GRUENING], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Arkansas [Mr. McCLELLAN], and the Senator from New Mexico [Mr. MONTROYA] are absent on official business.

I further announce that the Senator from Virginia [Mr. BYRD], and the Senator from Florida [Mr. SMATHERS] are necessarily absent.

I further announce that, if present and voting, the Senator from Idaho [Mr. CHURCH], the Senator from Connecticut [Mr. DODD], the Senator from New Mexico [Mr. MONTROYA], and the Senator from Florida [Mr. SMATHERS] would each vote "nay."

On this vote, the Senator from Minnesota [Mr. MCCARTHY] is paired with the Senator from Arkansas [Mr. McCLELLAN].

If present and voting, the Senator from Minnesota would vote "nay" and the Senator from Arkansas would vote "yea."

On this vote, the Senator from Virginia [Mr. BYRD] is paired with the Senator from Alaska [Mr. GRUENING].

If present and voting, the Senator from Virginia would vote "yea" and the Senator from Alaska would vote "nay."

Mr. KUCHEL. I announce that the Senator from Idaho [Mr. JORDAN] and the Senator from Vermont [Mr. PROUTY] are necessarily absent.

The Senator from Kansas [Mr. PEARSON] is absent on official business.

If present and voting, the Senator from Idaho [Mr. JORDAN] and the Senator from Kansas [Mr. PEARSON] would each vote "yea."

The result was announced—yeas 38, nays 49, as follows:

[No. 185 Leg.]

YEAS—38

Allott	Fong	Robertson
Bennett	Gore	Russell, Ga.
Bible	Hickenlooper	Russell, S.C.
Boggs	Hill	Saltonstall
Byrd, W. Va.	Holland	Scott
Cooper	Hruska	Simpson
Cotton	Jordan, N.C.	Stennis
Curtis	Kuchel	Talmadge
Dirksen	Lausche	Thurmond
Dominick	Miller	Tower
Eastland	Morton	Williams, Del.
Ervin	Mundt	Young, N. Dak.
Fannin	Murphy	

NAYS—49

Aiken	Jackson	Muskie
Bartlett	Javits	Nelson
Bass	Kennedy, Mass.	Neuberger
Bayh	Kennedy, N.Y.	Pastore
Brewster	Long, Mo.	Pell
Burdick	Long, La.	Proxmire
Cannon	Magnuson	Randolph
Case	Mansfield	Ribicoff
Clark	McGee	Smith
Douglas	McGovern	Sparkman
Ellender	McIntyre	Symington
Fulbright	McNamara	Tydings
Harris	Metcalfe	Williams, N.J.
Hart	Mondale	Yarborough
Hartke	Monroney	Young, Ohio
Hayden	Morse	
Inouye	Moss	

NOT VOTING—13

Anderson	Gruening	Pearson
Byrd, Va.	Jordan, Idaho	Prouty
Carlson	McCarthy	Smathers
Church	McClellan	
Dodd	Montoya	

So Mr. TOWER's amendment was rejected.

Mr. MUSKIE. Mr. President, I move that the vote by which the amendment was rejected be reconsidered.

Mr. DOUGLAS. Mr. President, I move that the motion to reconsider be laid on the table.

The motion to lay on the table was agreed to.

LEGISLATIVE PROGRAM

Mr. DIRKSEN. Mr. President, if we may have order in the Chamber, I should like to ask the majority leader concerning the schedule for the remainder of the day and also for tomorrow.

Mr. MANSFIELD. Mr. President, in response to the question raised by the distinguished minority leader, I wish to state that there is a possibility—how good remains to be seen—that the pending bill may be finished this evening at a reasonable hour.

At the conclusion of the consideration of the pending bill it is the intention of the leadership to bring up Calendar No. 258, S. 9, a bill to provide readjustment assistance to veterans who serve in the Armed Forces during the induction period. Then Calendar No. 368, S. 1118, the District of Columbia home rule bill.

Following that, Calendar No. 406, S. 949, a bill to promote economic growth by supporting State and regional centers to place the findings of science usefully in the hands of American enterprise.

Mr. DIRKSEN. Then, other than the pending bill, the Senator from Montana would not expect to run beyond that?

Mr. MANSFIELD. No.

Mr. DIRKSEN. I thank the Senator very much.

HOUSING AND URBAN DEVELOPMENT ACT OF 1965

The Senate resumed the consideration of the bill (S. 2213) to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

Mr. TOWER. Mr. President, will the Senator from Maine yield?

Mr. MUSKIE. I yield.

Mr. TOWER. Mr. President, I suggest to Senators that I believe we can dispose of the bill tonight. The remaining amendments could probably be disposed of by a voice vote, with the exception of the amendment of the Senator from Maine. Therefore, if Senators will not take up time with unrelated matters, I believe that we can press the pending bill to a conclusion this evening.

Mr. MUSKIE. Mr. President, I believe that we can come to a yeas-and-nays vote on my amendment in the next 2 or 3 minutes, if Senators will stay in the Chamber.

Mr. President, I call up my amendment and ask that it be stated.

The PRESIDING OFFICER (Mr. RUSSELL of South Carolina in the chair). The amendment will be stated for the information of the Senate.

The legislative clerk proceeded to state the amendment.

Mr. MUSKIE. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and the amendment will be printed in the RECORD at this point.

The amendment offered by Mr. MUSKIE is as follows:

On page 2, lines 16 through 22, strike the last sentence of Sec. 101. (a), and insert in lieu thereof the following:

"The aggregate amount of the contracts to make such payments shall not exceed amounts approved in appropriation Acts and shall not exceed \$30,000,000 per annum prior to July 1, 1966, which maximum dollar amount shall be increased by \$35,000,000 on July 1, 1966, by \$40,000,000 on July 1, 1967, and by \$45,000,000 on July 1, 1968."

Mr. MUSKIE. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. MUSKIE. Mr. President, let me say to the Senate that this is the amendment I promised to bring up in the course of debate on the first Tower amendment. What the amendment does would be to reduce the total amount of contract authorizations for the rent supplement program by \$50 million.

Mr. ELLENDER. Is that over a period of 4 years?

Mr. MUSKIE. Yes, over a period of 4 years.

Mr. JORDAN of North Carolina. What would that make it per year?

Mr. MUSKIE. Over a 4-year period for \$200 million, this amendment would reduce it to \$150 million or \$50 million a year, but it is scaled for \$35 million up.

Mr. TOWER. I join the Senator from Maine in supporting his amendment. This would enable me to be on the winning side at least once today.

Mr. MUSKIE. I would be happy to accept the Senator's support.

Mr. President, I yield back the remainder of my time.

Mr. TOWER. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time on the amendment has now been yielded back. The question is on agreeing to the amendment of the Senator from Maine.

On this question, the yeas and nays

have been ordered; and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CARLSON (when his name was called). Mr. President, on this vote I have a pair with the Senator from New Mexico [Mr. ANDERSON]. If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." I withhold my vote.

The rollcall was concluded.

Mr. LONG of Louisiana. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Idaho [Mr. CHURCH], the Senator from Connecticut [Mr. DODD], the Senator from Alaska [Mr. GRUENING], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Arkansas [Mr. McCLELLAN], the Senator from New Mexico [Mr. MONTROYA], and the Senator from Virginia [Mr. ROBERTSON], are absent on official business.

I further announce that, if present and voting, the Senator from Idaho [Mr. CHURCH], the Senator from Alaska [Mr. GRUENING], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Arkansas [Mr. McCLELLAN], the Senator from New Mexico [Mr. MONTROYA], the Senator from Virginia [Mr. ROBERTSON], the Senator from Georgia [Mr. RUSSELL], and the Senator from Florida [Mr. SMATHERS], would each vote "yea."

On this vote, the Senator from Virginia [Mr. BYRD] is paired with the Senator from Connecticut [Mr. DODD]. If present and voting, the Senator from Virginia would vote "yea" and the Senator from Connecticut would vote "nay."

Mr. KUCHEL. I announce that the Senator from Idaho [Mr. JORDAN] and the Senator from Vermont [Mr. PROUTY] are necessarily absent.

The Senator from Kansas [Mr. PEARSON] is absent on official business.

If present and voting, the Senator from Idaho [Mr. JORDAN] and the Senator from Kansas [Mr. PEARSON] would each vote "yea."

The result was announced—yeas 79, nays 6, as follows:

[No. 186 Leg.]

YEAS—79

Aiken	Hartke	Mundt
Allott	Hayden	Murphy
Bartlett	Hickenlooper	Muskie
Bass	Hill	Nelson
Bayh	Holland	Neuberger
Bennett	Hruska	Pell
Bible	Inouye	Proxmire
Boggs	Jackson	Randolph
Brewster	Javits	Russell, S.C.
Burdick	Jordan, N.C.	Saltonstall
Byrd, W. Va.	Kennedy, Mass.	Scott
Cannon	Kuchel	Simpson
Case	Lausche	Smith
Cooper	Long, Mo.	Sparkman
Cotton	Long, La.	Stennis
Curtis	Magnuson	Symington
Dirksen	Mansfield	Talmadge
Dominick	McGee	Thurmond
Douglas	McGovern	Tower
Eastland	McIntyre	Tydings
Ellender	McNamara	Williams, N.J.
Ervin	Metcalfe	Williams, Del.
Fannin	Miller	Yarborough
Fong	Mondale	Young, N. Dak.
Fulbright	Monroney	Young, Ohio
Gore	Morton	
Harris	Moss	

NAYS—6

Clark	Kennedy, N.Y.	Pastore
Hart	Morse	Ribicoff

NOT VOTING—15

Anderson	Gruening	Pearson
Byrd, Va.	Jordan, Idaho	Prouty
Carlson	McCarthy	Robertson
Church	McClellan	Russell, Ga.
Dodd	Montoya	Smathers

So Mr. MUSKIE's amendment was agreed to.

Mr. SPARKMAN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. MUSKIE. Mr. President, I move to table that motion.

The motion to lay on the table was agreed to.

Mr. TYDINGS. Mr. President, I offer an amendment.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 49, line 2, insert "(a)" after "Sec. 304.", and on page 49, after line 4, add a new subsection "(b)" to section 304, as follows:

(b) Section 114(b) of the Housing Act of 1949 is amended by adding at the end thereof an additional new paragraph as follows:

"In lieu of the payments authorized by the first sentence of this subsection (b), and a local public agency may pay to the owner of a displaced private business concern which cannot be relocated without a substantial loss of its existing patronage an amount equal to three times the average annual net earnings of such business over the three-year period prior to its displacement if the owner is fifty years of age or over and was a tenant of the property from which such business was displaced, and the average annual net earnings of the business in the three years preceding its displacement was less than \$10,000 per year."

Mr. TYDINGS. Mr. President, I yield myself 5 minutes.

Progress has its price. The price of progress in urban renewal is often to destroy the livelihood and earning capacity of the small, neighborhood store-keeper.

In Baltimore, for example, I know of a corner candy store owner who lived and worked in the same location for 40 years. His store was a focus of neighborhood activity. People came to buy their newspapers, to catch up on local neighborhood events, and to purchase last minute groceries on Sundays or late evenings. For 40 years, he was part and parcel of the community. While I was a student at the University of Maryland Law School, I lived in that neighborhood and many times found myself in that candy store.

Several years passed and then the city of Baltimore decided to renew this area, and the candy store was included in the urban renewal demolition project. The candy store and all of its customers were told they had to move.

The owner of the building, from whom this man had rented for 40 years, received payment for his building. But the man who rented and lived in the area, received no payment at all. His store was gone, his clientele was gone, his goodwill was lost. He was left adrift in the world, at age 65, with no place to live, no source of income, and only token relocation assistance.

This was an extreme hardship. To be sure, some hardships are inevitable, if we are to redevelop our slum neighborhoods. Some inconvenience cannot be

avoided if we are to renew our decaying cities. I do not think we should allow these considerations to block progress. I support urban renewal for our cities.

But I firmly believe that we owe a moral obligation to the families and small businesses that have to be relocated to minimize the burdens and to make them as whole as possible.

The present law provides relocation payments for families and reimbursement of moving expenses for businesses. I am pleased that the pending bill will increase the relocation payment from \$1,500 to \$2,500, and that the Committee report strongly urges the Urban Renewal Administration to remove the \$25,000 ceiling on reimbursement of business moving expenses. These are both useful improvements in the administration of our relocation programs.

However, all existing and proposed relocation programs fail to meet the needs of those businesses which, for all practical purposes, cannot be relocated. Take the candy store owner to whom I referred earlier. What can he do at age 65 with a \$2,500 relocation payment and a few hundred dollars moving expense? Where can he go and set up a neighborhood candy store? Where can he become an integral part of a community?

Let us be honest. In the case of our candy store owner, urban renewal did not result in his relocation. It put him out of business. It cut off his source of income as effectively as if his business had been condemned.

I think we should provide for such cases in our urban renewal program. The amendment which I have introduced is limited in scope. It would provide the owners of small neighborhood businesses with a lump-sum cash payment, in lieu of relocation and moving expenses, which would be equal to the average annual earnings of that business for the past 3 years. If, for example, the candy store operator to which I have referred had an average annual income of \$5,000, he would be entitled, under my amendment, to receive a lump-sum payment of \$15,000. This would be in lieu of his \$2,500 relocation payment and moving expenses.

This amendment is also limited in its applicability. In order to qualify for the foregoing payment, an owner located in an urban renewal project would have to meet the following four tests:

First. He would have to be 50 years of age or older.

Second. He would have had to be a tenant and not an owner of the property in which his business was located.

Third. His average annual net earnings for the preceding 3 years would have had to be less than \$10,000 per year, and—

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. TYDINGS. Mr. President, I yield myself 4 additional minutes.

Fourth. His business would have to be of such character that it could not be located without "a substantial loss of its existing patronage."

In essence, this amendment would apply only to the small, "Mom and Pop" neighborhood store in which the owners were over 50 years of age, earned less

than \$10,000, and rented their place of business.

I think the lump-sum payment which I have suggested is modest in amount and wholly consistent with our moral obligations to alleviate the hardships imposed by urban renewal progress.

The cost of this amendment would be low. The Urban Renewal Administration advises me that approximately 6,000 business establishments are relocated every year as a result of our urban renewal programs. Approximately 30 percent of these establishments go out of business. These are, for the most part, the small marginal business and neighborhood stores. We are thus dealing with a group of not more than 1,800 businesses, and a large number of these people will not meet the requirements of my amendment.

An educated estimate by a high official of the Urban Renewal Administration is that not more than 1,000 businesses per year would qualify under this amendment. If we assume the average annual earnings of these 1,000 businesses to be \$7,000 per year—a relatively high figure considering the \$10,000 ceiling in my amendment—we would be paying an average of \$21,000 to each of these 1,000 businesses estimated or a total of \$21 million. I think this is a small sum, in relation to our total urban renewal program. The present bill increases the capital grants for urban renewal by \$2.9 billion.

The distinguished Senator from Maine [Mr. MUSKIE] is holding hearings on the subject of revision of relocation payments applicable to all Federal programs which require families or businesses to move. I ask the distinguished Senator from Maine whether his committee will act on the problem which has been referred to in my amendment. I invite any additional remarks that he might like to make on the subject. For that purpose I yield to him as much time as he may require.

Mr. MUSKIE. I thank the Senator from Maryland.

First, the select House subcommittee has recently completed and made available to the Congress what I consider to be an outstanding study of the problem which troubles so many people who have seen dislocation hardships resulting from government acquisition of land, whether it be local, State, or Federal government, and for whatever program.

The compensation is inadequate. My own view is that, subject to such safeguards as are necessary to avoid abuses, we ought to make people whole, to whatever degree it is necessary to make them whole, when we force them to move for reasons other than their voluntary wishes.

Pursuant to the select subcommittee's study, the distinguished Senator from Alabama [Mr. SPARKMAN] introduced this year Senate bill 1201, which would undertake to reform our policy with respect to relocation payments, and also with respect to our land acquisition policies and practices. It is a monumental work, deserving very careful attention. I myself introduced Senate bill 1681, which has to do only with dislocation

payments. We have been holding hearings on both bills during the last 2 weeks. The possibility that we can get legislation on the relocation aspect of the problem, which is the one which the Senator is interested in, looks very good for this year, depending upon what happens at this session of the Congress and how far we are able to work out the case in the proposed legislation.

It is most appropriate that the Senator should bring up the point now. The present colloquy will be of great value and utility to the Subcommittee on Intergovernmental Relations, as it controls proposed legislation as to which we have had hearings.

Mr. TYDINGS. I do not wish to burden the housing bill with additional amendments. With the assurances of the distinguished Senator from Maine that the problem will be taken up in the appropriate subcommittee, and that action will, if possible, be taken this year, and with his cognizance of the extreme importance of this problem to the small shopkeeper in the community, I withdraw my amendment.

The PRESIDING OFFICER. The Senator has the right to withdraw his amendment. If all time is yielded back, the amendment is withdrawn.

Mr. SPARKMAN. Mr. President, I yield back the remainder of my time.

Mr. TYDINGS. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. MORTON. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield to the Senator from Kentucky.

Mr. MORTON. I was interested in following the discussion of the Senator from Maryland and the Senator from Maine. It seems to me that we were told that the bill would relieve certain hardships on our cities. Now we have to consider an amendment to relieve hardships that would be brought about by the passage of the bill. All I ask is, How many hardships can we endure?

Mr. SPARKMAN. I should like to say a word with respect to the question propounded by the Senator from Kentucky, since I was the author of the first bill proposing some kind of treatment of this matter.

The Senator speaks of hardships. The purpose of my bill, as originally introduced, was to have a study made of the various systems of land acquisition throughout the country and to attempt to bring about some uniformity. The Defense Department will have one system; the Interior Department will have another; the TVA has one; and urban renewal has another. The highway departments and agencies that condemn land for airports have a system. All agencies have different systems.

The purpose of my original bill was to provide for a study. After the study was made, and the report was made, the purpose of my bill was to bring uniformity—not necessarily to relieve any one particular hardship, but at least to bring about some degree of uniformity.

Mr. MORTON. I have no quarrel with the objective of the Senator or what the Senator is trying to do.

I was pointing out the fact that we pass a measure to relieve a hardship, whatever it is, and then, we must pass additional bills and amendments to relieve the hardship thus created.

Mr. SPARKMAN. I would presume the Senator from Kentucky would consider uniformity good.

Mr. MORTON. I certainly do.

Mr. SPARKMAN. With reference to the amendment offered by the Senator from Pennsylvania, I have discussed the question with him and also in a limited way with the Senator from Texas.

AMENDMENT NO. 352

Mr. SCOTT. Mr. President, I call up my amendment No. 352 and ask that it be stated.

The PRESIDING OFFICER. The amendment of the Senator from Pennsylvania will be stated.

The legislative clerk proceeded to read the amendment.

Mr. SCOTT. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment offered by Mr. SCOTT is as follows:

(f) Notwithstanding the date of commencement of construction of the Pulaski, Showalter, and Smedley Junior High Schools, and the William Penn and Stetser Elementary Schools in Chester, Pennsylvania, local expenditures made in connection with such schools shall, to the extent otherwise eligible, be counted as local grants-in-aid for federally assisted urban renewal projects in Chester that will be served by such schools.

Mr. SCOTT. Mr. President, the amendment would provide certain needed assistance to the city of Chester, Pa., by providing that certain expenditures made by the city in its various schools and school districts be accredited and counted as local grants-in-aid for federally assisted urban renewal projects in Chester.

I ask unanimous consent that a letter to me from the Chester Redevelopment Authority and another letter from the mayor of Chester be printed at this point in my remarks.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

CHESTER REDEVELOPMENT AUTHORITY,
Chester, Pa., July 14, 1965.
Attention Mr. Richard W. Murphy.
Re proposed amendment to Housing Act of 1965, Senate bill 2213.
Hon. HUGH SCOTT,
U.S. Senate, 260 Old Senate Office Building,
Washington, D.C.

DEAR SENATOR SCOTT: This is in reference to Mayor Gorbey's letter of July 7, 1965, requesting that you use the good graces of your office to introduce an amendment to the proposed housing bill (2213) now before the Senate that is of much import to the city of Chester.

As explained in the mayor's letter, the city of Chester is faced with an extremely high number of substandard dwelling units, an almost impossible unemployment situation, and a very low annual budget that merely allows the city to operate on a status quo

basis. Mayor Gorbey and city council have determined that a dynamic all-encompassing urban renewal program is the only solution and the approach to solving our many problems. Through urban renewal, we can remove all of the slum and blighting conditions and replace them with an inventory of good housing, several hundred acres to allow for expansion of existing industry, and provide sites for new industry, a dynamic downtown that is inviting and exciting, which also will provide many jobs for unskilled and semiskilled people in the Chester area, etc.

Chester is today faced with many competing demands for funds. Faced with these demands, it is almost impossible for the city to undertake an expansive urban renewal program that will solve many of its problems. The only solution is to parlay expenditures made by other public entities, much the same as other cities are doing, both small and large, all over the country. For instance, New Haven, Conn., faced many of our same problems in that they had to try to rid the city of its slum and substandard housing, while at the same time undertaking an expansive school construction program. By coordinating urban renewal and school construction, New Haven is demolishing 15 old schools, constructing 14 new schools, and the expenditures for the school construction will meet the cost of urban renewal projects undertaken concurrently with and revolving around the school construction program.

The school board in Chester expended approximately \$10 million in recent years constructing school facilities. If such school construction program had been coordinated with urban renewal undertakings, the school credits resulting from such school construction would have met a substantial portion, of the city of Chester's share of a large-scale urban renewal program. The problem lies in the fact that all of this money, except for \$371,000, will be lost because the city of Chester was not aware, through ignorance, that such financial credits were possible.

The city spent \$50,000 of its own money to plan one project, the Smedley urban renewal project, which allowed the city the opportunity to save a portion of the potential noncash credit. The Smedley Junior High School, which is located in the Smedley urban renewal area, was renovated starting on July 15, 1962. The city of Chester had only until July 15, 1965, in which to save a portion of the \$2,100,000 expended on this school. As you know, the Smedley project was approved and the city did save \$371,000 of this \$2,100,000.

What Mayor Gorbey and city council are requesting in the proposed amendment which is set forth in Mayor Gorbey's letter of July 7, 1965, is a waiver of the 3-year statutory limit so that the city can claim an additional portion or portions of the \$1,800,000 that is now lost on the Smedley Junior High School, as well as non-cash credits that could arise from expenditures that were made in connection with the Pulaski, Showalter, and Smedley Junior High Schools, and the William Penn and Stetser Elementary Schools. While none of these other schools are within the boundaries of projects for which applications for survey and planning funds have already been submitted to the Urban Renewal Administration, or within proposed projects for which applications will be made in the immediate future, children residing in these potential urban renewal project areas will nevertheless attend these new school facilities. As such, the schools will qualify as supporting facilities, and a substantial portion of the money expended for these schools

could qualify as noncash credits to meet the local share of presently proposed urban renewal projects. As you know, the criteria for eligibility does not require that a school facility be located within the renewal project; rather, the credit is based on the total number of children from a redevelopment area going to the school divided by the total capacity of the school.

It is not possible to estimate a specific time period, and thus there is no specific time period set forth in the proposed amendment. With the tremendous amount of importance given to the relocation aspects of an urban renewal project, the city will have to undertake several projects concurrently, depending on the amount of relocation resources that are available, and then move into other urban renewal projects as quickly as possible. The city would receive credit immediately from the Smedley Junior High School and the Stetser Elementary School in connection with the Smedley urban renewal project. The city would also receive a portion of credit for moneys expended for Showalter Junior High School in connection with a project entitled "North-Central Urban Renewal Project," a 170-acre clearance and conservation project for which the Redevelopment Authority requested survey and planning money approximately 8 months ago. As of the moment, the city would find it extremely difficult to undertake any further urban renewal projects in which to meet the locality's share. However, if credit could be forthcoming from the William Penn Elementary School and the Pulaski, Showalter, and Smedley Junior High Schools, there are potentially six or seven other areas in the city of Chester on which the city could proceed on urban renewal projects because there would be noncash credits to help the city meet its financial obligation to the Urban Renewal Administration.

I apologize for being somewhat general in this letter, but it is very difficult to be more specific. In noting other amendments, I do find that the amendments were very general and Mayor Gorbey, city council, and I hope that it is also possible for our amendment to follow closely the language that is suggested by Mayor Gorbey in his letter of July 7. This language is almost identical to that found in the Housing Acts of 1961 and 1964. For instance, following is an amendment to the Housing Act of 1964:

"TITLE X, SECTION 1008

"Eligibility of certain local grants-in-aid

"(a) Notwithstanding the date of commencement of construction of the Fox Point hurricane dam in Providence, Rhode Island, local expenditures made in connection with such dam shall, to the extent otherwise eligible, be counted as a local grant-in-aid to the railroad relocation urban renewal project (Rhode Island R-8) in accordance with the provisions of title I of the Housing Act of 1949.

"(b) Notwithstanding the provisions of section 112(b) of the Housing Act of 1949, expenditures made by the Methodist Hospital of Central Illinois, and Saint Francis Hospital, Peoria, Illinois, for the purchase of two parcels of land on or about June 25 and July 28, 1956, for a price of not more than \$82,980, shall if otherwise eligible be counted as local grants-in-aid to the Peoria 'Medical Center' urban renewal project (Illinois R-61) in accordance with the remaining provisions of title I of that Act."

It will be noted that our proposed amendment follows very closely the language as that set forth in section 1008 of the 1964 bill. There is no termination date, and likewise there is no dollar amount set forth in the amendment itself. We would hope that our suggested amendment could therefore follow closely the language as set forth in Mayor Gorbey's letter.

If there is any other specific information that you desire, we will be more than happy to try to obtain such data. I very much appreciate the interest which you have given to this matter and I assure you that the citizens of Chester will join with Mayor Gorbey and the city council in expressing their thanks if it is possible to have this amendment incorporated into the final bill.

Respectfully,

JOHN J. FITZGERALD,
Director of Redevelopment.

CITY OF CHESTER, PA.,

July 7, 1965.

Re proposed amendment to housing legislation, 1965, Senate bill 2213.

Hon. HUGH SCOTT,
U.S. Senate,
Old Senate Office Building,
Washington, D.C.

DEAR SENATOR SCOTT: The city of Chester has been in a depression period for almost 15 years. The city, with an oversupply of slum blighted housing, the exodus of several large industries, an unemployment rate of approximately 10-11 percent, a socio-economic problem arising from the fact that 52 percent of the people in the city over 25 years of age have less than an eighth-grade education, etc., can look only to urban renewal for salvation.

The city of Chester is a poor town, as can readily be seen from the above statistics. As such, the city faces a financial burden in trying to meet its local share of renewal projects. We have recently found out that the city, if it had been knowledgeable in the past, could have utilized moneys expended by our school board for the construction of new schools as a credit toward our local contribution. The problem arises in that these moneys have been expended beyond the 3-year period set forth in the law.

In reviewing the various housing acts, especially the housing bills of 1961 and 1964, I note that waivers were granted for items in various cities so as to allow certain expenditures to be eligible in order to finance the project, even though the expenditures had been made prior to the 3-year limitation. If Chester is ever going to pull out of its present depression period, it must take full advantage of the urban renewal program passed by Congress and must depend for its ultimate success on receiving credit for funds expended by our school board. Accordingly, we would like to request that the following amendment be proposed at such time as the full Senate considers Senate bill 2213:

"PROPOSED AMENDMENT TO SENATE BILL 2213

"Eligibility of certain local grants-in-aid

"Notwithstanding the date of commencement of construction of the Pulaski, Showalter, and Smedley Junior High Schools, and the William Penn and Stetser Elementary Schools in Chester, Pa., local expenditures made in connection with such schools shall, to the extent otherwise eligible, be counted as local grants-in-aids for urban renewal projects that will be served by such schools."

It is my understanding that the housing bill has not yet been scheduled but that it might come before the Senate late next week or the following week. We therefore respectfully request that you present an amendment to Senate bill 2213 that would achieve the results set forth above, which in turn would allow Chester to embark on an ambitious urban renewal undertaking.

Very truly yours,

JAMES H. GORBIEY,
Mayor.

Mr. SPARKMAN. Mr. President, I have told the Senator from Pennsylvania that I frankly doubted that his proposal would come under the coverage of the

general law. It may be that some of it would. I have told him that since it is not in the House bill and therefore would be in conference, I would be perfectly willing to take the amendment to conference, and in the meantime I shall study it.

Mr. President, I do not direct what I am about to say to the Senator from Pennsylvania. I said something about it yesterday. More amendments relating to individual cases have been offered to the bill, and which were never brought to the attention of the committee, than have ever been previously offered.

Had they been presented as amendments to the bill in the committee, or as separate bills introduced so they would have been before us, we would have had ample time to check into them and find out what the facts were. We had several measures. The bill contains 4 or 5 of those that were introduced and came before the committee and could be considered.

I implore that hereafter action be started well ahead of time while the hearings are in progress so that we may have an opportunity to explore all the measures submitted to us.

I do not direct this statement to the distinguished Senator from Pennsylvania, but point out a general situation.

I am perfectly willing to take the amendment to conference under those conditions.

Mr. SCOTT. I was furnished this information in time to make it available to the distinguished Senator from Alabama. I call attention of the Senator from Alabama and the Senator from Maine to the correspondence which I have asked to have printed in the RECORD. That cites two or more similar instances in which the officials of Chester, Pa., are certain that similar matters have been taken care of in the past.

Mr. SPARKMAN. I believe the Senator is correct. I believe the Senator will find that it is only a question of time.

Mr. MORTON. I hope that the Senator will give it his most earnest consideration.

The PRESIDING OFFICER. Is all time yielded back?

Mr. SCOTT. Mr. President, I yield back the remainder of my time.

Mr. SPARKMAN. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Pennsylvania.

The amendment was agreed to.

Mr. HARTKE. Mr. President, I offer the amendment which I send to the desk. I ask unanimous consent that the reading of the amendment be waived but that it be printed in the RECORD.

The PRESIDING OFFICER (Mr. Russell of South Carolina in the chair). Without objection, it is so ordered.

The amendment is as follows:

On page 52, between lines 16 and 17, insert a new section as follows:

"LIMITATION ON NONCASH GRANT-IN-AID CREDIT ALLOWED FOR PUBLICLY OWNED PARKING FACILITIES

"SEC. 306. The parenthetical phrase in clause (3) of the first sentence of section

110(d) of the Housing Act of 1949 is amended by striking out "and" and inserting in lieu thereof a comma, and by inserting at the end thereof (within the parenthesis) the following: ", and publicly owned parking facilities which do not provide free parking".

Renumber succeeding sections in title III accordingly.

Mr. HARTKE. Mr. President, this amendment is very nearly the same as section 310 of the House bill as passed, H.R. 7984. The Comptroller General suggested the policy which is embodied in this amendment in the 1962 Report of the General Accounting Office, and the change was supported by Housing Administrator Weaver in a letter from which I shall quote, a letter addressed to Representative Rains during the 88th Congress. Mr. Weaver's letter concluded with a statement that the Bureau of the Budget had advised that it had no objection.

The GAO report had this to say:

In connection with certain slum clearance and urban renewal projects, URA has tentatively allowed noncash grant-in-aid credits amount to \$9.3 million for certain land and construction costs applicable to six publicly owned parking facilities. The cities where the facilities are located plan to recover, out of revenues derived from the operations, the entire cost of the parking facilities. The effect of allowing these noncash grants-in-aid will be that the cities will be reimbursed in amounts in excess of the actual costs of the facilities. The entire costs, totaling about \$12 million will be recovered through user charges and, in addition, about \$6 million will be contributed by the Federal Government as a result of the grants-in-aid being included in the project.

It is quite possible that other projects are similarly affected besides those noted by the GAO in 1962. The further notation made then suggested that Congress "may wish to consider enacting legislation which would amend the Housing Act of 1949, to exclude from noncash grants-in-aid all publicly owned facilities to the extent that the capital costs of such facilities are contemplated to be recovered out of revenues from their operations."

The House bill, in its section 310, provided for the exclusion of "publicly owned parking facilities to the extent that the cost thereof is anticipated to be recovered from revenues."

This conforms with the suggestions made by Mr. Weaver.

The amendment I offer has similar wording, but is somewhat more restrictive in that it would allow only facilities which would be furnished to the public by the municipality for parking on a free basis. The wording is: "publicly owned parking facilities which do not provide free parking."

Federal capital grants which are in effect made available under the noncash provisions are intended to be provided for facilities which support urban renewal projects, such as provision for schools, streets, sewer and water lines, and similar facilities which do not generally, and are not intended to, produce revenue but to serve the public in the area. But parking facilities of the kind to which the GAO report refers are frequently revenue producing and, in the words of the letter from Mr. Weaver to which I referred:

They provide a service which is often similar to that provided by private enterprise.

Mr. Weaver's letter continues:

We believe that these problems would be met by the enactment of * * * legislation which would reduce the noncash credit allowable with respect to publicly-owned parking facilities by that portion of their total cost which is anticipated to be recovered from revenues. Thus, * * * appropriate allowance of noncash grant-in-aid credit would continue to be authorized where a municipality desires to provide parking facilities free.

Mr. President, I believe, that it is hardly justifiable for the Urban Renewal Administration to allow in lieu of cash a property which becomes revenue-producing for the municipality while other categories such as schools, hospitals, sewers, and so on, do not. The net effect is a straight giveaway to those cities which set up parking-for-pay facilities. I certainly have no objection to free parking facilities, and I believe they may well be a great boon to the urban renewal project of which they are a part.

I hope the amendment will be adopted.

Mr. SPARKMAN. Mr. President, I wish very much that the Senator from Indiana would not insist upon his amendment. Section 310 was not written into the bill in committee; it is in the House bill. The effect of it not being written into the Senate bill will subject the whole matter to conference.

What is sought to be done by section 310 of the House bill is to amend section 110(d) of the Housing Act of 1949 to provide that publicly owned parking facilities provided by a locality in connection with the redevelopment of an urban renewal area can be counted as local grants-in-aid under the urban renewal program only to the extent that the cost of such facilities is not anticipated to be recovered out of the revenues therefrom.

Mr. HARTKE. Mr. President, will the Senator from Alabama yield for a question?

Mr. SPARKMAN. I yield.

Mr. HARTKE. Is it not true that there would be a windfall for the local community if the House provision were not in the Senate version? I know it is in the House bill.

Mr. SPARKMAN. I do not necessarily agree.

Mr. HARTKE. I am 100 percent for the urban renewal program, but I think it should be conducted on the basis that we have faith in the community. That is what the House bill does. It maintains the two-thirds/one-third ratio. But when that is eliminated from the Senate bill, as I understand has been done, and as I read it, unless I misunderstand it—and I would be willing to be corrected if I am wrong—the truth is that under existing law it would permit the local municipal government to collect revenue over and above that which is allowed in the first place.

Mr. SPARKMAN. As I have said, we can care for this in conference.

Mr. HARTKE. Because it is omitted from the Senate bill.

Mr. SPARKMAN. Yes. Section 310 of the House bill provides that publicly owned parking facilities provided by a locality in connection with the rede-

velopment of an urban renewal area can be counted as local grants-in-aid under the urban renewal program only to the extent that the cost of such facilities is not anticipated to be recovered out of the revenues therefrom.

Mr. HARTKE. I agree with that.

Mr. SPARKMAN. We are dealing with an exemption.

The House language provides that revenues that are collected shall be deducted from what otherwise would be a credit to the Federal Government. In other words, the amount of such revenues represents that much saving for the Federal Government. The House bill would prohibit the grant-in-aid credit for such facilities. The Senate did not include that provision.

What the Senator from Indiana is seeking to do is to write language into the Senate bill to conform to the language in the House bill.

Mr. HARTKE. The Senator is correct.

Mr. SPARKMAN. I am speaking against that provision at the present moment. It would be in conference between the two Houses. What we seek to do in the Senate is to retain existing law which gives credit to the city for expenditures made by the city for parking facilities.

Mr. HARTKE. Mr. President, as I understood my friend the Senator from Alabama, when he was first discussing this matter, he said that he did not want to permit any greater amount to be recovered than the amount actually expended on the facility.

That is what section 310 of the House bill would do. So far as I am concerned, I would be perfectly willing to accept the House language or any language which would accomplish that purpose. However, I believe that it would be wrong for us to accept an amendment which the House has agreed to, which Mr. Weaver of the HHFA has recommended, and which the General Accounting Office has suggested, and delete anything therefrom.

Mr. SPARKMAN. Mr. President, I would have no objection to what the Senator from Indiana is aiming at—putting them in the business of operating a parking lot. However, the language of the Senator would forbid them from using any free space.

Suppose that the parking lot were available or could provide space for parking, for public facilities, or for public buildings adjacent to it. In my hometown of Huntsville, Ala., a new city hall has just been built, a new police department, a new library, and public buildings. There is an area immediately across the street that probably will not be included in the redevelopment for perhaps 3 or 4 or 5 years.

It is proposed there to utilize that space as a parking lot for the use of those who work or who have business places nearby. It is not intended to be used for commercial purposes at all. It is not intended to compete with commercial property. It could very well be developed, had it not been intended for other development. It could be developed as parking spaces for each in-

dividual building, except that the land is not laid out in precisely that way.

Mr. HARTKE. Mr. President, I would have no objection to that. The point that I make is that under the Senate bill, as now written, there would be a windfall to certain cities over and beyond what was intended by the General Accounting Office recommendation, by Mr. Weaver's recommendation, and by the language of the House bill.

If the Senator would limit the amount, as provided by the language in the House bill, to publicly owned parking facilities to the extent that the cost thereof is anticipated to be recovered from revenues, I would have no objection. I do not care what language is used. However, I do not feel that we should tamper with the basic two-thirds to one-third ratio. That is, in effect, what the Senate provision would do.

Mr. SPARKMAN. Mr. President, I do not see how the Senator can argue that the Senate bill would do that when the Senate bill is silent. The Senate bill contains the existing law.

Mr. HARTKE. The Senator is correct.

Mr. SPARKMAN. Our idea is that we would meet in conference with the House and attempt to agree upon a plan that would be acceptable. It might very well be that the proposal of the Senator would be that plan. However, I would not like to be placed in a straitjacket when we go to conference.

Mr. HARTKE. Mr. President, let me read the words from the Comptroller General in the General Accounting Office report of 1962, which deals with the policy of noncash grants-in-aid, and public parking facilities. The language reads:

In connection with certain slum clearance and urban renewal projects, URA has tentatively allowed noncash grant-in-aid credits amounting to \$9.3 million for certain land and construction costs applicable to six publicly owned parking facilities. The cities, where the facilities are located plan to recover, out of revenues derived from the operations, the entire cost of the parking facilities. The effect of allowing these noncash grants-in-aid will be that the cities will be reimbursed in amounts in excess of the actual costs of the facilities. The entire costs, totaling about \$12 million will be recovered through user charges and, in addition, about \$6 million will be contributed by the Federal Government as a result of the grants-in-aid being included in the project.

Then the General Accounting Office suggests to Congress:

It may wish to consider enacting legislation which would amend the Housing Act of 1949, to exclude from noncash grants-in-aid all publicly owned facilities to the extent that the capital costs of such facilities are contemplated to be recovered out of revenue from their operations.

The House took the recommendation of the General Accounting Office which, to me, makes good sense. That would mean that we would not have a windfall. I can see no good reason for the provision being omitted from the bill.

Mr. SPARKMAN. All that I ask is that we be allowed to go to a free conference with the language in the House bill being the proposal that the Senator from Indiana makes. However, do not tie our hands.

If the Senator will withdraw his amendment, I assure him that we shall give the fullest cooperation. However, if the Senator has the provision placed in the Senate bill, we shall be virtually hand tied.

I beg the Senator to let us go to conference with his words ringing in our ears.

Mr. HARTKE. Mr. President, I should like to accede to the request of the Senator from Alabama. However, in good conscience, after offering the amendment which has been recommended as good accounting procedure, I do not see how I could do so.

I should like to have a vote on the amendment.

I yield back the remainder of my time.

Mr. SPARKMAN. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment offered by the Senator from Indiana.

The amendment was rejected.

Mr. KUCHEL. Mr. President, after the rather lengthy discussion on yesterday, concerning the amendment I then offered, I have studied the matter further. The views which I then communicated are applicable to the amendment I shall soon offer.

I understand that the able Senator from Alabama will accept my amendment. I have spoken to several interested colleagues on both sides of the aisle—the Senator from Utah [Mr. BENNETT], the Senator from Tennessee [Mr. GORE], and the Senator from Michigan [Mr. McNAMARA], and others.

Having said that, Mr. President, I send to the desk amendments, offered by myself and the senior Senator from New York [Mr. JAVITS], and the junior Senator from Minnesota [Mr. MONDALE]. I ask unanimous consent that the reading of them be waived, and that they be printed in the RECORD, and then I shall specifically, in plain English, indicate what the amendments are designed to do.

The PRESIDING OFFICER. Without objection, the reading is waived, and the amendments will be printed in the RECORD.

Mr. KUCHEL's amendments, offered for himself and other Senators, are as follows:

On page 10, between lines 7 and 8, insert the following:

"(c) The third sentence of section 212(a) of such Act (relating to the applicability of the Davis-Bacon Act) is amended to read as follows: 'The provisions of this section shall apply to the insurance under section 221 of any mortgage described in subsection (d) (3) or (d) (4).'"

On page 32, between lines 6 and 7, insert the following:

"(4) Section 212(a) of the National Housing Act is amended by inserting at the end thereof the following new sentence: 'The provisions of this section shall also apply to insurance under title X with respect to laborers and mechanics employed in land development financed with the proceeds of any mortgage insured under that title.'"

On page 76, line 1, strike out "707 and 708" and insert "708 and 709".

On page 78, between lines 8 and 9, insert the following:

"LABOR STANDARDS"

"SEC. 807. Title VII of the Housing Act of 1961 is further amended by inserting after section 706 (as added by section 806 of this Act) the following new section:

"LABOR STANDARDS"

"SEC. 707. (a) The Administrator shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors or subcontractors in the performance of construction work financed with the assistance of grants under this title shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended. The Administrator shall not approve any such grant without first obtaining adequate assurance that these labor standards will be maintained upon the construction work.

"(b) The Secretary of Labor shall have, with respect to the labor standards specified in subsection (a), the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 1332-15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C. 276c)."

On page 78, line 10, strike out "807" and "707" and insert in lieu thereof "808" and "708", respectively.

On page 78, line 17, strike out "808" and insert in lieu thereof "809".

Mr. KUCHEL. Mr. President, my amendments seek three objectives.

I first seek to amend section 212 of the Housing Act. That section presently restricts the application of Davis-Bacon standards to cooperative housing corporations and limited dividend corporations or other entity, which are mortgagors under section 221(d)(3) of the National Housing Act. I would extend Davis-Bacon to private nonprofit corporations or other entity and public bodies which are mortgagors. To effect this limited wider scope of prevailing wage standards, I amend subsection (d)(3) and (d)(4) of section 221.

The housing law presently exempts family units of 12 or less from Davis-Bacon coverage under sections 220 and 233. My amendment does not affect these sections at all. Section 220, for the information of the Senate, covers rehabilitation and neighborhood conservation housing, generally known as urban renewal. Section 233 deals with experimental housing. I repeat that the 12-unit rule, now the law, applying to both these sections specifically, remains untouched.

My other two amendments do not relate to housing.

My second amendment is offered to title 10, the land development program, under which mortgage insurance will be made available to a land developer. I would apply, by this second amendment, the prevailing wage procedure of the Davis-Bacon Act to this title.

My third amendment is to title 7, land beautification. I would apply the provisions of the Davis-Bacon Act to this program.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield.

Mr. JAVITS. Will the Senator permit me to join my name to the amendment?

Mr. KUCHEL. I am glad to observe that I have placed on the amendment the names of the distinguished senior Senator from New York [Mr. JAVITS] and the distinguished junior Senator from Minnesota [Mr. MONDALE].

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield.

Mr. BENNETT. Yesterday I offered an amendment to the Senator's amendment. I offered my amendment because I misunderstood the purpose of the Senator's amendment. I have the impression that he himself misunderstood it yesterday.

Mr. KUCHEL. There certainly was some confusion on this matter yesterday.

Mr. BENNETT. With the very clear explanation which we have had today, I believe I am safe in saying that the objective I sought yesterday is in fact carried out by this amendment, which was to make sure the Davis-Bacon standards were not implied to single-family units.

Mr. SPARKMAN. As the Senator from California has stated, he has discussed the amendment with me. In fact, between him and his staff and our Housing Subcommittee staff, the language was worked out. I believe the Senator from California has given us a very clear statement. We are willing to accept the amendment. I am willing to yield back the time.

Mr. GORE. Mr. President, will the Senator from California yield?

Mr. KUCHEL. I yield.

Mr. GORE. I invite the attention of Senators to the degree to which this body operates by consent. When there was general misunderstanding and widespread misunderstanding about the purport and intent and scope of the amendment and controversy arose, I did not wish to see any young American with a wife and children denied the benefit of FHA to build a home and rear his family by reason of an amendment hastily adopted by the Senate. When objections and questions were raised and when a request was made that a consideration of the amendment be postponed, the distinguished able Senator from California himself rose and asked consent to defer action on his amendment until today. Comity prevailed, except perhaps I was a little abrasive in my remarks. If so, I apologize to my dear and trusted friend from California.

I wish he would add my name as a cosponsor of his amendment.

Mr. KUCHEL. First let me say that one of the pleasures I have in the Senate is my friendship with the fine gentleman and my able colleague from Tennessee. No apology is necessary. I express my gratitude for his courtesy.

Mr. President, I ask unanimous consent that the names of the distinguished senior Senator from Tennessee [Mr. GORE] and the distinguished senior Senator from West Virginia [Mr. RANDOLPH] be added as cosponsors of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PASTORE. Mr. President, in view of the graciousness between the Senator

from Tennessee and the Senator from California, so that the trinity may be completed, I ask that my name be added as a cosponsor.

Mr. TOWER. Put my name on it, too.

Mr. KUCHEL. Mr. President, I ask unanimous consent that the names of the Senator from Rhode Island and the Senator from Texas be added as cosponsors of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORTON. Mr. President—

Mr. KUCHEL. And the name of the Senator from Kentucky.

Mr. MORTON. No; I am not trying to get into the family. I wish to ask a question.

Does the amendment go beyond the building trades? I am thinking of a quasi-governmental body such as the TVA. Would it have to apply the Davis-Bacon law in buying coal?

Mr. KUCHEL. No.

Mr. MORTON. This has nothing to do with TVA?

Mr. KUCHEL. That is correct.

Mr. President, I yield back all my time on the amendment.

Mr. SPARKMAN. I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendments of the Senator from California.

The amendments were agreed to.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the amendments were agreed to.

Mr. SPARKMAN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 322

Mr. TOWER. Mr. President, I call up my amendment No. 322, and ask that it be stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Texas will be stated.

The legislative clerk read the amendment, as follows:

On page 9, strike out lines 16 through 19 and insert in lieu thereof the following:

"(k) The Administrator shall submit to the Congress annual reports of operations under this section, together with his recommendations with respect thereto. Such reports shall be submitted on or before January 1 of each year."

The PRESIDING OFFICER. How much time does the Senator yield himself?

Mr. TOWER. I yield myself 30 seconds.

The purpose of this amendment is to require the Administrator of the HHFA to furnish the Congress with a report on the status of the rent supplement program at the end of each year. The report should not be limited to statistical information, but should delve into administrative problems, both experienced and anticipated successes and failures, including an evaluation of the attitude of the sponsors of projects participating in the rent supplement program.

Voluminous testimony was heard by the Housing Subcommittee on this vast undertaking. A considerable amount of it was negative, but the most impressive

part of all was that some of the most ardent supporters of the program were uninhibited in their skepticism toward the administration launching such a monumental program in which absolutely no experience has been had. A most articulate and knowledgeable person in the field of housing and housing management, Ira S. Robbins, president of the National Association of Housing & Re-development Officials, told the subcommittee:

The rent supplement plan is advanced as the "most crucial instrument in our effort to improve the American city," yet this plan, which at least is administratively cumbersome and socially indefensible, came to the Congress without any review of testing by the various local operating agencies that should administer the program.

The adoption of my amendment will at least put the Congress in an advised and enlightened position to better protect the taxpayers against an unleashed spending program such as this one.

Mr. President, I have spoken in little detail considering the magnitude and unwieldiness of the rent supplement program as we are considering it here today. I had hoped that the subcommittee could have had extensive hearings on the subject and then recommended the enactment of a cautiously laid out program on an experimental basis which could be expanded judiciously as experience showed us the way.

Mr. President, I yield back my time.

Mr. SPARKMAN. Mr. President, I am glad to accept the amendment. I yield back my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment of the Senator from Texas [Mr. TOWER].

The amendment was agreed to.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. MUSKIE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 338

Mr. TOWER. Mr. President, I call up my amendment No. 338.

The PRESIDING OFFICER. The amendment offered by the Senator from Texas will be stated.

The legislative clerk proceeded to read the amendment.

Mr. TOWER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with, and that it be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment offered by Mr. TOWER (No. 338) is as follows:

On page 46, between lines 6 and 7, insert a new section as follows:

"FHA MORTGAGE FINANCING FOR VETERANS"

"SEC. 214. (a) Section 203(b)(2) of the National Housing Act is amended—

"(1) by striking out 'and not to exceed' and inserting in lieu thereof 'and (except as provided in the last sentence of this paragraph) not to exceed'; and

"(2) by adding at the end thereof the following new sentence: 'If the mortgagor is a veteran (as defined in section 101(2) of title 38, United States Code) who has not received

any direct, guaranteed, or insured loan under laws administered by the Veterans' Administration for the purchase, construction, or repair of a dwelling (including a farm dwelling) which was to be owned and occupied by him as his home, and the mortgage to be insured under this section covers property upon which there is located a dwelling designed principally for a one-family residence, the principal obligation may be in an amount equal to the sum of (i) 100 per centum of \$20,000 of the appraised value of the property as of the date the mortgage is accepted for insurance, and (ii) 85 per centum of such value in excess of \$20,000."

"(b) Section 203(b)(9) of such Act is amended by inserting after 'on account of the property' the following: '(except in a case to which the last sentence of paragraph (2) applies)'."

Mr. TOWER. Mr. President, I ask that the names of the Senator from New York [Mr. JAVITS] and the Senator from Illinois [Mr. DIRKSEN] may be added to the amendment as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TOWER. Mr. President, the purpose of the amendment is to establish a new mortgage insurance program for veterans under the Federal Housing Administration.

With the inclusion of this amendment in the bill, the FHA would insure 100 percent of the first \$20,000 value of a home mortgage, and 85 percent of any additional value to the present FHA maximum of \$30,000. In effect, this would mean a veteran would be able to have a no-downpayment insured mortgage for the first \$20,000 and would have to have only a 5-percent downpayment for a \$30,000 home. The standard FHA interest rate, which is the same rate under the VA programs, plus an additional one-half of 1 percent to cover insurance costs, would be charged.

Those covered by the amendment are veterans having had active military service, who have been discharged or released from service under conditions other than dishonorable. The amendment would not apply to veterans who have received any direct, guaranteed, or insured loan under any Veterans' Administration program for the purchase, construction, or repair of his residential property. Those veterans not using up their eligibility under the Veterans' Administration loan program would be eligible for the FHA program.

In the past 20 years, almost 6½ million veterans of World War II and the Korean war have availed themselves of the loan guarantee program administered by the Veterans' Administration. Some \$60.2 billion in mortgage loans has been guaranteed, with only 2.5 percent of the loans resulting in default.

The veterans home program has been a good one, for not only our veterans, but for our homebuilding industry and entire economy as well.

Some 12¾ million veterans remain eligible for the VA program, but their eligibility under the law is phasing out. Present law provides for a 10-year eligibility from the date of discharge plus 1 year of eligibility for each 3 months of active duty. For World War II veterans, eligibility expiration began July 5, 1962, for Korean war veterans, eligibility ex-

piration began January 31, 1965. Thus the phasing-out process has begun, and will be completed for World War II veterans in July of 1967, and in case of Korean veterans on January 31, 1975.

The new program I offer here will cover both those who have never been eligible for VA benefits as well as those who have not yet used their eligibility.

The economic aspect is important, too. Certainly, many servicemen now being discharged cannot afford present downpayments, yet these servicemen represent a tremendous potential for the homebuilding market, a vital segment of our national economy.

Under the amendment I offer, some 21 million veterans would be eligible for mortgage insurance. If 35 percent of these veterans use the new program, which is the percentage of eligibles using the VA program, then we could expect approximately 6½ million new housing starts.

Mr. DOUGLAS. Mr. President, will the Senator from Texas yield?

Mr. TOWER. I yield.

Mr. DOUGLAS. May I inquire of the Senator whether his amendment provides for any downpayment by veterans?

Mr. TOWER. No.

Mr. DOUGLAS. No downpayments.

Mr. TOWER. No downpayments up to \$20,000.

Mr. DOUGLAS. Are veterans who were not in combat eligible as well as veterans who were in combat?

Mr. TOWER. Yes, provided they were war veterans.

Mr. DOUGLAS. How long a period of time do the veterans have to serve before they would be eligible? One day? Ten days? Thirty days? Sixty days? Ninety days?

Mr. TOWER. The same regulations as apply to the Veterans' Administration.

Mr. DOUGLAS. What are they?

Mr. TOWER. I will provide the Senator with that information.

Mr. DOUGLAS. I was told it is 90 days.

Mr. TOWER. I believe that 90 days is correct.

Mr. DOUGLAS. Are veterans of World War I eligible?

Mr. TOWER. Veterans of World War I would be eligible.

Mr. DOUGLAS. Veterans of the Spanish-American War?

Mr. TOWER. Spanish-American War. If veterans wish to go out and build a home, they would be eligible.

Mr. DOUGLAS. Veterans of the Indian Wars?

Mr. TOWER. Veterans of the Indian Wars, if any survive. Also the Civil War, if any are left.

Mr. DOUGLAS. For several years the Republicans have charged that FHA insurance reserves were being jeopardized because, under the liberalized terms permitted on FHA mortgages, unsound loans were being made to veterans and others, that the downpayments were too low, and the maturities were too long. Now we find them preparing an amendment which would radically liberalize the terms on FHA mortgages for all veterans.

Is this a vote-catching amendment, or is it an honest, bona fide amendment intended to help deserving veterans?

It looks to me as though it is a fly-catcher.

Mr. BENNETT. Mr. President, let me ask the Senator from Alabama a question. Is not this amendment in the House bill?

Mr. SPARKMAN. Yes, it is in the House bill. One thing that concerns me about the Senator's amendment is the fact that he is offering the identical language in the House bill and there would be no room to work things out if we go to conference. It seems to me the amendment should have more work done on it.

Mr. TOWER. I would be glad to consider any modification the Senator might wish to make.

Mr. DOUGLAS. Let us kill the whole amendment and then work on it in conference.

Mr. SPARKMAN. Of course, that would be very good. If the amendment were withdrawn, the issue then would be wide open and we could write in anything we wished. I did draft an amendment to the Senator's amendment, but I did it purely to give us maneuvering room at the conference table.

Mr. TOWER. As I remember, the Senator from Alabama has proposed that \$15,000 rather than \$20,000 would be the base amount.

Mr. SPARKMAN. Yes; the Senator is correct.

Mr. TOWER. And 90 percent of value in excess of \$15,000—as between \$15,000 and \$20,000, and so forth. That sounds reasonable to me and I am prepared to accept that modification.

Mr. SPARKMAN. There is one other modification—

Mr. TOWER. This would apply to veterans after September 16, 1940, which would render veterans of World War I, the Spanish-American War, the Indian Wars, and the Civil War ineligible.

Mr. SPARKMAN. I must confess that this is unusual, because I am a World War I veteran and I would be cutting myself out by suggesting this.

Mr. TOWER. I wish the Senator had not said that, because I am a World War II veteran and I am including myself in.

Mr. SPARKMAN. But I am denouncing self-interest by cutting myself out.

Mr. DOUGLAS. Let me say that I believe we have much more room for flexibility and maneuvering if we rejected the amendment outright. The Senator from Ohio just told me that he thought my use of the term "kill" a moment ago was a bit too severe. I should say let us "reject" the amendment.

Mr. LAUSCHE. I said that to the Senator from Illinois because it does not harmonize with his gentility and general character.

Mr. DOUGLAS. May I ask that the former word "kill" be eliminated and that the term "reject" may be included. The Senator from Alabama is a conciliator par excellence, and I do not wish to interfere with his tactics. Therefore, I shall accept the amendment.

However, I do wish to say that this illustrates a very bad political tendency.

It is a position which the Democratic Party at times has been guilty of being in, when President Eisenhower was at the White House; namely, loading down a bill with all kinds of exemptions and special privilege and then denouncing the bill because of its contents which the minority insisted on putting in.

Therefore, I shall yield and not object to the amended provision.

Mr. TOWER. Let me say to the Senator from Illinois that all we are doing here is following a policy followed by the Veterans' Administration. The program was inaugurated after World War II, under a Democratic administration. I certainly wish to give credit where credit is due.

Mr. DOUGLAS. There should be a way for veterans to get established and move into homes. Most of the veterans have now had 20 years in which to get assimilated into civilian life. This is not so true of Korean war veterans but, on the whole, peacetime military service has not been onerous.

I am going to vote for the bill sponsored by the Senator from Texas [Mr. YARBOROUGH] on education, but it disturbs me to see this practice of loading down a bill with all kinds of extra expenses and then using those very items which have been incorporated in the bill as reasons why the bill should be voted against. This practice should stop, whether from our side of the aisle or from the other side of the aisle.

Mr. TOWER. Mr. President, I should like to modify my amendment to conform it to the suggestions made by the Senator from Alabama.

The PRESIDING OFFICER. The Senator modifies his amendment accordingly.

Mr. TOWER. Mr. President, my amendment as modified, is now pending. I am ready to yield back the remainder of my time.

Mr. SPARKMAN. I wish to say a word about keeping the amendment in, to answer what the Senator from Illinois has said. In the form in which I suggested it be modified there is ample maneuvering room for conference. It would require that there be something done on the veterans matter. I do not believe that is bad. For several years there has been some agitation toward combining the veterans housing programs into FHA housing program. Three years ago we passed the phasing out plan for veterans housing programs. Since that time our boys have gone to Vietnam and the Dominican Republic and to other places. After all, the Korean war provision does not phase out completely until 1975. This amendment makes it possible for veterans to use FHA, which I believe will be a good thing.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. TOWER. I yield 1 minute to the Senator from Ohio.

Mr. LAUSCHE. It has been argued that the authorization for 240,000 public housing units covering a period of 4 years, at 60,000 each year, and the authorization for the subsidizing of rents, would destroy the incentive of individuals in our country to own their own homes.

How does the Senator from Texas reconcile his proposal for a subsidy for the veterans—and I am a veteran—with that argument?

Mr. TOWER. Mr. President, this is not a subsidy.

Mr. LAUSCHE. I understand. It is a guarantee.

Mr. TOWER. It is a guarantee. The VA experience is that only 2.5 percent are in default. This is counter to the rent supplement, which in my opinion destroys the incentive to home ownership. This is an incentive to home ownership.

Mr. LAUSCHE. Why should a veteran with a modest income wish to avail himself of what the Senator from Texas proposes, when he could go into a public housing unit or get subsidized rent?

Mr. TOWER. Well, I think it is the desire to own one's own home.

Mr. LAUSCHE. I concur in what the Senator says. I shall not prolong the debate.

Mr. DOUGLAS. Mr. President, I shall vote for this compromise, but before I do I wish to be assured by the Senator from Texas, who is so zealous to maintain the integrity of the FHA insurance reserves, whether he thinks the amendment will jeopardize the FHA insurance reserve.

Mr. TOWER. I do not think it will.

Mr. DOUGLAS. I shall vote for the amendment, but I do not want to hear the Senator take the stump during the next year and contend that the reserve of the FHA is in jeopardy. Under those conditions I shall not object to the amendment, and shall vote for it.

Mr. SPARKMAN. I yield back the remainder of my time.

Mr. TOWER. I yield back the remainder of my time.

The PRESIDING OFFICER. All time for debate has expired.

The question is on agreeing to the amendment, as modified, offered by the Senator from Texas.

The amendment, as modified, was agreed to.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the amendment was adopted.

Mr. SPARKMAN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. SPARKMAN. Mr. President, I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 45, beginning with line 10, strike out all through line 6 on page 46.

Mr. SPARKMAN. Mr. President, the Senator from Illinois earlier referred to me as a conciliator. This is a conciliation amendment. There were two provisions in the bill that were in some controversy. The Senator from Texas was prepared to strike one. The Senator from Illinois was prepared to strike the other.

The two Senators have agreed that I offer an amendment to strike both.

Mr. TOWER. Mr. President, I am perfectly amenable to this procedure, provided that my distinguished friend from Illinois is in favor of it also.

Mr. DOUGLAS. Yes, it is agreeable to me.

Mr. SPARKMAN. Mr. President, I yield back the remainder of my time.

Mr. TOWER. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time for debate has expired. The question is on agreeing to the amendment offered by the Senator from Alabama [Mr. SPARKMAN].

The amendment was agreed to.

Mr. JAVITS. I call up my amendment No. 347. I offer it in behalf of myself and my colleague from New York [Mr. KENNEDY], the Senator from Illinois [Mr. Douglas], the Senator from Pennsylvania [Mr. CLARK], and the Senator from New Jersey [Mr. CASE].

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 54, line 24, after "by" insert the following: "striking out '\$50,000,000' and inserting in lieu thereof '\$100,000,000 for each fiscal year', and by".

On page 55, between lines 5 and 6, insert the following:

(c) Section 312 of such Act is further amended by adding at the end thereof the following new subsection:

"(h) No loan shall be made under the authority of this section after October 1, 1969, except pursuant to a contract, commitment, or other obligation entered into pursuant to this section before that date."

Mr. JAVITS. Mr. President, I yield myself 3 minutes to explain the amendment. Section 308 of the bill provides low interest rate—3 percent—rehabilitation loans that can be made for the improvement of properties in an urban renewal area.

In order to have the rehabilitation loan program do its share, the authorization for that purpose was established in the 1964 Housing Act at \$50 million. All of the funds have now been appropriated. It is included into the Independent Office Appropriation in both the House and in the Senate following appropriation of loan funds in the second supplemental appropriation act of fiscal year 1965. The House report referred to the program as a useful, and important one which was supported by considerable testimony in the record of hearings.

The House left this program without a ceiling. It took off the \$50 million ceiling. However, the House, in its report, said that the proper amount to be filled in here was at least \$100 million per year.

As we in the Senate always like to have things go out with a firm ceiling, I believe this is the proper way in which to do it. At the same time the increased limit gives some feeling of definiteness and assurance to the many thousands who are involved in this particular program, and responds to the type of strong testimony which substantiated the program, not only before the Banking and Currency Committees, but also before the Appropriations Committee.

I have taken this amendment up with the majority and minority. I understand that by way of fixing a ceiling before the matter leaves the Senate this

is the desirable thing to do. The program of rehabilitation loans in support of local rehabilitation efforts in urban renewal areas, sponsored in the House by Congressman WIDNALL, deserves strong backing.

Mr. SPARKMAN. Mr. President, the Senator from New York has explained the amendment. I am willing to take it to conference.

I yield back the remainder of my time.

Mr. JAVITS. I yield back the remainder of my time.

The PRESIDING OFFICER. All time for debate has expired. The question is on agreeing to the amendment offered by the Senator from New York [Mr. JAVITS].

The amendment was agreed to.

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOUGLAS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. JAVITS. Mr. President, I also call up my amendment No. 348.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 22, between lines 4 and 5, insert a new section as follows:

STUDY CONCERNING RELIEF OF HOMEOWNERS IN PROXIMITY TO AIRPORTS

SEC. 109. The Housing and Home Finance Administrator shall undertake a study to determine feasible methods of reducing the economic loss and hardship suffered by homeowners as the result of the depreciation in the value of their properties and possible methods of abating noise from aircraft in such housing following the construction of airports in the vicinity of their homes. Findings and recommendations resulting from such study shall be reported to the President for transmission to the Congress at the earliest practicable date, but in no event later than one year after the date of enactment of this Act.

Mr. JAVITS. Mr. President, I yield myself 2 minutes.

The PRESIDING OFFICER. The Senator from New York is recognized for 2 minutes.

Mr. JAVITS. The purpose of the amendment is to focus much needed attention on the plight of the homeowner near airports where the homeowner finds his property reduced in value by virtue of aircraft noises. The amendment also directs a study at one and the same time of what might be done in the housing construction field to see if such aircraft noises could be reduced.

The reason that I have been moved to suggest my approach—which, as I emphasize, involves a study, the report on which shall be rendered as soon as practicable but in no event later than 1 year—is that there is a very grave problem here. In my particular part of the country there are a number of airports surrounding New York, and undoubtedly there will be more—and other Senators will have the same problem in their areas we found in our research that in England it was finally decided, after considerable inquiry, that a great deal could be done to abate aircraft noises by the

method of home construction. A report prepared for the Parliament by a committee on the problem of noise proposed a grant program to help people seriously disturbed near airports to improve dwellings.

There seems to be no reason why there should be a damaging depreciation of home values because the homes are located near airports. Based upon that precedent, instead of trying a specific detailed program—because I felt we should proceed to get the Administrator of HHFA to dig into the problem and to bring back some word as to what might be done, and then we can decide whether we want to do it or not. The House report urges a study of the question of depreciation of homes near airports and urges that it be the subject of subcommittee hearings.

Mr. SPARKMAN. Mr. President, the Senator from New York has been in discussions with me on this subject. We have told him that we would be willing to take the amendment to conference. There is no such provision in the House bill. The amendment would give us an opportunity to explore the situation.

I yield back the remainder of my time.

Mr. JAVITS. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York.

The amendment was agreed to.

Mr. JAVITS. Mr. President, I wish to express my appreciation to the Senators in charge of the bill, who have no doctrinaire views on amendments because they necessarily come from Senators who at the moment are not members of the committee. They are most wise and fair in their judgment as to how they handle these questions. I thank the Senators.

Mr. MUSKIE. Mr. President, I offer an amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment of the Senator from Maine will be stated.

The LEGISLATIVE CLERK. On page 46, between lines 6 and 7, it is proposed to insert the following:

MORTGAGE LIMITS FOR HOMES UNDER SECTION 203(b)

SEC. 214. Clause (iii) of section 203(b) (2) of the National Housing Act is amended by striking out "75 per centum" and inserting in lieu thereof "85 per centum".

Mr. MUSKIE. Mr. President, I have discussed the amendment with the distinguished Senator from Alabama. The amendment would cover a problem in relation to the FHA program that is not covered in either the House bill or the Senate bill as they now stand. The purpose of the amendment is to take the problem to conference.

The sole effect of the proposed amendment is to increase slightly the ratio of mortgage to value on homes valued between \$20,000 and \$30,000—which latter figure remains as the maximum permissible value of a home eligible for an insured mortgage. Thereby, of course, the down payment required on such homes is correspondingly reduced.

When the mortgage ratio schedule now in effect was enacted, a \$15,000 to \$20,000 home was considered as typically available for so-called moderate-income families and ratios were so devised to favor that bracket, with homes in excess of that valuation requiring substantially higher down payments.

Since then, increased costs—particularly land costs and higher street and land development requirements—and the public demand for larger and better equipped homes have now moved the typical modest home bracket in many areas from \$15,000 to \$20,000 to \$20,000 to \$30,000.

Down payments now required by the act for the latter bracket in some cases are no less than—and frequently are the same or more than—available in practice on an uninsured loan. For example, federally chartered savings and loan associations—without benefit of insurance on the loan on FHA inspections—may lend 90 percent on the first \$25,000 of value and 80 percent on the excess up to \$30,000.

The amendment would make the down payment on an FHA-insured loan on a home valued at \$20,000 to \$30,000 more suitable to the realities of today's new home market, and more nearly in conformity with the practice on uninsured loans.

I should like to ask the Senator from Alabama for his comment.

Mr. SPARKMAN. Mr. President, I have considered the subject. I believe the Senator has correctly stated it. A hardship would be placed on the purchasers of homes in that price bracket. There are areas in the country where it is difficult to buy a home at a lower price than an amount between \$20,000 and \$30,000, or even between \$15,000 and \$30,000. The amount of the down payment is quite steep. The amendment would give some relief—not a great deal—I believe about \$500. So far as I am concerned, I am willing to accept the amendment.

Mr. MUSKIE. I have discussed the amendment with the Senator from Texas. I understand that he is agreeable to the amendment.

Mr. TOWER. I am agreeable.

Mr. MUSKIE. Mr. President, I yield back the remainder of my time.

Mr. TOWER. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Maine.

The amendment was agreed to.

Mr. CLARK. Mr. President, I ask the Senator in charge of the bill to yield me 20 minutes.

Mr. SPARKMAN. I yield 20 minutes to the Senator from Pennsylvania on the bill.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized for 20 minutes.

Mr. CLARK. If I might have the attention of the Senator from Alabama, I should like to ask a couple of questions in connection with the bill.

I wonder if the Senator does not agree with me that one of the best ways to attack both the employment and the environmental aspects of poverty is through a self-help program. In other words, does not the Senator agree that we could make substantial progress in terms of both employment and the war against poverty if we could encourage, through the housing program, the rehabilitation of dwellings by self-help?

Mr. SPARKMAN. The Senator is correct. This may not be completely analogous, but the Senator will remember that at the time we were in a recession—in the 1957–58 period. I introduced a bill entitled the Emergency Housing Act of 1958 which made \$1 billion available to the Federal National Mortgage Association with which to purchase a certain class of mortgages with low down payments. It provided nearly a hundred thousand homes.

Mr. CLARK. I believe the Senator will recall that I was a cosponsor of that bill.

Mr. SPARKMAN. The Senator from Pennsylvania was a cosponsor. He remembers quite well that under that legislation some 100,000 homes were built. That program was undertaken to relieve unemployment.

I have always believed that the Emergency Housing Act of 1958 was probably the greatest single factor in the recovery from that recession.

I believe that it is analogous because there is nothing that provides jobs better than the construction and rehabilitation of homes.

Mr. CLARK. I agree with the Senator. I am wondering whether, seriously, we should not encourage, over the long run, legislation in the housing field which would encourage the rehabilitation of existing housing, which inevitably provides instruction in basic skills associated with renovation without displacing employed labor.

Mr. SPARKMAN. I believe the Senator is correct. It would be good for us to encourage self-help and the rehabilitation of homes.

Mr. CLARK. The program would involve teaching skills to those out of work and living in substandard housing at the same time they rehabilitate their own house. That is of particular interest to me as chairman of the Subcommittee on Employment and Manpower.

I would therefore suggest, if the Senator concurs, that we should encourage the HHFA to integrate this housing program, particularly this community action program, to the maximum possible extent with the efforts of the Office of Economic Opportunity, which is waging the war on poverty, and which is headed by Mr. Shriver. Would not the Senator agree that that would be a wise administrative action to take?

Mr. SPARKMAN. I have not given thought to it, but my offhand opinion would be that it would be a very good move.

Mr. CLARK. I point out that such a program initiated voluntarily as long ago as 1952 by the Society of Friends was quite successful, it seemed to me. I hope

that the Senator will agree that the proposed method of combating both urban decay and unemployment might well be fostered and encouraged by the Johnson administration.

Mr. SPARKMAN. I think it would be a good program.

Mr. CLARK. I presume the Senator shares my satisfaction with the increased emphasis on the rehabilitation of older houses, reflected in the bill. As President Johnson has pointed out, "it is often possible to improve, rebuild, and rehabilitate existing homes with less cost and less human dislocation" than is entailed in new construction.

Does not the Senator from Alabama agree that the supplemental rent program should be used to encourage non-profit and limited-profit organizations to rehabilitate older housing for low-income tenants, instead of necessarily building new housing all the time?

Mr. SPARKMAN. This could be looked into. There are complications. I am sure the Senator from Pennsylvania would agree with me that there are some things that would need to be worked out in that kind of program, but I think they could be worked out.

Mr. CLARK. I thank the Senator from Alabama for his helpful intervention.

Mr. President, I ask unanimous consent that I may yield, without losing my right to the floor, to the Senator from Iowa [Mr. MILLER] and the Senator from Oregon [Mr. MORSE], to permit them to offer an amendment.

Mr. MORSE. Mr. President, I merely happen to be a cosponsor of the amendment. It is the Miller amendment. I do not know whether the Senator from Iowa is ready to present it yet or not.

Mr. SPARKMAN. The amendment has now become lost. I shall find it quickly, though.

Mr. CLARK. Mr. President, a parliamentary inquiry. I am perfectly willing to wait until after the third reading of the bill to make the speech I have been trying to make all day.

Mr. MORSE. Mr. President, will the Senator from Pennsylvania yield?

Mr. CLARK. I am happy to yield.

Mr. MORSE. The proceedings have been moving so fast that I have not been able to keep up with the latest move. The Senator from Iowa [Mr. MILLER] offered and I cosponsored an amendment to the last housing bill that was before the Senate. The last I knew was that the Senator from Iowa was working with members of the staff of the Senator from Alabama to see if a modification of the amendment might be acceptable. Has that modification been agreed to? If so, I shall be willing to place my statement in the RECORD, and perhaps the Senator from Iowa would be willing to place his statement in the RECORD, too.

Mr. CLARK. Mr. President, would the Senator from Alabama suggest that I continue with my speech, or is he about ready to make a decision?

Mr. SPARKMAN. I believe the Senator from Iowa is ready to proceed.

Mr. CLARK. Mr. President, without losing my right to the floor, I yield to the Senator from Iowa.

AMENDMENT NO. 349

Mr. MILLER. Mr. President, for myself and on behalf of the Senator from Oregon [Mr. MORSE], I call up amendment No. 349, as modified. I ask unanimous consent that the amendment, as modified, not be read but that it be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment, as modified, is as follows:

On page 55, after line 5, insert the following new subsection:

"SEC. 309. (a) Section 110(c) of the Housing Act of 1949 is amended by striking out the third sentence and inserting in lieu thereof the following: 'For the purposes of this title, the term "project" shall not include (except as provided in paragraph (7) above) (A) the construction or improvement of any building, or (B) the acquisition, disposition, or demolition of any building other than a substandard building. The term "redevelopment" and derivations thereof shall mean development as well as redevelopment.'

"(b) Section 110 of such Act is further amended by adding at the end thereof a new subsection as follows:

"(1) "Substandard building" means any building other than a building (1) which can be economically improved or modified to meet requirements reasonably established by the local public agency for integration into an urban renewal plan, and (2) whose owner or lessee agrees within thirty days from date notice is received from the agency, and presents satisfactory evidence that he is willing and able, to make such improvements or modifications within a reasonable time limit set by the local public agency."

Mr. MILLER. Mr. President, the amendment would merely amend the definition of the term "project" contained in the Housing Act of 1949 to preclude Federal assistance for the acquisition, disposition, or demolition of any building other than a "substandard building." The amendment defines "substandard building" as any building other than a building, first, which can be economically improved or modified to meet requirements reasonably established by the local public agency for integration into an urban renewal plan, and second, whose owner or lessee promptly agrees, and presents satisfactory evidence that he is able, to make such improvements or modifications within a reasonable time limit set by the local public agency.

Since we are dealing with legislation concerning urban renewal, we are affecting the homes and places of business of a great many people. Therefore, it is our belief that some practical guideline should be specified in the law for appropriate administrative officials to follow.

The Housing and Home Finance Agency has provided in its regulations—chapter 1, Selection and Treatment of Project Areas—some guidelines for clearance and redevelopment as follows:

The necessity for clearance of a project area, or of any part thereof, must be satisfactorily demonstrated in all cases. If con-

ditions warranting clearance do not exist, the appropriate treatment will be conservation and rehabilitation which may include spot clearance.

The local public agency must also (1) show that the extent of clearance proposed is warranted, and (2) fully justify the acquisition of individual parcels of basically sound property which involves high-acquisition costs and might not be incompatible with land use proposals. Every possibility must be explored to develop an urban renewal plan which permits a maximum number of sound structures to remain in the area.

HHFA will not concur in the acquisition for demolition of property that is:

1. Of such quality and potential use that its retention is compatible with the achievement of the urban renewal plan objectives for the project area.

2. Capable of being improved and successfully integrated into the project.

Unfortunately, however, these regulations have not always been complied with. The most notorious example of the failure to follow these regulations is pointed out in the report of the General Accounting Office on the Urban Renewal Administration's approval of funds for the Erieview urban renewal project in Cleveland. The GAO stated that many buildings were torn down that need not have been demolished. It found that only 24 buildings in the area were substandard in contrast to the 84 substandard buildings cited in the Urban Renewal Agency's approval of funds.

Another example can be found right here in the Nation's Capital. Subcommittee No. 4 of the House Committee on the District of Columbia, under the chairmanship of Representative Downy, spent a great deal of time conducting hearings on the matter of urban renewal in the District of Columbia area. The results of the investigation of the Columbia Plaza project in the District raise serious questions about the grant of discretion which Congress has made to nonelected administrative officials and about the direction which future urban renewal should take. It is my understanding that the House District Committee's hearings are being printed now and will be available in the very near future.

In the meantime, I would invite attention to the rather shocking statistics set forth in a summary of the findings by Representative Downy appearing on pages 24046-24049 of the CONGRESSIONAL RECORD of December 19, 1963.

In its report on the Erieview project—on page 35—the GAO made the following recommendations for the Administrator, HHFA, and the Commissioner, URA:

1. Revise the criteria governing the eligibility of areas for large-scale demolition to more clearly define the condition "substandard requiring clearance" and to relate this condition solely to the structural condition of the specific buildings being considered.

2. Clarify the criteria for Federal participation in proposed large-scale demolition projects to provide that, if an area does not have a significant number of structurally substandard buildings, expenditure of Federal funds shall be limited to other feasible but less costly forms of urban renewal (e.g., rehabilitation and spot clearance).

3. Obtain more effective administration, at all levels, of URA's established policy that

the Government will not share in the cost of acquiring and demolishing properties which can be improved and successfully integrated into a project.

4. Require thorough examination by qualified HHFA personnel of the condition of structures in proposed project areas before such areas are approved for large-scale demolition.

5. Review the proposed demolition of buildings in project I—Erieview with the view toward retaining those buildings that can be successfully integrated into the project.

Commissioner William L. Slayton of the URA commented on the GAO report on the Cleveland Erieview project in a letter to the chairman of this subcommittee as follows:

Neat rules based on the structural condition of buildings or on the number of structurally substandard buildings in an area have an appeal in an engineering or accounting sense. I believe, however, that they would be self-defeating through vitiating the flexibility needed for a positive approach to urban renewal. They would work to prohibit clearance which may be required to achieve the objectives of a sound urban renewal plan. They also could make it extremely difficult for a local public agency to prepare and carry out an urban renewal plan that meets the objectives of the Federal statute as I understand them.

Our amendment would carry out the GAO recommendations. It would not vitiate the flexibility needed for a positive approach to urban renewal unless the redevelopment plans are designed to destroy property rights on a whimsical basis. It would not hamper those seeking to develop our urban areas who really wish to give recognition to the policy that buildings which can be integrated into a plan should be preserved, even though they may require some modifications. If modifications can be made economically to those buildings to meet reasonable requirements, and if the owners are ready, able, and willing to do so within a reasonable period of time, we believe it would be contrary to good policy for the Government to acquire such buildings for demolition.

From the statement in his housing message of January 27, 1964, that "Rehabilitation and preservation of existing housing wherever possible is a key element in the urban renewal process today," it appears that President Johnson agrees.

I want to emphasize the almost absolute power which the legislative branch has in this area.

In 1954, the Supreme Court rendered a decision in the case of *Berman v. Parker*, 348 U.S. 26, approving the public taking of property which was not substandard or slum property because it happened to be in an area covered by a redevelopment plan; moreover, the fact that the public taking was followed by sale for private use in conformity to the plan was held to not disqualify it under the "public use" requirement of the Constitution. The Court declared:

Subject to specific constitutional limitations, when the legislature has spoken, the public interest has been declared in terms well-nigh conclusive. In such cases the legislature, not the judiciary, is the main guardian of the public needs to be served by social legislation, whether it be Congress legisla-

ing concerning the District of Columbia or the States legislating concerning local affairs. This principle admits of no exception merely because the power of eminent domain is involved. The role of the judiciary in determining whether that power is being exercised for a public purpose is an extremely narrow one.

Aside from the constitutional requirements of due process and just compensation, then, the legislature holds in its hands absolute power over urban renewal.

It seems to me that property owners are entitled to the protection which would be provided by the guidelines we propose in our amendment. If Congress were to enact this legislation, an aggrieved property owner who did not think his property should be condemned for an urban renewal project could go into court. In the condemnation proceeding, the local public agency would have to show that the building to be acquired and demolished was "substandard." In that connection the agency must prove that the building could not be economically improved or modified to meet the requirements, which it had reasonably established, for integration into the plan; or, if the building could be economically modified, the Agency would have to show that the owner refused to do so.

This is not a very large burden of proof to put on an administrator who wishes to be fair. In our zeal for improvements for the public good we should never forget that Government exists primarily for the individual, and individual rights should be protected.

In conclusion, Mr. President, I would like to point out that I am not questioning the dedication of our administrative officials engaged in urban renewal. We all know, however, that to err is human. One reason we serve in Congress is to enact laws so that there will not be as many errors as there might otherwise be. That is why we have tried to devise an amendment to prevent a repetition in other parts of the country of poor administrative judgment as evidenced by the allotting of funds for the Erieview project in Cleveland and the Columbia Plaza project in the District.

Mr. MORSE. Mr. President, many aspects of urban renewal have not been resolved, despite the rising need for the upgrading of much of our metropolitan areas.

One of the difficulties many of us have in supporting not the theory but some of the practice of urban renewal has been the frequency with which private property is taken for an urban renewal project even though the property may not itself be substandard, or when an owner is willing to upgrade his property to the required level.

We know that urban renewal hinges in large part upon the use of eminent domain to take over large tracts of land. But very often the public authority is exercised to take property from one private owner and turn it over to another private owner—a developer—who has a redevelopment plan that has been adopted by the city for its own.

This principle becomes downright painful when the original property owner

holds well maintained property, or when he is ready to remodel or improve his property to bring it up to the required level.

The amendment we are offering would permit such an owner to retain his property under those conditions, and when it fits into the renewal plan. I think that is a very reasonable standard.

It is reasonable not only from the standpoint of equity, but from the standpoint of the criticism that is growing about urban renewal, which is that it too often razes a monotony of substandard buildings, only to erect a monotony of new buildings.

There is not a single redevelopment area I know anything about that does not contain many buildings that would lend variety both of appearance and function to a redeveloped community if they could be preserved. Some of the provisions in this bill seek to place greater emphasis than previously upon rehabilitation as an alternative to complete razing and reconstruction. It does this by raising the rehabilitation grants to low-income homeowners in urban renewal areas.

We should accompany that provision with an assurance that if the property is well maintained, or is to be rehabilitated, and if function is within the terms of the renewal plan, the property may remain in the hands of its owner without being automatically condemned and leveled.

Mr. MILLER. Mr. President, I yield back the remainder of my time.

Mr. SPARKMAN. Mr. President, there is no similar provision in the House bill. The modification, I think, could be lived with. It is agreeable to me to take the amendment to conference. It has to do with buildings within urban renewal areas that may be repaired.

The PRESIDING OFFICER. Does the Senator from Alabama yield back the remainder of his time?

Mr. SPARKMAN. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, offered by the Senator from Iowa [Mr. MILLER].

The amendment, as modified, was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

The Chair recognizes the Senator from Pennsylvania.

Mr. CLARK. Mr. President, I ask unanimous consent that there may be the third reading of the bill without losing my right to the floor.

Mr. TOWER. Mr. President, reserving the right to object, will the Senator from Pennsylvania please withhold his request for the third reading of the bill? The Senator from Delaware [Mr. WILLIAMS] wishes to propose an amendment. If the Senator from Pennsylvania will proceed with the delivery of his remarks, the Senator from Delaware will offer his amendment afterward.

Mr. CLARK. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from Pennsylvania has about 5 minutes remaining.

Mr. CLARK. Mr. President, I ask the manager of the bill to yield me 10 min-

utes more, so that I may have 15 minutes altogether.

Mr. SPARKMAN. Mr. President, I yield to the Senator from Pennsylvania time on the bill sufficient to provide him with 15 minutes.

Mr. CLARK. I thank the Senator from Alabama.

On April 9, 1965, a group of nine Senators—including Mr. BAYH, Mr. HART, Mr. KENNEDY of Massachusetts, Mr. KENNEDY of New York, Mr. McNAMARA, Mr. MORSE, Mr. PELL, Mr. TYDINGS, and myself—submitted a joint statement before the Housing Subcommittee of the Senate Banking and Currency Committee, entitled "A Decent Home for Every American."

It was our purpose in that statement, first, to express our support for S. 1354, the administration's Housing and Urban Development Act, and second, to commend to the subcommittee bolder program expansions and innovations which, in our judgment, are absolutely necessary if the goal of "a decent home for every American" is to be realized.

We pointed out the enormity of the task—in providing decent, safe, and sanitary shelter for the quarter of this Nation which today lives in substandard housing—in transforming our cities from gray wastelands of danger and decay into places of beauty and delight in curbing the unrestrained sprawl of suburbia across the last remaining islands of countryside near our great cities—in meeting the special needs of the old, the infirm, and those displaced by demolition and shifts in Federal spending. And we provided the subcommittee with a list of specific recommendations which, in our judgment, were better adapted to provide solutions to these problems than the proposals contained in the bill as introduced.

It is gratifying to note that a good many of these suggestions have been incorporated in the bill by the committee. Among the most significant are these:

First. The income limits for families qualified to receive the proposed rent supplements have been lowered in order to help those who need it the most—those with incomes low enough to qualify for public housing.

Second. Two new sections have been added to provide badly needed assistance to distressed homeowners who become unemployed as the result of the closing of a Federal installation. Under one provision, a homeowner who lost his job because of a Federal base closing could invoke a moratorium on his FHA or VA mortgage. The other new section would provide relief in a situation where, as a result of a base closing, a homeowner is unable to find a buyer willing to pay a fair price for his house. It would authorize the Secretary of Defense to buy the house at a price determined by consulting the market prior to the time the Department of Defense announced its intention to close the base.

Mr. President, I am happy to say that this provision will bring much relief to the Olmstead Air Force Base, at Harrisburg, Pa. This base has been closed by the Air Force, throwing out of work thousands of persons who own their own

homes. They have had no possibility to sell them at anything like the prices which they paid for them.

These two provisions can be of great help in cushioning families against the financial shock of a base closing. It may be that many of the families who have been hard hit by the Federal phase-out at Olmstead Air Force Base, in my own State, will be able to ease their financial difficulties by making use of these new provisions.

Local housing authorities which have failed to build the housing units for which they have reserved Federal funds would now be given only 5 years to place them under construction. If they do not meet the deadline, the units would be re-allocated to communities that would build them.

The maximum income limit for families entitled to homeowner rehabilitation grants would be raised from \$2,000 to a more realistic \$3,000. Although this is still about \$1,000 below where the limit should be, it is a substantial step in the right direction. Similarly, the maximum grant has been raised from \$1,000 to \$1,500—not enough, but still a meaningful improvement on the bill as introduced.

Open-space grants would be increased from 30 to 50 percent of the total cost of acquisition. The committee report points out that this was done to achieve comparability with the land and water conservation fund, which likewise offers 50-percent grants. But comparability will not be enough so long as the Bureau of the Budget continues to adhere to an erroneous interpretation of the Land and Water Conservation Fund Act, as a result of which the use of the fund is denied for any conservation area half or more of which is within a metropolitan area. As one who supported that bill because it seemed the best vehicle for preserving open areas in close proximity to population centers, I urge the Bureau of the Budget to abandon this interpretation, which completely frustrates the intent of the Congress. The whole purpose of both the fund and the open space program in this bill is to provide green space where the people are, and it is absolutely erroneous to split them up and regard the open space program as an urban program, and the conservation fund as a primarily rural program.

Mr. President, I have discussed this with the able junior Senator from Washington [Mr. JACKSON]. He tells me that he agrees with my view. We hope to make as much of an effort to persuade the Bureau of the Budget to reverse its erroneous interpretation of the Land Conservation Act as is possible.

While there is much in the bills, as reported by the committee, which is laudable, in particular its emphasis upon low cost but safe and sanitary housing for those who have least to spend, there is much more that could and should have been done.

First. Measured against our needs on the one hand, and our potential on the other, this bill does not have enough money in it to do the job. With unemployment still in the area of 5 percent,

and our actual GNP still from \$25 to \$35 billion short of its potential in terms of matching idle hands with idle machinery, a frugality which condemns millions to housing which is not decent, safe, and sanitary is neither wise nor humane. We can well afford a larger program.

Significantly it is the great cities, and particularly those areas which surround the downtown core, which have suffered most. To the older residential areas have come the waves of migrants—under-skilled and in flight from economic failure, less able in many ways to cope with the complexities of urban living and the new demands of the job market than the immigrants from overseas who preceded them. Simultaneously the Federal Government has been subsidizing the flight to the suburbs of the middle class: through the operation of the FHA and VA programs, and through the vast Federal highway program which has made feasible the use of suburban land for home and factory sites. It is largely true that the wealth produced in the cities has been drained out by the Federal income tax and redistributed first to agriculture, second to suburbia, and third—the leavings—to the cities. And all this has gone on while the tax base of the cities has been eroding, and the cost of municipal services has been climbing.

Paradoxically, although the present bill acknowledges this by expanding the responsibilities of the Federal Government in the field of housing and urban development, it fails to expand the authorization of funds necessary to carry out these responsibilities. For example, instead of a capital grant authorization for urban renewal of \$2.9 billion for 4 years, at least \$1 billion per year should be authorized. The need is there. The money could be wisely spent.

Second. Although the new towns concept was brought forth stillborn this year, I am confident that it, or something very like it, will have to be adopted before too long. Unless it is, a substantial proportion of our population will shortly be clustered in one vast "slurb" stretching from Boston to Washington and beyond. Similar "slurbs" will exist in every other large metropolitan area. I cannot imagine that we will wait for the last patch of woods to fall to the subdividers before we act—but there are fewer and fewer patches of woods with every day that passes—and as the new beltways spread out in concentric circles, there will be fewer still.

It must be stressed that the new town, if it is to succeed, must be more than a middle class ghetto. It is not enough merely to change the physical features of the suburbs by replacing acres of tiny lots with clustered row houses and high rise apartments. My guess is that the ennui of suburbia which one hears so much about is more a function of the lack of variety in the community than the physical landscape.

It is essential that the new towns not be homogeneous, not only because our democratic traditions require it, but because variety and vitality go hand in hand. Adequate shelter must be available at all levels—even for those who will require rent supplements—so that all

segments of American society can participate in and contribute to the life of the new communities.

Third. A great deal more must be done to expand the capabilities of local public housing authorities to supply adequate low-cost housing for the poor. The provisions in the committee bill which provide for modest increases in per room cost limitations are good, but go only part of the way. The nub of the problem will continue to be the cost of land acquisition. One approach, suggested in the joint statement, but unfortunately rejected by the committee, is the elimination of the artificial distinction between clearing a site for public housing and clearing a site for urban renewal. This could be done by providing for the clearance of public housing sites the same write down which is available for urban renewal.

Undoubtedly the flexibility of local housing authorities will be greatly enhanced by the new provision which would permit them to make greater use of existing housing through the purchase, rehabilitation, and lease of existing housing units. But would it not have made equally good sense to make available to local housing authorities direct low-interest rehabilitation loans under section 312 of the 1964 Housing Act, and permit them to take advantage of the FHA's 221(d)(3) below market insurance program? Similarly, local authorities should have been given a clear mandate to acquire an appropriate participating share in a variety of housing projects, as long as the cost does not exceed the established limits. An authority should be able to share in the development of a 221(d)(3) project, or buy participating shares in a cooperative, or enter into advance lease agreements with a builder for rental units in a projected building or development.

This is not iconoclasm; it is common-sense. Artificial compartmentalization of programs and jealous jurisdictional disputes cannot be permitted to bar us from our goal—the provision of decent shelter for every American.

Fourth. It is appropriate that a major emphasis in the bill should be on the rehabilitation of older housing.

I have had a discussion earlier today concerning this matter with the distinguished Senator in charge of the bill, the Senator from Alabama [Mr. SPARKMAN], and he agrees with me.

Most of the more than 9 million homes in this country which are run down or deteriorating are in cities. Our characteristic response has been heavy-handed; rather than seek to preserve our urban heritage we have opted for the bulldozer. In doing so we have haphazardly erased, along with the eyesores, much of the history, charm, and vitality which provides the delight in urban living. As President Johnson pointed out in his message on the cities:

We have concentrated almost all our past effort on building new units, when it is often possible to improve, rebuild, and rehabilitate existing homes with less cost and less human dislocation.

Progress in this new direction will be aided by the upward revisions in the pro-

gram of rehabilitation grants to low-income homeowners in urban renewal areas, and the FHA's section 220 mortgage insurance program as it applies to rental housing in urban renewal area. But the need remains for a massive expansion of the section 312 program adopted last year for direct 3-percent loans for rehabilitation of existing housing and business properties in urban renewal areas. That program was initially provided with a revolving fund of \$50 million—a sum which can be considered no more than a token amount in view of the need. If we intend to make a serious effort to curb the growth of slums, and reinvigorate the decaying gray areas which surround the heart of nearly all our cities, at least \$150 million will have to be authorized for this loan program.

In addition it should be made clear that rehabilitation and rent supplements are not alternatives, but rather that they are to go hand in hand. The rent subsidy program should be used to encourage nonprofit and limited-profit organizations to rehabilitate older housing for low-income tenants.

Fifth. Although urban planning grants under section 701 of the Housing Act of 1964 are available to State and metropolitan planning agencies, and in some cases to cities, they are not presently available to local public housing authorities. In the interest of facilitating local communitywide planning for low-income housing, housing authorities should be added to those entitled to receive grants under this program.

Although I shall give my strong support to this housing and urban development bill, I do so with a full awareness that it is a blend of ambitious programs and missed opportunities, beneficial innovations and parsimonious authorizations. What we have omitted to do this year, we shall have to do next year, or the year after. Meanwhile millions of Americans will be condemned to continue to live in ramshackle homes where the roof leaks and the plumbing does not work. We are the richest Nation in the history of mankind. When we fail to provide a decent home for every American, it is not because we cannot, but because we would not.

But I believe that the people of this country will not let us fail because they know that we are all involved and that the poison which breeds in slums spreads to sicken the whole society. As President Johnson has said:

The modern city can be the most ruthless enemy of the good life, or it can be its servant. The choice is up to this generation of Americans.

If our cities are to continue in their historic role as communities for the enrichment of the life of man, there is only one choice we can make, and we must not delay much longer in making it.

It is plain, however, that we will be able to do so only after we have unshackled ourselves from the unreal and outmoded economic concepts which purport to measure the responsibility of a government in terms of its ability to keep the Federal budget small, and in balance. We must come to understand that the only government which is truly respon-

sible is one which has the courage to keep the Federal budget large enough to provide the essential services to all of its citizens—including decent housing, education to the maximum of the capabilities of each child, and preservation of our precious natural heritage—and large enough as well to provide the economic stimulus needed to bring about full employment.

Given the spectacular rate of expansion of our economy, the day when a hundred-billion-dollar budget could meet these needs has long since past. To cling to an artificial limit of a hundred billion dollars in the face of the continuing growth of the overall economy is, in fact, to move backwards. I hope that the President and his advisers will come to see and acknowledge this in the months ahead while they are engaged in preparing the budget for next year.

There is much to be done if the Great Society to which we all aspire is to become a reality. But I believe that that vision is not a chimera—that it lies, in fact, practically within our grasp. If, however, we are truly to abolish poverty and enrich the lives of all Americans, as I believe we can, we must show the courage to discard those long held and deeply cherished economic fictions which stand in our way. We must be prepared, and I hope that before very long we shall be prepared, to say "Good riddance" to the myths of yesterday, and "Welcome" to the future.

Mr. President, I yield back the remainder of my time.

Mr. WILLIAMS of Delaware. Mr. President, I send my amendment to the desk, and ask the clerk to state it.

The PRESIDING OFFICER (Mr. BREWSTER in the chair). The amendment offered by the Senator from Delaware will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 46, after line 6, to insert a new section as follows:

STUDY OF CERTAIN FHA INSURANCE PROGRAMS

SEC. 214. The Federal Housing Commissioner shall undertake a study of existing programs for the insurance of mortgages secured by multifamily housing projects with a view to making recommendations for strengthening such programs and reducing losses thereunder. Findings and recommendations resulting from such study shall be reported to the Congress not later than January 1, 1966.

Mr. WILLIAMS of Delaware. Mr. President, I yield myself 10 minutes.

In recent weeks my attention has been called to the alarming rate at which multifamily projects have been going into bankruptcy, particularly in the Florida and Texas areas.

Upon analysis, I have been much concerned to find that in many instances there has not been a careful evaluation as to the original cost of the land and the actual cost of construction, and relating that cost to the mortgage. Some of the mortgages on these projects have been overinsured by virtue of having the actual cost of the land, and the actual cost of construction, inflated for the purpose of obtaining a larger mortgage guarantee from the Government. In some instances, excessive profits have

been made by construction firms owned by those borrowing the money and then building projects, with large salaries making up a part of the cost. Some of these projects were not economically feasible and never should have been approved.

Many of these projects have gone bankrupt without any payments having been made either on the principal or interest.

Concern should be given to the manner in which contractors are borrowing money for multifamily projects, setting up separate corporate entities for each project whereby, if one goes bankrupt, the Government is left holding the bag, but if another project makes a profit, that corporate entity keeps it. The profits on one project cannot be attached to offset the losses on another. The borrower should be required to put his own guarantee on that mortgage and pledge all of his assets toward its repayment.

My amendment directs the Commissioner to report to Congress as to the number of foreclosures being made, so we may make further examination of the law to see if it needs amendment.

At the same time I strongly recommend that the Committee on Banking and Currency reexamine the financing arrangements being made on these multifamily projects. The alarming rate of foreclosures with no payments having been made—the numerous instances of windfall profits by irresponsible operators—should be adequate warning to the Congress.

I understand the manager of the bill is willing to accept the amendment.

Mr. TOWER. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. TOWER. I commend the Senator for offering the amendment. It is a constructive and worthwhile one. I add my urging to the distinguished chairman of the subcommittee to accept the amendment.

Mr. SPARKMAN. Mr. President, I am willing to accept the amendment. It fits in very well with provisions we have in the bill already.

Furthermore, I should like to say that the subcommittee carries on a study all the time. We have had various constituent agencies of FHHA make reports. In the bill we provide for specific studies. The amendment is a good one. I am willing to accept it.

Mr. WILLIAMS of Delaware. I am glad to know that the committee is studying this situation. I know that the General Accounting Office has been much concerned with the same problem and they too may have a report later. This amendment would put extra emphasis on the importance of this study and also put a time limit for making the report to the Congress. Later I expect to have some more examples of bankrupt projects which were too heavily mortgaged and which should have been recognized as economically unsound in the first place. I yield back my time.

Mr. SPARKMAN. I yield back my time.

The PRESIDING OFFICER. All time

on the amendment has been yielded back.

The question is on agreeing to the amendment.

The amendment of Mr. WILLIAMS of Delaware was agreed to.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. WILLIAMS of Delaware. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. SPARKMAN. Mr. President, I yield 2 minutes on the bill to the Senator from Maryland.

The PRESIDING OFFICER. The Senator from Maryland may proceed for 2 minutes.

Mr. TYDINGS. Mr. President, yesterday, the distinguished senior Senator from California [Mr. KUCHEL], spoke most eloquently about the necessity of expanding the program of the Farmers Home Administration. There are numerous families in small communities of a rural character with populations of more than 2,500 who should be able to avail themselves of Farmers Home Administration loans so that they may be able to afford decent housing.

At the present time, the Farmers Home Administration uses the census figure of 2,500 to define a rural area. The amendment offered by the Senator from California [Mr. KUCHEL] would have defined a rural area as one with a population of 5,500 or less, and which is not part of or associated with an urban area.

The Senator from California withdrew his amendment when the distinguished Senator from Alabama [Mr. SPARKMAN] gave assurances that the housing problems of the residents of small rural communities would be sympathetically considered in conference, so that language might be drafted to expand the rural housing programs to the areas of existing need.

Mr. President, I wish to associate myself with the remarks of the Senator from California concerning the need for providing housing assistance to the small rural communities. I wish, in addition, to commend the Senator from Alabama for his assurances that he will seek to draft language to deal with this problem in a fair and equitable manner.

I am particularly concerned that the very worthwhile program of housing loans to rural families be provided with the necessary flexibility to aid as many of our rural families as possible to acquire adequate housing. The present population limitation of 2,500 effectively prevents the accomplishment of this goal, in some instances.

Mr. President, I ask unanimous consent to insert at the end of my remarks an article from the Baltimore Sun about an excellent rural housing program near Chestertown on the Eastern Shore of Maryland. This program was ineligible for the Farmers Home Administration's rural housing loan program because according to the 1960 census report, Chestertown had a population of 3,602.

Under a more realistic definition of a rural community, the residents of the

Chestertown area, and the residents of many similar rural communities throughout our country, will be better able to make the American promise of decent, stable housing for every deserving family a living reality.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MARYLAND WOMAN GIVES LAND TO KENT COUNTY NEGROES

(By Douglas D. Connah, Jr.)

CHESTERTOWN, Md.—November 14.—A wealthy woman is giving Kent County Negroes land to build houses on.

A foundation set up by Mrs. Louisa d'A. Carpenter, of Wilmington, Del., has bought 50 acres of rolling farmland near here to give away in half-acre lots.

Richard Carvell, Mrs. Carpenter's Chestertown lawyer, is guiding the low-cost housing experiment as director of the Springfield Foundation, Inc., which was started, he said, "primarily to improve the living conditions of the Negroes here, who needed it, God knows."

SPURRED BY UNREST

Mrs. Carpenter and Mr. Carvell had thought about the plan for several years, and outbreaks of racial trouble on the Eastern Shore in 1963 helped them decide to go ahead.

Their idea is to make decent homes available at the lowest possible cost, to help people leave the slums.

The families who move into the new neighborhood, called Washington Park, will pay from \$7,700 to \$8,825 for new three- and four-bedroom shingle houses, the foundation will pay for everything else the property involves.

SEVENTY-THREE LOTS

Seventy-three lots each at least 20,000 square feet, have been laid out, and about 4 acres have been reserved for a park.

Contracts have been signed for 22 houses. Two are completed, four are under construction, and people will probably be moving in by Christmas.

A committee of three Negroes and three whites screens applicants. The qualities it looks for, Mr. Carvell said, are good moral character, a good credit reputation and enough earning power to handle a 20-year mortgage.

The project has had its share of headaches. The main problem has been, and still is, finding low-interest financing.

"Well, naturally these people had not been able to accumulate any money," Mr. Carvell said, "and therefore we knew it was very important that we obtain as low a price as possible."

"I thought we'd have no trouble getting 4 or 4½ percent money through the Federal Government."

Mr. Carvell had heard about all kinds of Government programs to help the poor, but now he speaks with wry disenchantment when he talks about Federal aid. When he went to Washington for help, he said, he couldn't find it.

The Farmers Home Administration, which lends money directly, turned him down. The development would be a satellite of Chestertown, it said, and would not qualify as a rural area.

RATES TOO HIGH

The Federal Housing Administration, which insures mortgages, was sympathetic, he said, but the interest rates were too high.

Mr. Carvell even called the White House. "They thought it was a wonderful idea," he said. "We couldn't get the money."

Meanwhile, local Negroes, who had been told of the project during the Cambridge racial crisis, were beginning to get restless. They suspected that the plan had been

merely a dodge to keep them quiet until the racial unrest died down and that the houses were unlikely ever to materialize.

Mrs. Carpenter then agreed to allow the foundation to pay part of the mortgage interest on the first 22 houses, so work could begin. Three local banks agreed to take the mortgages at 6 percent.

PAYING 2 PERCENT

The foundation is paying 2 percent, and the buyers 4, but this arrangement won't be available for later houses, Mr. Carvell said. The foundation already pays for the land, the streets, the waterlines, the septic tanks, and other incidental costs.

Mr. Carvell has not given up on the Federal Government yet, and he also plans to get in touch with the Ford and Rockefeller Foundations.

The buyer's monthly mortgage payment ranges from \$47.50 for a three-bedroom house to \$55.16 for four bedrooms, plus about \$13 a month for taxes, insurance, and water.

When a home buyer is given his land, he must sign a contract with the builder, E. S. Adkins & Co. This protects the foundation's interest.

RESTRICTIONS CITED

For 20 years there will be restrictions: the homeowner cannot lease, sell, or add to the property without the foundation's consent, or use it for a business. The foundation has also appointed a supervisory committee of residents, to make sure the property is kept up.

"You cannot conceive, frankly, of the detail work that was involved," Mr. Carvell said, "but despite all the disappointments, it has been more than worth it because of the response of the people who are going to move out there."

Mrs. Carpenter, a sister of Robert Carpenter, owner of the Philadelphia Phillies, owns a farm in Kent County and over the years has contributed to several other local projects.

There are three basic designs—a three-bedroom and a four-bedroom one-story house, and a three-bedroom house with unfinished space upstairs for another bedroom and a bath.

Living-dining rooms range from 13½ by 17½ feet to 12 by 22½ feet, and most bedrooms range from about 9½ by 12½ feet to about 12 by 13 feet. Gas stoves and refrigerators come with the houses.

Mr. SPARKMAN. Mr. President, I yield 2 minutes on the bill to the Senator from Texas.

The PRESIDING OFFICER. The Senator from Texas is recognized for 2 minutes.

Mr. YARBOROUGH. Mr. President, I congratulate the committee on the fine bill which it has reported out to the Senate. I am particularly pleased with the sections of the bill which make special provision for our elderly. As the report to the bill states;

One of the most urgent needs in the field of housing is the provision of suitable accommodations for our elderly citizens. This older age group is growing more rapidly than the population as a whole and, generally speaking, its incomes are substantially lower.

In recognition of this ever-growing problem the committee has put in the bill two sections which will go a long way to insuring that every one of our senior citizens can live out his life in the comfort of his own home surrounded by his friends and family.

Section 101 of the bill provides for rent supplements to our senior citizens

with low incomes. This provision is particularly important to those older Americans living in our great urban areas where it is impossible for persons of modest means to own their own housing.

For those older citizens who are seeking to buy their own housing under the direct loan program for housing the elderly, section 202 of the Housing Act of 1959, section 105 of the bill sets the interest rate at 3 percent. Under the present program this rate has already climbed from 3¾ to 4 percent on June 30 of this year. The lowering of the interest rate to 3 percent will be very helpful to those of our older citizens seeking to pay off these loans out of small, fixed incomes. The committee has also had the foresight to enlarge the authorization for the direct loan program from \$350 to \$500 million. This will mean that an increasing number of our elderly citizens can complete their lives in the safety and comfort of their own homes.

I again congratulate the committee on reporting out this excellent bill and urge that the Senate give it overwhelming approval so that every deserving American may have the chance to live in a decent home at a decent cost.

Mr. SPARKMAN. Mr. President, I yield 5 minutes on the bill to the Senator from Maryland.

The PRESIDING OFFICER. The Senator from Maryland is recognized for 5 minutes.

Mr. TYDINGS. Mr. President, I rise to congratulate the distinguished Senator from Alabama [Mr. SPARKMAN] and his able subcommittee for the bill which they have brought before us.

This bill is a good bill. It strengthens and expands existing programs. It is also a progressive bill. It offers a number of important innovations. I am particularly pleased that the committee has provided for rent supplements, mortgage insurance for land development, and grants for neighborhood community centers.

For the cities, the committee has provided an increase of \$2.9 billion, over 4 years, in capital grants to public bodies for urban renewal and resulting relocation. The bill also offers the inhabitants of these cities new assistance in the form of \$50 million worth of rent supplements over each of the next 4 years. This aid should allow private builders to construct 500,000 units of standard housing for low-income families. The bill also provides for 60,000 more units of public housing to be built over each of the next 4 years.

For homeowners and renters everywhere, but especially in the suburbs, all FHA insurance programs have been extended for another 4 years. In addition, another \$1.625 million has been authorized for purchase of mortgages by the Federal National Mortgage Association.

For the rural areas, \$300 million has been authorized for making or insuring housing loans for low- and moderate-income families.

Finally, the bill extends and expands programs of urban and regional planning, for open-space conservation, the

development of urban parks, and for advance public works planning.

Because of these and numerous other worthwhile provisions, this bill is an excellent continuation of our 31-year-old national housing program.

Nonetheless, I am concerned about the enormity of our future housing needs. Population estimates show that by the year 2000 we will be a nation of 340 million people. This means that in the next 35 years we will need to provide housing for an additional 145 million Americans.

The manner in which these additional people are housed, schooled, and employed will do much to shape the face of our Nation. As land becomes increasingly scarce, it is apparent that imaginative and coordinated planning innovations will be necessary if we are to have attractive, well-planned communities.

Undoubtedly the growth of the next three decades will be too great to be entirely absorbed by our central cities. They are already crowded. While urban renewal can be expected to improve living conditions and help beautify our cities, it cannot be expected to provide for significantly increased population density. As the National Housing Conference has indicated, most of our growth will occur in what is "presently undeveloped land or farmland in or near metropolitan areas."

Absent new directions in Federal housing programs, much of this new land development will, I fear follow the all too prevalent pattern of unplanned urban sprawl.

The social, economic, and esthetic costs of this form of development have proved exorbitant. What it too often produces are homogeneous residential areas in which all families are of the same income level, the same religion, and the same social stratum. The community is thus denied the vitality that comes with the interaction of individuals of different social and economic outlooks.

The National Association of Housing and Redevelopment Officials has stressed that—

Richness of experience in neighborhood life is enhanced by a mixture of family types and incomes. * * * Complete segregation by income class—whether it be in a high income suburb or a welfare poorhouse—can be sterile living for its inhabitants.

Another social cost of creeping subdivisionism is the lack of open spaces sufficient to satisfy the recreational needs of the community. The inadequacy of facilities for baseball, swimming, camping, golf, boating, tennis, and other sports is painfully apparent in too many of our suburbs.

The economic costs of a sprawl pattern of development is equally enormous. Among those cited by HHFA Administrator Robert Weaver are the higher costs for sewer and water facilities built on a small scale without areawide planning. Equally important are the tremendous costs of extended trunklines for sewer and water which the wasteful use of land requires.

It is the traffic problem, however, that best dramatizes the economic costs of urban sprawl. Whereas a regional de-

velopment plan would provide for a mass transit system built to meet residential and business needs, development by sprawl usually results in inadequate highways and in population patterns that make mass transit unworkable. The consequence is a coast-to-coast traffic jam costing this Nation an estimated \$6 to \$8 billion a year in lost time and wages, higher accident rates, and extra vehicle wear and tear, and all in addition to personal exasperation and frayed nerves.

Finally, sprawl has serious esthetic consequences. It indiscriminately tears up the American countryside to criss-cross it with the asphalt and concrete of our superhighways; it digs up fertile soil and replaces it with uneconomic pipelines to serve a poorly placed community; it places row upon row of blocklike houses in grid patterns which do not conform with the topography of the land. And whatever countryside it does not mutilate or cover it blocks from view with the billboard jungle that surrounds the highways.

Uncoordinated land use and lack of diversity are the natural consequences of the piecemeal development that has been encouraged, in part, by Federal housing programs. Rather than working within the framework of an overall scheme, too many independent developers are able to receive governmental assistance to purchase and develop their tracts without adequately considering the needs of the larger community.

It is long past time in my judgment to gear the program of Federal assistance to the needs of the future. Rather than stimulating sprawl, we must develop methods for encouraging the rational use of undeveloped land. One of the most promising techniques is offered by the concept of the "New Town." This concept of planned new towns is not a new one to this country. It has existed since the depression, in the form of Government-built greenbelt towns; it exists in the town of Park Forest, a planned, relatively self-contained community built near Chicago soon after the war. New town developments in England, Sweden, and Canada have existed for some years. But the galloping growth of our metropolitan areas in the forties and fifties largely ignored the planned, economical, yet richly diversified use of land envisioned in the new town in favor of the shortsighted, wasteful, but easy-to-execute suburban sprawl.

Recently, concerned observers of our growing population and diminishing land supply have attempted to revive the new town idea. I am delighted by the advances made by private developers in this field, including three of the pioneer developments which are being planned now in nearby Reston, Va.; Columbia and Gaithersburg, Md. But the increasing needs of our population for housing are staggering, and the need for new, well-planned communities with adequate open spaces, schools, transit, and community amenities, cannot be met by a few exceedingly well-financed, large developers.

I was thus pleased that the President recommended legislation to provide Federal assistance for the development of

new towns. This legislation will enable a great many more developers who lack enormous financial resources, to participate in the development of large, well-planned communities. It will also enable State and local planning agencies to establish priorities and potential locations for substantial new communities secure in the belief that there will be a significant number of potential developers, and that their plans will not be at the mercy of only one or two financial giants. Moreover, the bill's requirement that these developments include "a proper balance of housing for families of moderate or low income" goes a long way toward offering our disadvantaged minority groups a viable alternative to life in the crowded cities.

The stimulus of such new town development is contained in title II of the administration bill. As proposed, the bill would have provided substantial FHA mortgage insurance to assist in financing the cost of land development for residential and related purposes and it would have authorized the Housing and Home Finance Administrator to make loans to State land development agencies to finance the acquisition of land to be used for the development of well-planned residential communities.

The bill as reported is largely patterned on the President's proposal. Certain changes have, however, been made. First, the provisions for HHFA loans to State land development agencies has been deleted; second, mortgage obligations for a single land development that can be insured under the bill can at no time exceed \$10 million, rather than the \$25 million ceiling set by the administration bill; third, mortgages, except for those relating to privately owned sewer and water systems, may not exceed 7 years; and fourth, the provision extending FNMA special assistance to permit the purchase of new town mortgages has been deleted.

While some of these changes limit the scope and flexibility of the President's proposal, they do not seriously detract from the basic concept of providing Federal assistance for large-scale land development.

What disappoints me, however, is that the committee report envisions only a limited role for this innovation. Although, on its face, the bill seems to permit mortgage insurance to be used to encourage land development on any scale, page 17 of the committee report specifically states that the mortgage insurance provisions are not to be used for "land development which would, in fact, create independent new towns."

I trust this does not mean that the bill should not be used to assist large, well-planned communities with an independent economic base, adequate open spaces, recreation facilities, schools, churches, and community amenities.

I do not, of course, expect the Administrator to violate the committee's clear admonition not to use this title to "create independent new towns." But there is no clear point at which a neighborhood is of such magnitude as to be a subdivision and there is likewise no obvious distinction in size between a subdivision and an

independent new town. These verbalizations are merely attempts to segmentize the continuum running from the small subdivisions to the new town.

Thus, I urge that the mortgage insurance provisions be construed to cover the large, well-planned community or subdivision, for it is this type of development, with its own sources of employment, schools and transit system, that must be encouraged if we are to change the waste of urban sprawl into the savings of resources and beauty inherent in a carefully planned community.

I am fully aware that this broader application of the mortgage insurance provisions was opposed at the hearings by representatives of the mayors and of the homebuilders. I believe that their opposition is ill advised. The mayors argued that conditions in our cities should be improved before Federal assistance is given to the development of new land. This argument fails to come to grips with the size and immediacy of the population increase. Urban renewal and new land development are not alternatives; rather they are complementary programs designed to meet the awesome task of housing 145 million more people in the next 35 years.

The builders expressed fear that large scale developments would squeeze out the small builder. What will actually happen, it seems to me, is that the mortgage builder provisions will increase the number of building sites while provisions of section 1004 will assure that a fair proportion of these sites are made available to small builders. The question is not whether small builders will participate in the housing explosion, but whether they will help to build more sprawl or planned communities. The residents of the new communities will reap the numerous benefits cited by the Maryland National Capital Park and Planning Commission.

They include efficient land use, orderly conversion of undeveloped land to urban use, protection and development of natural resources, preservation of large open spaces, expanded opportunities for outdoor recreation, efficient arrangement of public utilities and services, effective transportation systems, variety of living environments and imaginative design.

The realization of these benefits is something that cannot be postponed. Each year vast areas fall prey to urban sprawl. In his speech on March 2, President Johnson pointed out that "Last year alone 1 million acres were urbanized." If we begin to act now we can register enormous savings in both money and hardship by seeing that development is coordinated. But if we wait until much of our undeveloped land has been overrun by sprawl we will, nonetheless, find it necessary to carry out what will then be redevelopment plans. It seems clear to me that when the job is done for the first time, it should be done right.

Mr. SPARKMAN. Mr. President, I yield 3 minutes on the bill to the Senator from New Mexico.

The PRESIDING OFFICER. The Senator from New Mexico is recognized for 3 minutes.

Mr. FANNIN. Mr. President, this bill is another example of omnibus legislation which apparently has been designed to please a variety of interests instead of accomplishing a specific objective.

Everyone will agree that adequate housing at a reasonable cost is a desirable goal, and in fact we have come closer to achieving this objective for all of our citizens than any other nation in the world.

I would also agree that adequate housing—at rentals they can afford to pay—is not now available to a small minority of the population in some areas of the country.

However, I am not persuaded that this particular bill will solve that problem.

The minority report on S. 2213 ably pointed out the bill's defects and weaknesses, especially those provisions relating to the novel rent subsidy program and below-market-rate financing of housing construction.

We are told that the subsidy would be limited to those families with incomes that would qualify them for public housing under existing regulations. But the truth is that under this bill, the Housing Administrator would have the administrative authority to define income and set up eligibility procedures.

Another weakness of this bill is the fact that no effective ceiling is established on the amount of rent supplement which the Government could pay for any one unit under the plan. Again, this is left to the discretion of the Administrator.

I share the concern of those who are alarmed at vesting this kind of broad authority in what would be virtually a Federal housing czar.

As for the financing provisions, I cannot accept the economic judgment of those who want to finance construction at rates below what it will cost the Federal Treasury to borrow the money. Nor do I think it is wise for the Congress to commit the Government to a program of guaranteeing rental payments to mortgagors for 40 years.

If a need can be factually demonstrated for additional public housing units, that is one thing. Personally, I am not convinced.

But I do not understand how you can justify saying on the one hand that public housing has not done the job, and then turn around and authorize more public housing units in a package that is supposedly designed to assist private enterprise.

It has been pointed out without contradiction that, under certain conditions regarding income definition, a family in New York with an income in excess of \$11,000 a year could be eligible for the rental subsidy program. To me, this is certainly not helping the low-income families to obtain improved housing.

Finally, Mr. President, I am genuinely concerned that one effect of this legislation will be to discourage individual home ownership throughout the country.

It is certainly not my intention to disparage anyone who by choice or necessity rents instead of owns. At the same time, all of us recognize that homeown-

ership by an increasing number of our citizens is one of the distinguishing characteristics of our way of life.

This growing proportion of homeowners in our population contributes much stability to our society, and there is abundant evidence to indicate a definite relationship between homeownership and a high degree of good citizenship and participation in community affairs.

Any legislation in the housing field should aim at encouraging more Americans to acquire and maintain their own homes. But there are elements in this bill that will tend to destroy the incentive to purchase and keep up a home.

Just this afternoon, I was informed by Mr. George E. Leonard, chairman of the board of the First Federal Savings & Loan Association in Phoenix, Ariz., that the foreclosure rate on individual homes in my State has reached an alarming stage. In the Phoenix area alone, I am informed that more than 5,000 units are either foreclosed or in the process of being foreclosed.

The FHA report for June 30 listed 1,879 defaults pending, 706 foreclosures completed but not yet transferred, and 1,161 properties on hand. Add to this from the Veterans' Administration the following—815 defaults pending, 439 liquidations pending and about 300 properties on hand—and the total exceeds 5,000 units. Further, it has been reported to me that comparable situations exist in other parts of the country as well.

Consider the effect of the rent subsidy program on those families with limited income who are struggling to keep their homes and continue building their equity in them.

This bill tells them, in effect, not to worry with it all. It says to these hard-working people, go ahead and abandon the home and let the Government pay your rent.

Mr. SPARKMAN. Mr. President, I yield 5 minutes on the bill to the Senator from New Hampshire.

The PRESIDING OFFICER. The Senator from New Hampshire is recognized for 5 minutes.

Mr. McINTYRE. Mr. President, I support the Housing and Urban Development Act of 1965, because I believe that it offers a mixture of ingredients for private initiative to utilize in meeting today's housing needs. We have listened to a great deal of discussion in the Housing Subcommittee and here on the Senate floor attesting to the broad scope of the unfulfilled needs for decent, safe, and sanitary housing—the grim reality that in 1965 we still have over 8 million homes which are dilapidated or deteriorated and more than 4 million homes which have neither running water nor plumbing. In my State of New Hampshire the percentage of housing units deteriorating or dilapidated runs as high as 29 percent in Grafton County with some towns having as much as 73 percent of their housing units in this category. Far too many people are living in unsafe and inadequate shelter without hot water, toilet, and bath facilities.

What alternative is available to these ill housed? Where can they turn if

forced to leave? In this instance demand far exceeds supply—there simply is not enough adequate housing available for poorly housed low-income Americans today.

This housing shortage has recently come to the forefront right here in the District of Columbia, and I ask unanimous consent to have printed in the RECORD at this point two articles which appeared in the Washington Post pointing out the urgency of the situation.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

CITY'S HOUSING SHORTAGE THE TARGET, FRUSTRATION THE THEME AT DISCUSSION

(By George Lardner, Jr.)

Frustration was the theme.

The city's shortage of low-cost housing was the target. The audience sounded aroused.

But the members of more than 25 housing organizations, civil rights groups, and public agencies who gathered to try to "do something" about the housing crisis seemed to realize they were punching futilely at the same old paper bag—full of exorbitant rents, dilapidated homes, slumlords, and the bureaucratic delays facing almost any attempt at improvement.

"We seem to be moving backward," said Stephen Pollak, president-elect of the Washington Planning and Housing Association which called the meeting.

"A tent on the Mall would be an enormous improvement for more people than I care to think of," said Harris Weinstein, the Association's Housing Committee chairman.

The D.C. Coalition of Conscience has been trying to put up a tent for a family of 13—with two working mothers—who were evicted last month, but can't find new quarters. The emergency housing program the city loudly promised in May for predicaments like this may take another 3 months to get started, according to city officials who are not accustomed to rushing.

Forty-five real estate agents and nine public and private agencies had been called, said Coalition cochairman Walter E. Fauntroy, but none could come up with a single unit that the family could afford.

The tent, of course, is a gimmick—but an appropriate one. As Mr. Fauntroy said, "We have to create pressure to effect the cures."

One WPHA worker who helps families in the Cardozo area told of an eight-room house worth \$17,600 that produces gross rentals of \$600 a month for its owner.

The worker, Tom Flor, also told of another landlord who "for the 40th time in the last 6 months has evicted or threatened to evict families because they called the city's Housing Division" to get needed repairs ordered.

Another WPHA worker, Belvie Rooks, broke into tears when she described how her organization had to pay \$300 a month in back rent to "one of the worst slumlords in the city" to save a mother of seven from eviction from a house with broken-down plumbing and inadequate heating. The family, Miss Rooks said, had been living there for 3 years when the old owner died. Suddenly, she said, the rent went up from \$50 a month with utilities to \$100 a month—without utilities.

The audience had plenty of suggestions—ranging from rent controls, to tougher enforcement of the housing code to easing the housing code's restrictions against overcrowding.

Mr. Fauntroy suggested that citizens' organizations start scouring the suburbs for sites—a suggestion that should be well worth

pursuing under the administration's rent subsidy program before Congress. He proposed that "we move into the surrounding area and, if necessary, purchase land to relieve the (city's housing) need."

But no one followed through with the thought. Despite the suggestions, the meeting reflected, primarily, a feeling of exasperation at all the years gone by without any substantial progress.

"What we called victories really just switched people around the slums," said Lillian Secundy of the Washington Urban League.

The WPHA had drafted a statement calling for more low-income housing in the city and action on several long-stalled projects, but the audience didn't bother to endorse it.

"Pious paragraphs," said one speaker. "Too wishy-washy," said another.

Pollak agreed, but added: "I'm wondering what we can do." He suggested development of a "plan of action" backed by a federation of all interested organizations. But no one could do anything right away. They've got their boards of directors to check with.

Everyone, it seems, is saddled with his own bureaucracy—which brings us back to the District Building.

District Commissioner Walter N. Tobriner has suggested "an emergency in low-cost housing" might be declared—so the Commissioners could temporarily lift relatively minor housing code requirements in run-down neighborhoods.

The suggestion was sincerely made, but it hardly seems an adequate response to an emergency. If it had any noticeable effect, it would probably benefit the landlords more than the tenants, and promote slums rather than decent housing.

If the Commissioners can agree there's an "emergency"—and there is—perhaps they might try promoting some one- or two-block urban renewal projects—for public housing. It might not work, but it seems worth the attempt. It'll take a while to get to the suburbs.

[From the Washington (D.C.) Post, July 25, 1965]

HOUSING WAITING LIST KEEPS LENGTHENING
(By George Lardner Jr.)

His T-shirt sagging, a tired traveler shuffled up the steps of an antique red building on New York Avenue NW.

He got there just in time to catch Walter E. Washington, executive director of the National Capital Housing Authority, in the hallway.

"I walked all the way from Baltimore," the man announced solemnly. "But," he said lowering his voice, "I don't want a handout; I want a job."

"You ought to have something to eat after a long walk like that," Washington said, handing him some change and sending him upstairs to the personnel office.

"We get them all," Washington said philosophically.

Most callers don't have quite so broad a notion of public housing. The families who often fill Housing Authority's first-floor hallway are usually looking for just one thing: a decent place to live.

It was possible to help the guy from Baltimore. But all Walter Washington can do for the families who need housing is put them on his waiting list; it's more than 5,400 families long.

In fact, Washington has had his waiting list so long that one might think it's full of phantom families. The turnover in public housing is rapid enough to make room in as little as 90 days for families displaced by urban renewal, highways and other city programs.

On the surface, then, it might seem that the Housing Authority's waiting list is just a

fictional gimmick maintained to promote new housing projects.

But all that's fictional about the list is that it shows only a fraction of the need for decent housing at prices low income families can afford to pay.

"Anyone who wants a piece of this housing market," Washington says, "can be our guest."

The Housing Authority can find one or two-bedroom units within 3 to 6 months for families facing displacement by Government action, said NCHA Economist Charles Park.

But "85 percent of the displaced families on our list need three or more bedrooms," said NCHA Deputy Director Edward Aronov.

The priority they get for public housing means a wait of 6 months to a year for three bedrooms and up to 3 or 4 years for larger units, said Park.

Meanwhile the Housing Authority has to keep playing musical chairs with the families they now have. As they grow, they need larger quarters. And they get priority, too.

The families without priority, those simply living in slum dwellings without the money to get out, have to wait—and wait—and wait. Of the 5,444 families on the waiting list last month, 5,093 had no priority.

Slightly more than 60 percent of the Housing Authority's units have only one or two bedrooms. But 66 percent of the applicants need more space than that.

Yet, Park said, the turnover in the NCHA's 754 four-bedroom units, for example, is so slow that it would take 8½ years just to take care of the last displaced family and the last Housing Authority tenant waiting for one now.

As a result, families either sit and wait or get knocked off the eligibility lists. Those who don't check with the Housing Authority every 6 months are dropped automatically.

If the lists prove anything, they show that public housing projects in land-shy Washington can never do the job alone.

"There's a crying need expressed in these applications," Washington said, nodding at solid rows of filing cabinets.

One opened at random produced a file on a Mrs. "Smith" dating back to 1954 when she, her husband and two children faced displacement by urban renewal in the Southwest.

The family got public housing in 1956, the same year Mrs. "Smith's" husband went to jail, but moved out of NCHA quarters in 1963, owing \$60 in rent which she later paid. Mrs. "Smith" has eight children now, has moved four times within the past 2 years and has been evicted twice through enforcement of the Housing Code. She has "priority" of a sort, but she's been waiting for public housing for more than a year.

When will she get it?

Washington shook his head. "She'll probably be taken in when we open up a new project," he said. "Maybe late summer."

And maybe not.

Mr. MCINTYRE. Mr. President, housing represents far more than shelter—it is a part of the fabric of neighborhood life and the entire social milieu. But above all, housing is a basic necessity of life.

We must invest our resources in meeting this challenge if we are to attain the goals clearly set forth in the Housing Act of 1949—a decent home and suitable living environment for every American family.

One cannot talk about this year's housing bill without mentioning the new rent supplement program.

This bold new feature which the President has called "the most crucial new instrument in our effort to improve the

American city" has not met with an immediate overly enthusiastic response here in the Congress. I have expressed some concern over the manner in which this attempts to provide the necessary stimulus but it seems to me that the major advantage this approach offers is that it enlists the energy and imagination of private enterprise in the battle to provide decent housing for the low income. The FHA-insured housing units will be owned by private nonprofit, limited dividend or cooperative groups, constructed by private builders, financed by private lenders, and managed by private landlords.

Moreover, eligibility is limited to the elderly, handicapped, those forced to move because of governmental action or natural disaster, and those living in substandard or slum housing who meet the income requirements for public housing. These are the people who have no place to go—housing is just not available for them at rents which they can afford.

The benefits which this program can bring to this segment of our society merit thoughtful attention. For example, consider the more than 3 million veterans 65 and over who after serving their Nation seek the security and dignity that a lifetime of service deserves. Should we deny encouragement to veterans organizations, church groups, and other civic-minded bodies to unleash their resources in providing safe and suitable housing?

I should hope, rather, that every assistance would be offered to channel their efforts into realization of such worthwhile goals, consistent with the traditions of our American way of life.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point the letter which I received from the Administrator of the Housing and Home Finance Agency pointing out the advantages which this program will offer to our elderly and handicapped veterans of low income.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

HOUSING AND HOME
FINANCE AGENCY,

Washington, D.C., April 12, 1965.

Hon. TOM MCINTYRE,
U.S. Senate Washington, D.C.

DEAR SENATOR MCINTYRE: Thank you very much for your letter of April 8 in which you call to my attention the potential use of the rent supplementation program in providing housing for aged and handicapped veterans. I appreciate very much receiving the benefit of your studies in this area and wish to confirm your conclusions. Elderly and handicapped veterans of low and moderate income will be eligible for such rent supplementation under the proposed legislation and will therefore have the opportunity to secure housing suitable to their age and physical needs at rentals which they can afford.

As you emphasized, there are 3 million veterans 65 years of age and over at the present time. According to 1960 Census data more than one-third of all families headed by a veteran 65 or over were in the lower income group for which rent supplementation is designed.

A number of veterans organizations are considering the sponsorship of housing specially designed for older or handicapped veterans and will find this new program particularly helpful. As you have indicated

so well, the veterans who have contributed so much to the defense and growth of our Nation deserve a dignified place to live within their means in their retirement years.

We appreciate immensely your taking this leadership in the field of housing for aged and handicapped veterans. Through this proposal for rent supplementation which the President has described as our "most crucial new instrument" we can assist you in this very important effort.

Sincerely yours,

ROBERT C. WEAVER,
Administrator.

Mr. MCINTYRE. Mr. President, while the rent supplement feature of this bill has attracted the glare of the spotlight, we must not overlook the importance of other parts of this far-reaching program directed at alleviating the host of problems related to man's quest for a suitable living environment. For small communities confronted with financing construction of vitally needed public facilities as well as larger cities overwhelmed with fighting blight and decay, this proposal offers a mixture of ingredients designed to serve their needs.

Since World War II we have witnessed a tremendous population explosion in our cities that today finds 7 out of 10 Americans concentrated in urban areas. Megalopolis—the extended eastern seaboard metropolis spanning from southern New Hampshire to northern Virginia—contains 21 percent of our population in 1.8 percent of its area.

Many steps have been taken to cope with this phenomenon and this bill before us now provides additional tools for assisting in the development and redevelopment of communities throughout the Nation.

Mr. President, I should like to point out a few of the provisions in S. 2213 which I feel are of particular significance to the State of New Hampshire.

First. Continuance of FHA: probably the best known of our Federal housing programs is FHA, the self-supporting mortgage loan insurance program. By extending FHA for another 4 years, the Congress recognizes the important role which this program plays in bringing homeownership within the reach of many who could not otherwise afford it. As of the first of the year, the New Hampshire FHA office had in force mortgage insurance totaling \$72 million covering 1,146 multifamily units and 7,200 homes.

Second. Extension of public housing programs for the elderly: In New Hampshire we have seen several achievements under low-rent public housing for the elderly. There are about 1,000 units of specially designed housing for our senior citizens in the low-rent pipeline in New Hampshire, representing a Federal investment of about \$14 million. My own hometown of Laconia is presently in the process of developing plans for the construction of 80 units of low-income housing for the elderly, designed to provide a physical and social environment that will extend the time span during which our senior citizens can live independently in comfort and safety and with sustained interest in life.

Third. Increased authorization for urban renewal: Eight of our New Hamp-

shire cities have active urban renewal programs of one form or another. There are 16 projects in planning or underway—one of which is being financed entirely without Federal aid. Furthermore, we have one of the most exciting and unique urban renewal projects in the country—the Strawberry Banke colonial restoration project in Portsmouth. This superb effort to recreate a typical 18th-century community represents an investment of millions of dollars and the time and tireless energies of hundreds of local residents. We have seen how the Federal Government can provide the initial tools and machinery for transforming a blighted decaying area into a beautiful historic restoration.

Fourth. Special assistance to homeowners affected by closure of Federal installations: The two new provisions in this bill—one to delay payments under FHA and VA mortgages for unemployed mortgagors and the other to authorize the Secretary of Defense to buy houses in a depressed market—will be welcome relief for homeowners in areas such as the seacoast region of New Hampshire which are threatened by curtailment of military activities.

Mr. President, another feature which I am pleased to see incorporated in this bill is section 307 which will allow the District of Columbia to use urban renewal powers in nonresidential areas in the same manner as other U.S. cities do.

Some of you may recall that an amendment designed to accomplish this same purpose was added last year in the Senate Banking and Currency Committee to S. 3049 but, unfortunately, the amendment was dropped in conference. This year the administration's proposal included the District.

Although the provision is not in the House-passed bill, I would strongly urge that the Senate version prevail in conference so that the District of Columbia urban renewal program will be able to obtain those powers which every other major city in the United States now shares and to make available to small business the benefits of this program which are presently denied under the laws of the District of Columbia.

Mr. President, many hours have been spent preparing this bill which is now before us. I intend to support S. 2213 for I believe that it is an improved bill, reflecting the tireless and diligent efforts of the distinguished chairman of the Senate Housing Subcommittee, the Senator from Alabama, Senator SPARKMAN.

As a new member of the Housing Subcommittee, I am particularly grateful for the tutelage which I have received during consideration of this complex and technical legislation from both the chairman, Senator SPARKMAN, and the very able ranking member of the subcommittee, the senior Senator from Illinois, Senator DOUGLAS.

The PRESIDING OFFICER. If there be no further amendment to be proposed, the question is on the third reading of the bill.

The bill was ordered to be read a third time.

The bill (S. 2213) was read the third time.

Mr. SPARKMAN. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of H.R. 7984, a companion House bill to S. 2213.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 7984) to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, and to extend and amend laws relating to housing, urban renewal, and community facilities.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays on passage of the bill.

The yeas and nays were ordered.

Mr. SPARKMAN. Mr. President, I now move that all after the enacting clause be stricken and that the text of S. 2213, as amended, be substituted therefor.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Alabama.

The motion was agreed to.

Mr. SPARKMAN. Mr. President, I ask for the third reading of the bill.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill (H.R. 7984) was read the third time.

Mr. TOWER. Mr. President, I must vote against S. 2213 because of its provision for Federal rent subsidies.

I wish to point out, however, my support for several sections of the bill.

I need not detail but briefly the merits of the Federal Housing Administration and what it has done for the homeowner, the homebuilding industry, and our economy. There can be no question about the advisability of extending the insurance authority of the Federal Housing Administration. Its value and service to a great segment of the homeowning and homebuying public is proven by the fact that the FHA, since 1934, has insured loans totaling well over \$96 billion. Equally impressive is the fact that the agency has amassed over \$1 billion in insurance reserves and they continue to grow. The addition by my amendment of the new program for veterans, whereby some 21 million will become eligible for guaranteed mortgages, represents a measure which I feel will be of much assistance to our deserving veterans.

Equally important is the continuance of the Federal National Mortgage Association. I shall not take the time to recount the thoroughly businesslike way in which FNMA has conducted its three major functions; secondary market operations, special assistance, and management and liquidating functions.

The population rise among our senior and handicapped citizens leaves no question about the serious need for housing programs designed to accommodate their

sector. Testimony before the subcommittee demonstrated beyond doubt both the need and the workability of such programs.

I foresee major improvements to the urban renewal and public housing programs.

The fact that HHFA is to make a thorough study of urban renewal and public housing programs and will report its findings within 2 years will result, I believe, in program improvement. I hope we can see an end to the displacement of lower income individuals and families from urban renewal areas without adequate provision for housing them elsewhere. I am hopeful we can see an end to the wasteful bulldozer approach whereby relatively new, sound structures have been destroyed in the name of urban renewal improvements. I am, of course, hopeful that my proposal to require the repayment of urban renewal grants will alternately result in urban renewal paying at least a portion of its own way.

The public housing study called for in the bill will result, I believe, in purging from the so-called pipeline many units now authorized. I would think, also, that the long waiting list of eligibles could be substantially reduced.

It has long been a contention that public housing does not meet the need which it was designed to meet, thus the necessity for further examination of this program with an eye to improving and rendering it more efficient. As long as the Congress continues to authorize contract authority for the public housing agency, every measure should be taken to streamline the program. As the chairman of the subcommittee has noted, we have been quite impressed with the low-income housing demonstration program. I have strongly supported the demonstration program as a possible method for improving what has long been a most controversial program. I am hopeful my proposal, now incorporated into the bill, to allow a public housing tenant to purchase his individual unit by counting monthly rentals over a 3-year period as a downpayment, will be a welcome and practical inducement to affected public housing occupants to buy a home.

I endorse the rural housing section of the bill. Certainly one of the most impressive facts brought out during the hearings was that almost half of the substandard housing in this Nation lies in rural areas, but only about 30 percent of the population resides there. It is not speculation that there is a great need for rural housing credit sources. The Farmers Home Administration currently has a backlog of 15,000 applications and the situation has been comparable for years. Furthermore, the Farmers Home Administration shows an excellent repayment record. No other title of this bill is needed more nor will any other provision serve a more worthy cause.

The bill wisely provides for making new colleges eligible for college housing loans. We are all aware of the increasing pressure for facilities to provide higher learning. This provision is to remove a paradox whereby new colleges were prevented, by administrative de-

termination, from securing the type of loan they needed to become functional. To date, over 2,390 loans for a total of approximately \$2.6 billion have been approved and the agency has experienced not a single default on payment of principal or interest.

Concerning the new programs of land development, grants for basic water and sewer facilities, grants for neighborhood facilities, and advance acquisition of land—I believe the reports from the agency required by the inclusion of several of my amendments—will result in more judicious administration of these programs.

My support of a number of provisions in this housing bill, however, does not lessen my opposition to what is considered to be the most important provision in the bill; that is, to the concept of rent supplements. I am fearful, as I have noted, of a stifling of the incentive for homeownership, fearful of a trend toward giving to renters the status of Government wards. I believe there is little doubt that the rent supplement program will have an adverse effect upon those families now purchasing, or planning to purchase their own homes without Federal subsidization.

I am hopeful, at least, that with the inclusion of my amendment requiring annual reports from the agency on the operations of the rent supplement program, the Congress may be able to guard against its more adverse effects.

Mr. President, I wish to again commend the chairman of our subcommittee for his superb handling of this measure. I know that certain provisions of the bill are not of his making, and certainly not of his liking. The responsibility is his, however, and he has met it effectively and judiciously. I wish to thank our distinguished chairman in particular for his consideration of, and in a number of cases his assistance with, ideas and proposals from this side of the aisle.

The PRESIDING OFFICER. Do Senators yield back their time?

Mr. LAUSCHE. Mr. President, I shall vote against the bill—

The PRESIDING OFFICER. Who yields time?

Mr. TOWER. Mr. President, I yield 3 minutes to the Senator from Ohio.

Mr. LAUSCHE. Mr. President, I will vote against the measure because I do not believe it is in the interest of the people of our country, nor consistent with the general principles and structure of our Government. I come from a neighborhood in Cleveland occupied by humble people, with modest homes, but possessed of great pride in the maintenance and keeping up of those homes. The domiciles in which they live are not equipped with modern installations, but as one moves through the neighborhood he sees houses painted in white, bordered by green, small lawns, with hardly a patch that is not covered with grass. One sees little plots with trees in them. One sees hedges. Those people are proud of their homes.

I am convinced that, under the language of the bill, those people will be

found living in quarters that do not measure up to what we say they ought to be living in. I visualize my community in Cleveland becoming decimated, and those people moving into public housing or places providing subsidized rents.

The inducement to own a home would be destroyed by this program.

It is believed by the sponsors of the bill that great good has been done. We can have a strong and solid America only by having many individuals own their own homes. I can say that with a deep feeling of sensitivity, because my greatest pride as a boy was to know that my mother and father bought a home of their own, and I vibrated and thrilled with the knowledge that we lived in our own home.

By this bill we are saying to the people such as I have described, "Give up your quarters. Move into property owned by the U.S. Government, and into property for which the U.S. Government will subsidize the payment of your rent."

Instead of having a sanctuary and a stake where the family, the mother, father, and children can live as one unit—

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. LAUSCHE. May I have 3 more minutes?

Mr. TOWER. I yield 3 additional minutes to the Senator from Ohio.

Mr. LAUSCHE. They will abandon that sanctuary and move into a communized facility.

I know that Senators want to vote at this time, but I also know that I want to tell the people of Ohio why I cannot support this measure.

Great boasts are made that the bill has made some advances but has not gone far enough. How far are we going? The prediction has already been made that next year we must go further than we have this year. The speech made a moment ago foretells what will happen next year and 2 years from now, and corroborates the declarations made by Senators on the floor of the Senate that this will be only the beginning, that we shall be continuing the program of 60,000 public dwelling units a year for the next 4 years. We will be putting \$150 million, as I understand it, into rent subsidies. There is something conflicting about that.

The argument was made about 4 hours ago that the new program would save money and the old program of public housing would waste money—240,000 units at \$12,000 a unit are provided for in the bill. Money will be borrowed by selling bonds to be paid in 40 years. The interest which will accumulate during 40 years of payments will be in excess of the original cost of construction.

The PRESIDING OFFICER. The time of the Senator from Ohio has expired.

Mr. LAUSCHE. Will the Senator from Alabama yield me 3 more minutes?

Mr. SPARKMAN. Mr. President, I yield 3 additional minutes to the Senator from Ohio.

The PRESIDING OFFICER. The Senator from Ohio is recognized for 3 additional minutes.

Mr. LAUSCHE. I hope that the proponents of this program are right, but I would be delinquent in my duty if I did not point out to them that I believe they are thoroughly wrong.

I believe that we are now at the threshold of a program which will create a monster so great that the economic ambitions of the American people will be destroyed, because they will feel that inasmuch as the Government will provide their rent for them, they are not bound to do anything about it. In the end, it will not be helpful to the maintenance of our system of government.

Mr. President, I yield the floor.

Mr. TOWER. Mr. President, I yield 2 minutes to the Senator from South Carolina.

The PRESIDING OFFICER. The Senator from South Carolina is recognized for 2 minutes.

Mr. THURMOND. Mr. President, the Housing and Urban Development Act of 1965 is literally bursting at the seams with power and money, and is designed to put the National Government in a place of authority over the housing needs of the public, more than ever before. It is impossible to place an exact price tag on the bill, but a good guess would place the figure at around the \$20 billion mark.

By far the largest and most expensive provision of the bill is the rent subsidy provision, which I have already discussed. This section alone authorizes the expenditure of up to \$6 billion over the next 40 or so years.

Other expensive provisions of the bill are: \$700 million, over 4 years, to pay half the cost of extending and enlarging water and sewer facilities to meet the anticipated growth of urban communities to be determined in the sole discretion of the HHFA Administrator; \$50 million a year to develop neighborhood social and recreational facilities to take care of the population growth of communities as anticipated by the HHFA Administrator; \$25 million a year to pay the financing costs for the acquisition of land for future public works needs of urban communities as anticipated by the HHFA Administrator. The location of the land will be determined by the "guess" of the Administrator as to which direction the community will expand.

These programs are in addition to the existing Federal programs now on the books, all of which are being expanded or extended by the pending bill. No distinction is made between the good and the bad existing programs. They are all being carried on, and most of them are being amended to the point that any local participation, in either funds or control, is only token in importance.

The public housing program, which is extended and expanded in the bill, was begun more than a quarter century ago. It has resulted in 581,000 public housing units now in operation across the country. The disillusionment with this program at the local level, however, is so intense that 170,000 units are tied up in the pipeline; that is, they have been authorized but not constructed. Of the 240,000 public housing units authorized by this bill, 140,000 will be of the conventional type and will be subject to site

selection by local authorities in the communities. In other words, this bill would add 140,000 units of conventional public housing to the 170,000 already authorized, but which nobody wants.

The remaining 100,000 units of public housing in the bill are to be divided between the purchasing and leasing of existing homes. Units of this type are not subject to site selection by local authorities and may, therefore, be scattered helter-skelter throughout the community. In my opinion, local officials should have the authority and responsibility for approving or rejecting any proposed public housing unit or project in their community. This authority is lacking in this provision of the bill.

The urban renewal program is significantly expanded under the terms of the bill. When Congress originally adopted the urban renewal program in 1954, the original intent was to provide Federal funds primarily for the purpose of rebuilding dilapidated areas of cities, with the emphasis upon dwellings. The 1965 Housing Act contains a completely new theory. First, the emphasis is shifted from providing homes to reconstructing business areas. The trend in this direction over the past few years has resulted in many people being evicted from their homes and left with no places to live when their homes are replaced by a newly constructed office building or other type business establishment. This trend will increase under the pending bill. Second, urban areas could be provided financial assistance by the Federal Government to defray the costs of increased city services, such as street maintenance, and fire and police protection. These are strictly local functions, and there is no authority in the Constitution for the Federal Government to subsidize such activities, just as there was no constitutional authority for the National Government to enter the general field of housing in the first instance.

The bill authorizes \$2,900 million more in the next 4 years for urban renewal capital grants and \$125 million more over the next 4 years for urban renewal planning grants.

In addition to the urban renewal funds, the bill contains an increase of \$225 million over the next 4 years in 50-percent grant contract authority to broaden the open-space program in urban areas. This is to include beautification, purchase of land, demolition of unsafe and unsightly buildings, and the relocation of people who are left without a place to live. An ever-expanding program of this type places increasing authority in the hands of the Federal bureaucrats to handle the affairs of local communities. The result will be that local officials will be looking more and more to the Federal Government to solve their problems for them, and local initiative and responsibility will decrease in direct proportion to the Federal involvement.

The bill would authorize three new grant programs, all of which require the Administrator of the Housing and Home Finance Agency to make omniscient judgments of the future. These three programs call for \$400 million, over the

next 4 years, to finance 50 percent of the cost of water and sewage facilities; \$700 million, over the next 4 years, to finance the purchase by communities of land for sites for future public works; \$200 million, over the next 4 years, to provide cities with neighborhood facilities, which would include community centers, youth centers, health stations, and other social services. In all of these programs, the Administrator of HHFA will have to predict, with a reasonable amount of certainty, the future growth of communities, including both the direction and the amount of the growth. Grants for the future such as these are necessarily speculative in nature and open the door to windfall profits for those individuals who are able to forecast the Administrator's decisions.

It is my firm belief that money loaned by the Federal Government should bear an interest rate at least equivalent to that which the Federal Government must pay to obtain the money which it relans. This should be flexible and tied to the actual cost of money to the U.S. Treasury at any given time. And yet, in this bill, two existing programs would be changed so as to carry a set interest rate which is below that paid by the Federal Government at the present time. A flat 3 percent interest rate is written into the elderly housing program authorized by section 202 of the Federal Housing Act and the section 221 (d)(3) low rent housing program. These are subsidized interest rates; and if they are authorized, as is proposed in the pending bill, pressures will be brought to incorporate the subsidized interest rates into other existing loan programs.

One other section of the bill about which I have serious reservations is section 221, which proposes to add a new section to title V of the National Housing Act. I discussed this in my additional individual views contained in the committee report, and on the floor of the Senate earlier in the debate. In short, this section would require the Administrator of the HHFA to adopt a uniform procedure for the acceptance of materials and products which are found to be technically suitable for the use proposed in structures approved for mortgages and loans under the Housing Act.

I share the concern that has been expressed concerning the seeming reluctance of the FHA, and certain commodity standards groups, to approve new materials which are the result of technological advances in the industry. This is a matter which deserves a searching study by the appropriate congressional committees to assure that new materials can be taken advantage of to reduce the costs of housing to the American public where these materials are as good as, or better than, those presently in use.

Nevertheless, I am disturbed about the words "technically suitable," because the fear has been expressed to me that this amendment could open the door to the FHA accepting substandard items that might be classified as "technically

suitable." It is not clear, in the wording of the amendment, who is to determine if any material is "technically suitable," but it is apparent that the Administrator of the HHFA would be required to make an independent judgment as to each and every product concerned. This would place an onerous burden upon the Administrator, one that he is not capable of adequately performing at the present time. The cost to the HHFA of testing the materials could greatly increase the administrative expenses of the Agency.

It is my belief, as I have previously stated, that the committee should conduct full and open hearings on this proposal, before including it in any bill. Until such hearings are held, I cannot support this provision.

Mr. President, this bill will result in further centralization of power and authority in the National Government over the general field of housing. By enacting this measure, we are approaching closer and closer to the socialization of housing, over which the Government has no constitutional authority. I cannot support such a bill and I intend to vote against it.

Mr. TOWER. Mr. President, I yield 1 minute to the Senator from New Hampshire [Mr. COTTON].

The PRESIDING OFFICER. The Senator from New Hampshire is recognized for 1 minute.

Mr. COTTON. Mr. President, I am growing very tired of salve, veneer, and deceit.

I do not mind politics, if politics are played aboveboard and in a decent and gentlemanly way. However, on this very day, the 15th of July, 1965, as the Senate comes to vote on the pending bill which will provide one of the greatest political weapons in the history of American politics, I have just had revealed to me one instance of dirty, contemptible, petty, back-door politics coming straight from the office of Dr. Weaver and this Housing Agency.

Of all the departments of Government, this is the department which I believe furnishes the most proof.

I, of course, shall vote against the bill.

I shall have something more to say about this episode later, when I am not delaying the Senate.

Mr. TOWER. Mr. President, I yield back the remainder of my time.

Mr. SPARKMAN. Mr. President, I yield back the remainder of my time, and ask for the yea-and-nay vote.

The PRESIDING OFFICER. All time has been yielded back. The bill having been read the third time, the question is, Shall it pass?

On this question the yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Nevada [Mr. CANNON], the Senator from Idaho [Mr. CHURCH], the Senator from Connecticut [Mr. DODD], the Senator from Alaska [Mr. GRUENING], the Senator from Minnesota [Mr. MCCARTHY], the Senator

from Arkansas [Mr. McCLELLAN], the Senator from New Mexico [Mr. MONTROYA], and the Senator from Ohio [Mr. YOUNG] are absent on official business.

I further announce that the Senator from Virginia [Mr. BYRD] and the Senator from Florida [Mr. SMATHERS] are necessarily absent.

I further announce that, if present and voting, the Senator from Nevada [Mr. CANNON], the Senator from Idaho [Mr. CHURCH], the Senator from Connecticut [Mr. DODD], and the Senator from Ohio [Mr. YOUNG] would each vote "yea."

On this vote, the Senator from Virginia [Mr. BYRD] is paired with the Senator from Alaska [Mr. GRUENING]. If present and voting, the Senator from Virginia would vote "nay" and the Senator from Alaska would vote "yea."

On this vote, the Senator from Minnesota [Mr. MCCARTHY] is paired with the Senator from Arkansas [Mr. McCLELLAN]. If present and voting, the Senator from Minnesota would vote "yea" and the Senator from Arkansas would vote "nay."

On this vote, the Senator from New Mexico [Mr. MONTROYA] is paired with the Senator from Massachusetts [Mr. SALTONSTALL]. If present and voting, the Senator from New Mexico would vote "yea" and the Senator from Massachusetts would vote "nay."

On this vote, the Senator from Florida [Mr. SMATHERS] is paired with the Senator from North Dakota [Mr. YOUNG]. If present and voting, the Senator from Florida would vote "yea" and the Senator from North Dakota would vote "nay."

Mr. KUCHEL. I announce that the Senator from Idaho [Mr. JORDAN], the Senator from Vermont [Mr. PROUTY], the Senator from Massachusetts [Mr. SALTONSTALL] and the Senator from North Dakota [Mr. YOUNG] are necessarily absent.

The Senator from Kansas [Mr. PEARSON] and the Senator from New Jersey [Mr. CASE] are absent on official business.

On this vote, the Senator from New Jersey [Mr. CASE] is paired with the Senator from Idaho [Mr. JORDAN]. If present and voting, the Senator from New Jersey would vote "yea" and the Senator from Idaho would vote "nay."

On this vote, the Senator from Kansas [Mr. PEARSON] is paired with the Senator from Vermont [Mr. PROUTY]. If present and voting, the Senator from Kansas would vote "yea" and the Senator from Vermont would vote "nay."

On this vote, the Senator from Massachusetts [Mr. SALTONSTALL] is paired with the Senator from New Mexico [Mr. MONTROYA]. If present and voting, the Senator from Massachusetts would vote "nay" and the Senator from New Mexico would vote "yea."

On this vote, the Senator from North Dakota [Mr. YOUNG] is paired with the Senator from Florida [Mr. SMATHERS]. If present and voting, the Senator from North Dakota would vote "nay" and the Senator from Florida would vote "yea."

The result was announced—yeas 54, nays 30, as follows:

[No. 187 Leg.]

YEAS—54

Alken	Hartke	Monroney
Allott	Hayden	Morse
Anderson	Inouye	Moss
Bartlett	Jackson	Muskie
Bass	Javits	Nelson
Bayh	Kennedy, Mass.	Neuberger
Bible	Kennedy, N.Y.	Pastore
Boggs	Kuchel	Pell
Brewster	Long, Mo.	Proxmire
Burdick	Long, La.	Randolph
Byrd, W. Va.	Magnuson	Ribicoff
Clark	Mansfield	Scott
Douglas	McGee	Smith
Ellender	McGovern	Sparkman
Fulbright	McIntyre	Symington
Gore	McNamara	Tydings
Harris	Metcalf	Williams, N.J.
Hart	Mondale	Yarborough

NAYS—30

Bennett	Fong	Murphy
Carlson	Hickenlooper	Robertson
Cooper	Hill	Russell, S.C.
Cotton	Holland	Russell, Ga.
Curtis	Hruska	Simpson
Dirksen	Jordan, N.C.	Stennis
Dominick	Lausche	Talmadge
Eastland	Miller	Thurmond
Ervin	Morton	Tower
Fannin	Mundt	Williams, Del.

NOT VOTING—16

Byrd, Va.	Jordan, Idaho	Saltonstall
Cannon	McCarthy	Smathers
Case	McClellan	Young, N. Dak.
Church	Montoya	Young, Ohio
Dodd	Pearson	
Gruening	Prouty	

So the bill (H.R. 7984) was passed.

Mr. SPARKMAN. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. MUSKIE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. SPARKMAN. Mr. President, I ask unanimous consent that in the engrossment of the amendment of the Senate to the bill (H.R. 7984) the Secretary of the Senate be authorized to make all necessary technical and clerical changes and corrections, including corrections in section, subsection, and so forth, designations, and cross references thereto.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that Calendar No. 366, S. 2213, be indefinitely postponed. I understand that in so doing, the bill will be removed from the calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMENDATION OF SENATORS

Mr. MANSFIELD. Mr. President, I want to take a moment of the Senate's time to commend the Senator from Alabama [Mr. SPARKMAN] for his excellent leadership in managing this very complicated but much-needed legislation. His long experience in this field as Chairman of the Subcommittee on Housing gives him an expertise in this area respected by all Members. His willing manner to study alternative proposals not contained in the bill and appreciate their merit and agree with those that do not interfere with the general thrust of the bill reflects not only the best tradi-

tion of the Senate but also his personal skill as a floor manager.

Similar commendation must be given to the junior Senator from Maine [Mr. MUSKIE] for his able and articulate assistance; as well as to the senior Senator from Illinois [Mr. DOUGLAS] for the benefit of his many years of experience in this field.

In like manner I want to commend the junior Senator from Texas [Mr. TOWER], for his cooperation and assistance in expediting this measure. He and the senior Senator from Utah [Mr. BENNETT] in presenting their opposition to certain aspects of this bill were always constructive and as is their usual manner most articulate.

Of course there are many others who have participated in this debate whose names I have not mentioned but all of whom as well as the Senate as a whole deserve so much credit for the expeditious manner in which this bill has been passed. I must, however, pay particular tribute to the Senator from Virginia [Mr. ROBERTSON] chairman of the Banking and Currency Committee, who although opposed to many aspects of this bill, permitted it to be handled expeditiously in committee and on the floor.

The conduct of the Senate as a whole on this measure renews my optimism that with a continuing effort similar to these past 2 days, we will be able to finish our business by Labor Day.

Mr. DIRKSEN. Mr. President, the distinguished Senator from Texas [Mr. TOWER] was recognized by his committee colleagues as the Senator in charge of the bill for the minority. I have seen no greater expression of fidelity to duty than was displayed by him. He has been on the floor every minute while the bill was under consideration. He has taken account of every moment. I salute him for the great job that he did.

READJUSTMENT ASSISTANCE TO VETERANS WHO SERVE IN THE ARMED FORCES DURING THE INDUCTION PERIOD

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 258, S. 9.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 9) to provide readjustment assistance to veterans who serve in the armed forces during the induction period.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Labor and Public Welfare with an amendment, on page 6 after line 6, to strike out:

§ 1911. Duration of veterans' education or training

And, in lieu thereof, to insert:

§ 1910. Entitlement to education or training generally

So as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act shall be known as the "Cold War Veterans' Readjustment Assistance Act".

SEC. 2. (a) Title 38 of the United States Code is amended by adding after chapter 39 the following new chapter:

"CHAPTER 40—EDUCATION OF VETERANS WHO SERVE BETWEEN JANUARY 31, 1955, AND JULY 1, 1967

"Subchapter I—Definitions

"SEC.

"1908. Definitions.

"Subchapter II—Eligibility

"1910. Entitlement to education or training generally.

"1911. Duration of veterans' education or training.

"1912. Commencement; time limitations.

"1913. Expiration of all education and training.

"Subchapter III—Enrollment

"1920. Selection of program.

"1921. Applications; approval.

"1922. Change of program.

"1923. Disapproval of enrollment in certain courses.

"1924. Discontinuance for unsatisfactory progress.

"1925. Period of operation for approval.

"1926. Institutions listed by Attorney General.

"Subchapter IV—Payments to veterans

"1931. Education and training allowance.

"1932. Computation of education and training allowances.

"1933. Measurement of courses.

"1934. Overcharges by educational institutions.

"Subchapter V—State approving agencies

"1941. Designation.

"1942. Approval of courses.

"1943. Cooperation.

"1944. Use of Office of Education and other Federal agencies.

"1945. Reimbursement of expenses.

"Subchapter VI—Approval of courses of education and training

"1951. Apprentice or other training on the job.

"1952. Institutional on-farm training.

"1953. Approval of accredited courses.

"1954. Approval of nonaccredited courses.

"1955. Notice of approval of courses.

"1956. Disapproval of courses and discontinuance of allowances.

"Subchapter VII—Miscellaneous provisions

"SEC.

"1961. Authority and duties of Administrator.

"1962. Educational and vocational counseling.

"1963. Control by agencies of United States.

"1964. Conflicting interests.

"1965. Reports by institutions.

"1966. Overpayments to veterans.

"1967. Examination of records.

"1968. False or misleading statements.

"1969. Information furnished by Federal Trade Commission.

"1970. Effective date and retroactive allowances.

"Subchapter I—Definitions

"§ 1908. Definitions

"(a) For the purpose of this chapter—

"(1) The term 'eligible veteran' means any veteran who is not on active duty and who—

"(A) served on active duty at any time between January 31, 1955, and July 1, 1967;

"(B) was discharged or released therefrom under conditions other than dishonorable; and

"(C) served on active duty for a period of more than one hundred and eighty days (ex-

89TH CONGRESS
1ST SESSION

H. R. 7984

IN THE SENATE OF THE UNITED STATES

JULY 16, 1965

Ordered to be printed with the amendment of the Senate

AN ACT

To assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*
- 3 *That this Act may be cited as the "Housing and Urban*
- 4 *Development Act of 1965".*

**TITLE I—HOUSING FOR DISADVANTAGED
PERSONS**

3 FINANCIAL ASSISTANCE TO ENABLE CERTAIN PRIVATE
4 HOUSING TO BE AVAILABLE FOR LOWER INCOME FAM-
5 ILIES WHO ARE ELDERLY, HANDICAPPED, DISPLACED,
6 OR OCCUPANTS OF SUBSTANDARD HOUSING

7 SEC. 101. (a) The Housing and Home Finance Ad-
8 ministrator (hereinafter referred to as the "Administrator")
9 is authorized to make, and contract to make, annual pay-
10 ments to a "housing owner" on behalf of "qualified tenants",
11 as those terms are defined herein, in such amounts and under
12 such circumstances as are prescribed in or pursuant to this
13 section. In no case shall a contract provide for such pay-
14 ments with respect to any housing for a period exceeding
15 forty years. The aggregate amount of the contracts to make
16 such payments shall not exceed amounts approved in appro-
17 priation Acts and shall not exceed \$30,000,000 per annum
18 prior to July 1, 1966, which maximum dollar amount shall
19 be increased by \$35,000,000 on July 1, 1966, by \$40,000,-
20 000 on July 1, 1976, and by \$45,000,000 on July 1, 1968.

(b) As used in this section, the term "housing owner" means a private nonprofit corporation or other private nonprofit legal entity, a limited dividend corporation or other limited dividend legal entity, or a cooperative housing corporation, which is a mortgagor under section 221(d)(3) of

1 the National Housing Act and which, after the enactment of
 2 this section, has been approved for mortgage insurance there-
 3 under and has been approved for receiving the benefits of
 4 this section: *Provided*, That no payments under this section
 5 may be made with respect to any property financed with a
 6 mortgage receiving the benefits of the interest rate provided
 7 for in the proviso in section 221(d)(5) of that Act.

8 (e) As used in this section, the term "qualified tenant"
 9 means any individual or family who has, pursuant to criteria
 10 and procedures established by the Administrator, been deter-
 11 mined—

12 (1) to have an income below the maximum amount
 13 which can be established in the area, pursuant to the
 14 limitations prescribed in section 2(2) of the United
 15 States Housing Act of 1937, for occupancy in public
 16 housing dwellings; and

17 (2) to be one of the following—

18 (A) displaced by governmental action;

19 (B) sixty-two years of age or older (or, in the
 20 case of a family, to have a head who is, or whose
 21 spouse is, sixty-two years of age or over);

22 (C) physically handicapped (or, in the case of
 23 a family, to have a head who is, or whose spouse is,
 24 physically handicapped); or

25 (D) occupying substandard housing.

1 ~~(d)~~ The amount of the annual payment with respect
2 to any dwelling unit shall not exceed the amount by which
3 the fair market rental for such unit exceeds one-fourth of
4 the tenant's income as determined by the Administrator pur-
5 suant to procedures and regulations established by him.

6 ~~(e)~~~~(1)~~ For purposes of carrying out the provisions
7 of this section, the Administrator shall establish criteria
8 and procedures for determining the eligibility of occupants
9 and rental charges, including criteria and procedures with
10 respect to periodic review of tenant incomes and periodic
11 adjustment of rental charges. The Administrator shall issue,
12 upon the request of a housing owner, certificates as to the
13 following facts concerning the individuals and families apply-
14 ing for admission to, or residing in, dwellings of such owner:

15 ~~(A)~~ the income of the individual or family; and

16 ~~(B)~~ whether the individual or family was displaced
17 by governmental action, is elderly, is physically handi-
18 capped, or is ~~(or was)~~ occupying substandard housing.

19 ~~(2)~~ Procedures adopted by the Administrator here-
20 under shall provide for recertifications of the incomes of
21 occupants, except the elderly, at intervals of two years ~~(or~~
22 at shorter intervals in cases where the Administrator may
23 deem it desirable) for the purpose of adjusting rental charges
24 and annual payments on the basis of occupants' incomes,
25 but in no event shall rental charges adjusted under this

1 section for any dwelling exceed the fair market rental of
2 the dwelling.

3 ~~(3)~~ The Administrator may enter into agreements, or
4 authorize housing owners to enter into agreements, with
5 public or private agencies for services required in the selec-
6 tion of qualified tenants, including those who may be ap-
7 proved, on the basis of the probability of future increases in
8 their incomes, as lessees under an option to purchase (which
9 will give such approved qualified tenants an exclusive right
10 to purchase at a price established or determined as provided
11 in the option) dwellings or cooperative ownership interests
12 therein, and in the establishment of rentals. The Adminis-
13 trator is authorized (without limiting his authority under any
14 other provision of law) to delegate to any such public or
15 private agency his authority to issue certificates pursuant to
16 this subsection.

17 ~~(f)~~ Section 101(e) of the Housing Act of 1949 is
18 amended by inserting “(i)” after “a mortgage under” in the
19 first proviso and by inserting immediately before the colon at
20 the end of such proviso the following: “; or ~~(ii)~~ section
21 221(d)~~(3)~~ of the National Housing Act if payments with
22 respect to the mortgaged property are made or are to be
23 made under section 101 of the Housing and Urban Devel-
24 opment Act of 1965, except that no such mortgage shall
25 be insured, and no commitment to insure such a mortgage

1 shall be issued, with respect to property in any community
2 for which a workable program for community improvement
3 was required and in effect at the time a contract for a loan
4 or capital grant was entered into under this title, or a con-
5 tract for annual contributions or capital grants was entered
6 into pursuant to the United States Housing Act of 1937,
7 unless there is a workable program for community improve-
8 ment which meets the requirements of this subsection in
9 effect in such community at the time of such insurance or
10 commitment”.

11 ~~(g)~~ The Administrator is authorized to make such rules
12 and regulations; to enter into such agreements; and to adopt
13 such procedures as he may deem necessary or desirable to
14 carry out the provisions of this section. Nothing contained
15 in this section shall affect the authority of the Federal
16 Housing Commissioner with respect to any housing assisted
17 under this section and under section 221(d)(3) of the
18 National Housing Act, including his authority to prescribe
19 occupancy requirements under other provisions of law or to
20 determine the portion of any such housing which may be
21 occupied by qualified tenants.

22 ~~(h)~~ There are authorized to be appropriated such sums
23 as may be necessary to carry out the provisions of this sec-
24 tion, including, but not limited to, such sums as may be

1 necessary to make annual payments as prescribed in this
 2 section; pay for services provided under (or pursuant to
 3 agreements entered into under) subsection (e); and provide
 4 administrative expenses.

5 (i) Section 114(c)(2) of the Housing Act of 1949
 6 is amended by inserting before the colon at the end of the
 7 first proviso the following: “; or a dwelling unit assisted
 8 under section 101 of the Housing and Urban Development
 9 Act of 1965”.

10 (j) On or before January 1, 1968, the Administrator
 11 shall submit to the Congress a full report of operations under
 12 this section; together with his recommendations with respect
 13 thereto.

14 EXTENSION OF FHA SECTION 221 PROGRAMS; MODIFICA-
 15 TION OF INTEREST RATE; POOLING OF MORTGAGES FOR
 16 SALE

17 SEC. 102. (a) The fifth sentence of section 221(f) of
 18 the National Housing Act is amended by striking out “sub-
 19 section (d)(2) or (d)(4) after September 30, 1965; or
 20 under subsection (d)(3) after September 30, 1965,” and
 21 inserting in lieu thereof “this section after October 1, 1969.”

22 (b) The proviso in section 221(d)(5) of such Act is
 23 amended by striking out “not less than the annual rate of
 24 interest determined” and inserting in lieu thereof “not less

1 than the lower of ~~(A)~~ 3 per centum per annum, or ~~(B)~~ the
2 annual rate of interest determined”.

3 ~~(c)~~ The third sentence of section 212(a) of such Act is
4 amended by striking out “described in subsection ~~(d)~~ (3)”
5 and all that follows and inserting in lieu thereof “described
6 in subsection ~~(d)~~ (3) or ~~(d)~~ (4).”

7 ~~(d)~~ Section 302(e) of such Act is amended by insert-
8 ing before the last sentence thereof the following: “If there
9 shall be included within one or more of the trusts or other
10 agencies created pursuant to the authority of this subsection
11 any mortgages bearing a below-market interest rate and in-
12 sured under section 221(d) (3) after the date of the enact-
13 ment of the Housing and Urban Development Act of
14 1965, there are authorized to be appropriated from time to
15 time such amounts as may be necessary to reimburse the
16 Association for the amount of the differential (including
17 interest, other costs, and a fair proportion of administrative
18 expense) between (1) the total outlay with respect to out-
19 standing participations or other instruments in an amount not
20 to exceed the dollar amount of such below-market interest
21 rate mortgages, and (2) the total receipts from such
22 mortgages.”

1 ~~LOW-RENT HOUSING IN PRIVATE ACCOMMODATIONS~~

2 ~~SEC. 103. (a)~~ The United States Housing Act of 1937
3 is amended by redesignating section 23 as section 24, and by
4 adding after section 22 the following new section:

5 ~~“LOW-RENT HOUSING IN PRIVATE ACCOMMODATIONS~~

6 ~~“SEC. 23. (a)~~ For the purpose of providing a supple-
7 mentary form of low-rent housing which will aid in assuring
8 a decent place to live for every citizen and promote efficiency
9 and economy in the program under this Act by taking full
10 advantage of vacancies or potential vacancies in the private
11 housing market, each public housing agency shall, to the
12 maximum extent consistent with the achievement of the
13 objectives of this Act, provide low-rent housing under this
14 Act in the form of low-rent housing in private accommoda-
15 tions in accordance with this section where such housing in
16 private accommodations can be provided at a cost equal to or
17 less than housing in projects assisted under other provisions
18 of this Act. As used in this section the term ‘low-rent hous-
19 ing in private accommodations’ means dwelling units in an
20 existing structure, leased from a private owner, which provide
21 decent, safe, and sanitary dwelling accommodations and
22 related facilities effectively supplementing the accommoda-

1 tions and facilities in low-rent housing assisted under the
2 other provisions of this Act in a manner calculated to meet
3 the total housing needs of the community in which they are
4 located. As used in this section, the term 'owner' means
5 any person or entity having the legal right to lease or sub-
6 lease property containing one or more dwelling units as
7 described in this section.

8 “(b) Beginning as soon as practicable after the date of
9 the enactment of this section, each public housing agency
10 shall conduct a continuing survey and listing of the available
11 dwelling units within the community or communities under
12 its jurisdiction which provide decent, safe, and sanitary
13 dwelling accommodations and related facilities and are, or
14 may be made, suitable for use as low-rent housing in private
15 accommodations under this section.

16 “(c) Each public housing agency, by notification to
17 the owners of housing listed under subsection (b), or by
18 publication or advertisement, or otherwise, shall from time
19 to time make known to the public in the community or com-
20 munities under its jurisdiction the anticipated need for dwell-
21 ing units in such community or communities to be used as
22 low-rent housing in private accommodations under this sec-
23 tion, inviting the owners of such dwelling units to make
24 available for purposes of this section one or more of such
25 units (not exceeding 10 per centum of the units in any single

1 structure except to the extent that the agency, because of
2 the limited number of units in the structure or for any other
3 reason, determines that such limit should not be applied).
4 The public housing agency shall conduct appropriate inspec-
5 tions of the units offered to be made available in any
6 residential structure by the owner thereof in response to
7 such invitation, and if—

8 “~~(1)~~ it finds that such units are, or may be made,
9 suitable for use as low-rent housing in private accom-
10 modations within the meaning of subsection ~~(a)~~, and

11 “~~(2)~~ the rentals to be charged for such units, as
12 negotiated and agreed to by the agency and the owner
13 of the structure in a manner consistent with subsection
14 ~~(d)~~ ~~(2)~~, are within the financial range of families of
15 low income,

16 such agency may approve such units for use as low-rent
17 housing in private accommodations in accordance with ~~(and~~
18 ~~subject to the applicable limitations contained in)~~ this sec-
19 tion. Each public housing agency shall maintain and keep
20 current a list of units approved by it under this subsection,
21 including such information with respect to each such unit
22 as it may consider necessary or appropriate.

23 “~~(d)~~ To the extent of contracts for annual contributions
24 entered into by the Authority with a public housing agency
25 under section 10(c), such agency may enter into contracts

1 with the owners of structures containing dwelling units ap-
2 proved under subsection (c) for the use of such units in
3 accordance with this section. Each such contract with an
4 owner shall provide (with respect to any unit) that—

5 “(1) the selection of tenants for such units shall be
6 the function of the owner, subject to the provisions of
7 the contract between the Authority and the agency;

8 “(2) the rental and other charges to be received by
9 the owner shall be negotiated and agreed to by the
10 agency and the owner, and the rental and other charges
11 to be paid by the tenant shall be determined in accord-
12 ance with the standards applicable to units in low-rent
13 housing projects assisted under the other provisions of
14 this Act;

15 “(3) the agency shall have the sole right to give
16 notice to vacate, with the owner having the right to
17 make representations to the agency for termination of
18 a tenancy;

19 “(4) maintenance and replacements (including
20 redecoration) shall be in accordance with the standard
21 practice for the building concerned, as established by
22 the owner and agreed to by the agency; and

23 “(5) the agency and the owner shall carry out such
24 other appropriate terms and conditions as may be
25 mutually agreed to by them.

1 Each contract between a public housing agency and an
2 owner entered into under this subsection shall be for a term
3 of not less than twelve months nor more than thirty-six
4 months, and shall be renewable by such agency and owner
5 at the expiration of such term.

6 “(e) The annual contribution under this Act for a proj-
7 ect of a public housing agency for low-rent housing in private
8 accommodations under this section in lieu of any other guar-
9 anteed contribution authorized by section 10 shall not exceed
10 the amount of the fixed annual contribution which would be
11 established under this Act for a newly constructed project
12 by such public housing agency designed to accommodate the
13 comparable number, sizes, and kinds of families. The
14 period over which payments will be made to a public hous-
15 ing agency for a project of low-rent housing in private
16 accommodations under this section, and the aggregate
17 amount of such payments, under a contract for annual
18 contributions, shall be determined on the basis of the number
19 of units in the community or communities under the juris-
20 diction of such agency which are in use (or can reasonably
21 be expected to be placed in use) as low-rent housing in
22 private accommodations under this section, taking into ac-
23 count the terms of the leases under which such units are (or
24 will be) so used. In addition, contracts for financial assist-
25 ance entered into by the Authority with a public housing

1 agency pursuant to this section shall provide for reimburse-
2 ment of reasonable and necessary expenses incurred by such
3 agency in conducting surveys, listings, and inspections de-
4 scribed in subsections ~~(b)~~ and ~~(e)~~.

5 “~~(f)~~ On or before January 1, 1968, the Authority shall
6 submit to the Congress a full report of operations under this
7 section, together with its recommendations with respect
8 thereto.”

9 ~~(b)~~ The last sentence of section 2~~(1)~~ of such Act is
10 amended by striking out “Income limits for occupancy and
11 rents” and inserting in lieu thereof “Except as otherwise pro-
12 vided in section 23, income limits for occupancy and rents”.

13 ~~(c)~~ The provisions of sections 10~~(h)~~ and 15~~(7)~~ of the
14 United States Housing Act of 1937, and the workable pro-
15 gram requirement in section 10~~(c)~~ of such Act and section
16 101~~(c)~~ of the Housing Act of 1949, shall not apply to low-
17 rent housing in private accommodations provided under sec-
18 tion 23 of the United States Housing Act of 1937.

19 LOW-RENT PUBLIC HOUSING

20 SEC. 104. ~~(a)~~ Section 10~~(c)~~ of the United States
21 Housing Act of 1937 is amended by inserting after “per
22 annum,” the following: “which limit shall be increased by
23 \$47,000,000 on the date of the enactment of the Housing
24 and Urban Development Act of 1965, and by further

1 amounts of \$17,000,000 on July 1 in each of the years
2 1966, 1967, and 1968, respectively.”

3 ~~(b)~~ Section 10(c) of such Act is amended by striking
4 out “*And provided further*” and inserting in lieu thereof
5 “*Provided further*”, and by inserting before the period at
6 the end thereof the following: “: *And provided further*, That
7 the amount of the fixed annual contribution which would be
8 established under this Act for a newly constructed project by
9 a public housing agency designed to accommodate a number
10 of families of a given size and kind may be established, as a
11 maximum annual contribution in lieu of any other guaranteed
12 contribution authorized under this section, for a project by
13 such public housing agency which would provide housing
14 for the comparable number, sizes, and kinds of families
15 through the acquisition, acquisition and rehabilitation, or use
16 under lease of existing structures which are suitable for low-
17 rent housing use and obtainable in the local market”.

18 ~~(c)~~ Section 2(2) of such Act is amended to read as
19 follows:

20 “(2) The term ‘families of low income’ means families
21 (including elderly and displaced families) who are in the
22 lowest income group and who cannot afford to pay enough
23 to cause private enterprise in their locality or metropolitan
24 area to build an adequate supply of decent, safe, and sanitary

1 dwellings for their use. The term 'families' includes families
 2 consisting of a single person in the case of elderly families
 3 and displaced families, and includes the remaining member
 4 of a tenant family. The term 'elderly families' means families
 5 whose heads (or their spouses), or whose sole members, have
 6 attained the age at which an individual may elect to receive
 7 an old-age benefit under title II of the Social Security Act,
 8 or are under a disability as defined in section 223 of that
 9 Act, or are handicapped within the meaning of section
 10 202 of the Housing Act of 1959. The term 'displaced fami-
 11 lies' means families displaced by urban renewal or other
 12 governmental action."

13 ~~(d) Section 15(7)(b) of such Act is amended by strik-~~
 14 ~~ing out "(ii)" and all that follows down through "and~~
 15 ~~(iii)", and by inserting in lieu thereof "and (ii)".~~

16 DIRECT LOANS TO PROVIDE HOUSING FOR THE ELDERLY
 17 OR HANDICAPPED

18 SEC. 105. ~~(a) Section 202(a)(4) of the Housing Act~~
 19 ~~of 1959 is amended by striking out "not to exceed \$350,-~~
 20 ~~000,000"~~ and inserting in lieu thereof "such sums as may
 21 be necessary for purposes of this section,"

22 ~~(b) Effective with respect to loans made on or after~~
 23 ~~the date of the enactment of this Act, section 202(a)(3) of~~
 24 ~~such Act is amended by striking out "the higher of (A)~~

1 $2\frac{3}{4}$ per centum per annum, or” and inserting in lieu thereof
 2 “the lower of (A) 3 per centum per annum, or”.

3 (c) Section 202 (a) of such Act is further amended
 4 by adding at the end thereof the following new paragraph:

5 “(5) No loan shall be made under this section after
 6 October 1, 1969, except pursuant to a commitment entered
 7 into on or before such date.”

8 REHABILITATION GRANTS TO HOMEOWNERS IN URBAN

9 RENEWAL AREAS

10 SEC. 106. (a) Title I of the Housing Act of 1949 is
 11 amended by adding at the end thereof the following new
 12 section:

13 “REHABILITATION GRANTS

14 “SEC. 115. (a) Notwithstanding any other provision
 15 of this title, the Administrator may authorize a local public
 16 agency to make grants (and the urban renewal project may
 17 include the making of such grants) as prescribed in this sec-
 18 tion. Any such grant may be made only to an individual or
 19 family, as described in subsection (b), who owns and oc-
 20 cupies a structure in an urban renewal area, and only for the
 21 purpose of covering the cost of repairs and improvements
 22 necessary to make such structure conform to public standards
 23 for decent, safe, and sanitary housing as required by appli-

1 eable codes or other requirements of the urban renewal plan
2 for the area. Any contract for financial assistance under this
3 title shall provide that the capital grant otherwise payable
4 for the project shall be increased by an amount equal to the
5 total amount of the grants under this section and that no part
6 of the total amount of such grants shall be required to be
7 contributed as part of the local grant-in-aid.

8 “(b) A grant authorized by this section may be made
9 to an individual or family whose income does not exceed
10 \$2,000 a year, and such grant may be in an amount which
11 does not exceed the lesser of (1) the actual (and approved)
12 cost of the repairs and improvements involved, or (2)
13 \$1,500. In case the income of the individual or family
14 exceeds \$2,000 a year, a grant may be made under this
15 section, subject to the limitations specified in clauses (1) and
16 (2) of the preceding sentence, but only in an amount not to
17 exceed that portion of the cost of the repairs and improve-
18 ments which cannot be paid for with any available loan that
19 can be amortized as part of such individual's or family's
20 monthly housing expense without requiring such monthly
21 housing expense to exceed 25 per centum of such individual's
22 or family's monthly income.”

23 (b) Any contract with a local public agency which was
24 executed under title I of the Housing Act of 1949 before the
25 date of enactment of this Act may be amended to provide for

1 grants authorized by section 115 of the Housing Act of
2 1949.

3 TITLE II—FHA INSURANCE OPERATIONS

4 LAND DEVELOPMENT

5 SEC. 201. (a) The National Housing Act is amended
6 by adding at the end thereof the following new title:

7 “TITLE X—MORTGAGE INSURANCE FOR LAND
8 DEVELOPMENT

9 “DEFINITIONS

10 “SEC. 1001. As used in this title—

11 “(a) the term ‘mortgage’ means a lien or liens on
12 real estate in fee simple, or on a leasehold (1) under a
13 lease for not less than ninety-nine years which is renew-
14 able or (2) under a lease having a period of not less
15 than fifty years to run from the date the mortgage was
16 executed;

17 “(b) the term ‘first mortgage’ includes such classes
18 of first liens as are commonly given to secure advances
19 (including but not limited to advances during construc-
20 tion) on, or the unpaid purchase price of, real estate
21 under the laws of the State in which the real estate is
22 located, together with the credit instrument or instru-
23 ments, if any, secured thereby, and may be in the form
24 of trust mortgages or mortgage indentures or deeds of
25 trusts securing notes, bonds, or other credit instruments;

1 “(e) the terms ‘mortgagee’, ‘mortgagor’, and
2 ‘State’ have the same meaning as in section 207 of
3 this Act;

4 “(d) the term ‘improvements’ means waterlines and
5 water supply installations, sewerlines and sewage dis-
6 posal installations, roads, streets, curbs, gutters, side-
7 walks, storm drainage facilities, and other installations
8 or work, whether on or off the site, which the Com-
9 missioner deems necessary or desirable to prepare land
10 primarily for residential and related uses or to provide,
11 for public or common use, facilities which (1) shall
12 include only such buildings as are needed in connection
13 with water supply or sewage disposal installations and
14 such buildings, other than schools, as the Commissioner
15 considers appropriate, and (2) are to be owned and
16 maintained jointly by the property owners; and

17 “(e) the term ‘land development’ means the process
18 of making, installing, or constructing improvements.

19 “BASIC CONDITIONS FOR INSURANCE

20 “SEC. 1002. The Commissioner is authorized (1) to
21 insure, upon such terms and conditions as he may prescribe,
22 any first mortgage (including advances on such mortgage)
23 in accordance with the provisions of this title and (2) to
24 make a commitment for the insurance of such mortgage prior
25 to the date of execution of such mortgage or prior to the date

1 of disbursement of the mortgage proceeds. No mortgage
 2 shall be insured under this title after October 1, 1969, except
 3 pursuant to a commitment to insure issued before such date.

4 “SEC. 1003. The mortgage shall—

5 “(a) be executed by a mortgagor, other than a pub-
 6 lic body, approved by the Commissioner;

7 “(b) be made to and held by a mortgagee approved
 8 by the Commissioner; and

9 “(c) cover the land to be developed and the im-
 10 provements to be made with the assistance of the mort-
 11 gage insurance under this title, except facilities intended
 12 for public use and in public ownership.

13 “SEC. 1004. The principal obligation of the mortgage
 14 shall ~~(1)~~ not exceed 75 per centum of the Commissioner’s
 15 estimate of the value of the property upon completion of the
 16 land development, and ~~(2)~~ not exceed the sum of 50 per
 17 centum of the Commissioner’s estimate of the value of the
 18 land before development and 90 per centum of his estimate
 19 of the cost of such development. The outstanding principal
 20 obligations of mortgages involving a single land development
 21 undertaking, as defined by the Commissioner, shall at no
 22 time exceed \$12,500,000.

23 “SEC. 1005. The mortgage shall—

24 “(a) have a maturity, not to exceed seven years,

1 and contain repayment provisions satisfactory to the
2 Commissioner;

3 “(b) bear interest at a rate satisfactory to the Com-
4 missioner; and such interest shall be exclusive of premium
5 charges for mortgage insurance and such service charges
6 and fees as may be approved by the Commissioner; and

7 “(c) contain such terms and provisions with respect
8 to protection of the security, payment of taxes, de-
9 linquency charges, prepayment, additional and secondary
10 lines, and other matters as the Commissioner may in his
11 discretion prescribe.

12 “SEC. 1006. A property or project to be financed by a
13 mortgage insured under this title shall—

14 “(a) represent a good mortgage insurance risk;
15 and

16 “(b) involve improvements that comply with all
17 applicable State and local governmental requirements
18 and with minimum standards approved by the Com-
19 missioner.

20 ~~"LAND PLANNING~~

21 “SEC. 1007. (a) The land development covered by a
22 mortgage insured under this title shall be undertaken pur-
23 suant to a schedule, conforming to such requirements and
24 procedures as the Commissioner may prescribe, that will

1 assure the use of the land for the purposes for which it is to
 2 be developed within the shortest reasonable period consistent
 3 with the objectives of sound and economic community growth
 4 or urban development.

5 “(b) The land development shall be undertaken in
 6 accordance with an overall development plan, appropriate
 7 to the scope and character of the undertaking, which—

8 “(1) has received all governmental approvals re-
 9 quired by State or local law or by the Commissioner;

10 “(2) is acceptable to the Commissioner as provid-
 11 ing reasonable assurance that the land development will
 12 contribute to good living conditions in the area being
 13 developed; which area (i) will have a sound economic
 14 base and a long economic life; (ii) will be characterized
 15 by sound land-use patterns; and (iii) will include or be
 16 served by such shopping, school, recreational, transpor-
 17 tation, and other facilities as the Commissioner deems
 18 adequate or necessary; and

19 “(3) is consistent with a comprehensive plan which
 20 covers, or with comprehensive planning being carried
 21 on for, the area in which the land is situated; and which
 22 meets criteria established by the Housing and Home
 23 Finance Administrator for such plans or planning.

1 "ENCOURAGEMENT OF SMALL BUILDERS AND MODERATE
2 COST HOUSING

3 "SEC. 1008. The Commissioner shall adopt such require-
4 ments as he deems necessary in land development covered
5 by mortgages insured under this title to encourage the main-
6 tenance of a diversified local homebuilding industry, broad
7 participation by builders, and the inclusion of a proper bal-
8 ance of housing for families of moderate or low income.

9 "WATER AND SEWERAGE FACILITIES

10 "SEC. 1009. After development of the land it shall be
11 served by public systems for water and sewerage which are
12 consistent with other existing or prospective systems within
13 the area. If the Commissioner determines that public own-
14 ership of such a system is not feasible, he may approve an
15 adequate privately or cooperatively owned system which
16 will be regulated, during the period of such ownership, in
17 a manner acceptable to him with respect to user rates and
18 charges, capital structure, methods of operation, and rate
19 of return. Approval of such system shall be given only
20 where the Commissioner receives assurances, satisfactory
21 to him, with respect to eventual public ownership and op-
22 eration of the system and with respect to the conditions
23 and terms of any sale or transfer.

1 “RELEASES

2 “SEC. 1010. The Commissioner may, on such terms and
3 conditions as he may prescribe, consent to the release or
4 subordination of a part or parts of the mortgaged property
5 from the lien of the mortgage.

6 “PREMIUMS AND FEES

7 “SEC. 1011. The Commissioner shall collect reasonable
8 premiums for the insurance of any mortgage under this title
9 and make such charges as he determines are reasonable for
10 the analysis of the land development plan and the appraisal
11 and inspection of the property and improvements. On or
12 before January 1, 1967, the Commissioner shall make a
13 report to the Congress concerning the premium rates and
14 other charges under this title that he estimates will be ade-
15 quate to provide income sufficient for a self-supporting pro-
16 gram.

17 “INSURANCE BENEFITS

18 “SEC. 1012. The provisions of subsections (c), (g),
19 (h), (i), (j), (k), (l), and (n) of section 207 of this
20 Act shall be applicable to mortgages insured under this
21 title, except that as applied to such mortgages (1) any
22 reference therein to section 207 shall be deemed to refer to
23 this title, and (2) any reference to an annual premium shall

1 be deemed to refer to such premiums as the Commissioner
2 may designate under this title.

3 "INCONTESTABILITY PROVISIONS

4 "SEC. 1013. Any contract of insurance executed by the
5 Commissioner under this title shall be conclusive evidence of
6 the eligibility of the mortgage for insurance; and the validity
7 of any contract of insurance so executed shall be incontest-
8 able in the hands of an approved mortgagee from the date of
9 the execution of such contract, except for fraud or material
10 misrepresentation on the part of such approved mortgagee.

11 "RULES AND REGULATIONS

12 "SEC. 1014. The Commissioner is authorized to make
13 such rules and regulations and to require such agreements
14 as he may deem necessary or desirable to carry out the pro-
15 visions of this title.

16 "TAXATION PROVISIONS

17 "SEC. 1015. Nothing in this title shall be construed to
18 exempt any real property acquired and held by the Com-
19 missioner under this title from taxation by any State or
20 political subdivision thereof to the same extent, according
21 to its value, as other real property is taxed.

22 "COST CERTIFICATION

23 "SEC. 1016. (a) The Commissioner shall adopt such re-
24 quirements as he determines necessary to assure, at reason-
25 able intervals of time during land development and upon

1 completion of such development, that the amount of the
2 mortgage loan outstanding at each such interval does not
3 exceed with respect to that portion of the land remaining
4 under the lien of the mortgage ~~(1)~~ 50 per centum of the
5 Commissioner's estimate of the value of such remaining
6 land before development, plus ~~(2)~~ 90 per centum of the
7 actual costs of the development allocated by the Commis-
8 sioner to such remaining land.

9 ~~"(b)~~ From time to time during, and upon completion
10 of, the development, the Commissioner shall require the
11 mortgagor to certify as to the actual costs of development
12 of the land.

13 ~~"(c)~~ Certifications required pursuant to this section
14 shall be accompanied by such data and records as the Com-
15 missioner shall prescribe.

16 ~~"(d)~~ A mortgagor's certification approved by the Com-
17 missioner shall be final and incontestable except for fraud
18 or material misrepresentation on the part of the mortgagor.

19 ~~"(e)~~ As used in this section, the term 'actual costs'
20 means the costs ~~(exclusive of kickbacks, rebates, or trade~~
21 ~~discounts)~~ to the mortgagor of the improvements involved.
22 These costs may include amounts paid for labor, materials,
23 construction contracts, land planning, engineers' and archi-
24 tects' fees, surveys, taxes, and interest during development,
25 organizational and legal expenses, such allocation of general

1 overhead expenses as are acceptable to the Commissioner;
2 and other items of expense incidental to development which
3 may be approved by the Commissioner. If the Commis-
4 sioner determines there is an identity of interest between
5 the mortgagor and the contractor, there may be included
6 an allowance for contractor's profit in an amount deemed
7 reasonable by the Commissioner."

8 ~~(b)~~ (1) Section 302~~(b)~~ of the National Housing Act is
9 amended by striking out "the term 'mortgages' " in the last
10 sentence and inserting in lieu thereof "the terms 'mortgages'
11 and 'home mortgages' ".

12 ~~(2)~~ The first paragraph of section 24 of the Federal
13 Reserve Act is amended by inserting before the next to last
14 sentence the following new sentence: "Notwithstanding the
15 foregoing limitations and restrictions in this section, any na-
16 tional banking association may make loans for land develop-
17 ment which are secured by mortgages insured under title X
18 of the National Housing Act."

19 ~~(3)~~ Section 5~~(c)~~ of the Home Owners Loan Act of
20 1933 is amended by adding at the end thereof the following
21 new paragraph:

22 "Without regard to any other provision of this sub-
23 section, any such association may, to such extent as the
24 Federal Home Loan Bank Board may by regulation permit;

1 invest in loans, and interests in loans, secured by mortgages
 2 as to which the association has the benefit of insurance under
 3 title X of the National Housing Act or of a commitment or
 4 agreement for such insurance, and investments under this
 5 sentence shall not be included in any percentage of assets
 6 or other percentage referred to in this subsection."

7 ~~(4)~~ Section 212~~(a)~~ of the National Housing Act is
 8 amended by inserting at the end thereof the following new
 9 sentence: "The provisions of this section shall also apply
 10 to insurance under title X with respect to laborers or me-
 11 chanics employed in land development financed with the
 12 proceeds of any mortgage insured under that title."

13 EXTENSION OF INSURANCE AUTHORIZATIONS

14 SEC. 202. ~~(a)~~ Section 2~~(a)~~ of the National Housing
 15 Act is amended by striking out "October 1, 1965" and insert-
 16 ing in lieu thereof "October 1, 1969".

17 ~~(b)~~ Section 217 of such Act is amended—

18 ~~(1)~~ by striking out "title VIII" and inserting in
 19 lieu thereof "title VIII, or title X", and

20 ~~(2)~~ by striking "October 1, 1965" and insert-
 21 ing in lieu thereof "October 1, 1969".

22 ~~(c)~~ The second sentences of sections 809~~(f)~~ and 810~~(k)~~
 23 of such Act are each amended by striking out "October 1,
 24 1965" and inserting in lieu thereof "October 1, 1969".

1 MULTIFAMILY MORTGAGE LIMITS FOR FOUR OR MORE

2 BEDROOM UNITS

3 SEC. 203. ~~(a)~~ Section 207(c)(3) of the National
4 Housing Act is amended—

5 ~~(1)~~ by striking out “and \$18,500 per family unit
6 with three or more bedrooms” and inserting in lieu
7 thereof “\$18,500 per family unit with three bedrooms,
8 and \$21,000 per family unit with four or more bed-
9 rooms,”; and

10 ~~(2)~~ by striking out “and \$22,500 per family unit
11 with three or more bedrooms” and inserting in lieu
12 thereof “\$22,500 per family unit with three bedrooms,
13 and \$25,500 per family unit with four or more bed-
14 rooms”.

15 ~~(b)(1)~~ Section 213(b)(2) of such Act is amended—

16 ~~(A)~~ by striking out “and \$18,500 per family unit
17 with three or more bedrooms” and inserting in lieu
18 thereof “\$18,500 per family unit with three bedrooms,
19 and \$21,000 per family unit with four or more bed-
20 rooms,”; and

21 ~~(B)~~ by striking out “and \$22,500 per family unit
22 with three or more bedrooms” and inserting in lieu
23 thereof “\$22,500 per family unit with three bedrooms,
24 and \$25,500 per family unit with four or more bed-
25 rooms”.

1 ~~(2)~~ Section 213(c) of such Act is amended by strik-
 2 ing out “and not to exceed” and all that follows and insert-
 3 ing in lieu thereof the following: “and not to exceed a sum
 4 computed on the basis of a separate mortgage for each
 5 single-family dwelling (irrespective of whether such dwell-
 6 ing has a party wall or is otherwise physically connected
 7 with another dwelling or dwellings) comprising the prop-
 8 erty or project, equal to the total of each of the maximum
 9 principal obligations of such mortgages which would meet
 10 the requirements of section 203(b)~~(2)~~ if the mortgagor
 11 were the owner and occupant who had made any required
 12 payment on account of the property prescribed in such
 13 paragraph.”

14 ~~(c)~~ Section 220(d)~~(3)~~(B)~~(iii)~~ of such Act is
 15 amended—

16 (1) by striking out “and \$18,500 per family unit
 17 with three or more bedrooms” and inserting in lieu
 18 thereof “\$18,500 per family unit with three bedrooms,
 19 and \$21,000 per family unit with four or more bed-
 20 rooms”; and

21 (2) by striking out “and \$22,500 per family unit
 22 with three or more bedrooms” and inserting in lieu
 23 thereof “\$22,500 per family unit with three bedrooms,
 24 and \$25,500 per family unit with four or more bed-
 25 rooms”.

1 ~~(d)~~ Section 221~~(d)~~ of such Act is amended—

2 ~~(1)~~ by striking out “and \$17,000 per family unit
3 with three or more bedrooms” in paragraphs ~~(3)~~ ~~(ii)~~
4 and ~~(4)~~ ~~(ii)~~ and inserting in lieu thereof “\$17,000 per
5 family unit with three bedrooms, and \$19,250 per family
6 unit with four or more bedrooms”; and

7 ~~(2)~~ by striking out “and \$20,000 per family unit
8 with three or more bedrooms” in paragraphs ~~(3)~~ ~~(ii)~~
9 and ~~(4)~~ ~~(ii)~~ and inserting in lieu thereof “\$20,000 per
10 family unit with three bedrooms, and \$22,750 per
11 family unit with four or more bedrooms”.

12 ~~(e)~~ Section 231~~(e)~~ ~~(2)~~ of such Act is amended—

13 ~~(1)~~ by striking out “ and \$17,000 per family unit
14 with three or more bedrooms” and inserting in lieu
15 thereof \$17,000 per family unit with three bedrooms,
16 and \$19,250 per family unit with four or more bed-
17 rooms”; and

18 ~~(2)~~ by striking out “and \$20,000 per family unit
19 with three or more bedrooms” and inserting in lieu
20 thereof “\$20,000 per family unit with three bedrooms,
21 and \$22,750 per family unit with four or more bed-
22 rooms”.

23 ~~(f)~~ Section 234~~(e)~~ ~~(3)~~ of such Act is amended—

24 ~~(1)~~ by striking out “and \$18,500 per family unit
25 with three or more bedrooms” and inserting in lieu

1 thereof "\$18,500 per family unit with three bedrooms;
2 and \$21,000 per family unit with four or more bed-
3 rooms"; and

4 ~~(2)~~ by striking out "and \$22,500 per family unit
5 with three or more bedrooms" and inserting in lieu
6 thereof "\$22,500 per family unit with three bedrooms,
7 and \$25,500 per family unit with four or more bed-
8 rooms".

9 REHABILITATION IN URBAN RENEWAL AREAS

10 SEC. 204. Section 220(d)(3)(A) of the National
11 Housing Act is amended—

12 ~~(1)~~ by striking out the second proviso in clause
13 ~~(i)~~; and

14 ~~(2)~~ by striking out clause ~~(ii)~~ and inserting in
15 lieu thereof the following:

16 "~~(ii)~~ in a case where the mortgagor is not the
17 occupant of the property and intends to hold the prop-
18 erty for rental purposes, have a principal obligation in
19 an amount not to exceed 93 per centum of the amount
20 computed under the provisions of clause ~~(i)~~;

21 "~~(iii)~~ in a case where the mortgagor is not the
22 occupant of the property and intends to hold the prop-
23 erty for the purpose of sale, have a principal obligation
24 in an amount not to exceed 85 per centum of the amount

1 computed under the provisions of clause (i), or in the
2 alternative, in an amount equal to the amount computed
3 under the provisions of clause (i) if the mortgagor and
4 mortgagee assume responsibility in a manner satisfactory
5 to the Commissioner for the reduction of the mortgage
6 by an amount not less than 15 per centum of the out-
7 standing principal amount thereof, or by such greater
8 amount as may be required to meet the limitations of
9 clause (iv), in the event the mortgaged property is not,
10 prior to the due date of the eighteenth amortization pay-
11 ment of the mortgage, sold to a purchaser acceptable to
12 the Commissioner who is the occupant of the property
13 and who assumes and agrees to pay the mortgage in-
14 debtedness; and

15 “(iv) in no case involving refinancing (except as
16 provided in clause (iii)) have a principal obligation
17 in an amount exceeding the sum of the estimated cost
18 of repair and rehabilitation and the amount (as deter-
19 mined by the Commissioner) required to refinance ex-
20 isting indebtedness secured by the property or project,
21 plus any existing indebtedness incurred in connection
22 with improving, repairing, or rehabilitating the prop-
23 erty; or”.

1 NONDWELLING FACILITIES FOR URBAN RENEWAL HOUSING

2 SEC. 205. Section 220(d)(3)(B) of the National
3 Housing Act is amended by striking out clause (iv) and
4 inserting in lieu thereof the following:

5 “(iv) include such nondwelling facilities as the
6 Commissioner deems desirable and consistent with the
7 urban renewal plan: *Provided*, That the project shall
8 be predominantly residential and any nondwelling fa-
9 cility included in the mortgage shall be found by the
10 Commissioner to contribute to the economic feasibility
11 of the project.”

12 LARGER INSURED MORTGAGES FOR SERVICEMEN

13 SEC. 206. Section 222(b) of the National Housing Act
14 is amended—

15 (1) by striking out “\$20,000” in paragraph (2)
16 and inserting in lieu thereof “\$30,000”; and

17 (2) by striking out paragraph (3) and inserting
18 in lieu thereof the following:

19 “(3) have a principal obligation not in excess of
20 the amount derived by applying the maximum ratio of
21 loan to value prescribed in the first sentence of section
22 203(b)(2); and”.

1 REFINANCING OF INSURED MORTGAGES

2 SEC. 207. Section 223(a)(7) of the National Housing
3 Act is amended by striking out "section 608 of title VI prior
4 to the effective date of the Housing Act of 1954 or under
5 section 220, 221, 903, or section 908" and inserting in lieu
6 thereof "this Act".

7 CONSOLIDATION OF FHA INSURANCE FUNDS

8 SEC. 208. Title V of the National Housing Act is
9 amended by adding at the end thereof the following new
10 section:

11 "ESTABLISHMENT OF GENERAL INSURANCE FUND

12 "SEC. 519. (a) There is hereby created a General In-
13 surance Fund which shall be used by the Commissioner, on
14 and after the date of the enactment of the Housing and Urban
15 Development Act of 1965, as a revolving fund for carrying
16 out all the insurance provisions of this Act with the excep-
17 tion of those specified in subsection (e). All mortgages or
18 loans insured under this Act pursuant to commitments issued
19 on or after the date of the enactment of the Housing and
20 Urban Development Act of 1965, except those specified in
21 subsection (e), and all loans reported for insurance under
22 section 2 on or after the date of the enactment of the
23 Housing and Urban Development Act of 1965, shall be
24 insured under the General Insurance Fund. The Commis-
25 sioner shall transfer to the General Insurance Fund—

1 “(1) the assets and liabilities of all insurance ac-
2 counts and funds, except the Mutual Mortgage Insurance
3 Fund, existing under this Act immediately prior to
4 the enactment of the Housing and Urban Development
5 Act of 1965;

6 “(2) all outstanding commitments for insurance
7 issued prior to the date of the enactment of the Housing
8 and Urban Development Act of 1965, except those
9 specified in subsection (c);

10 “(3) the insurance on all mortgages and loans in-
11 sured prior to the date of the enactment of the Housing
12 and Urban Development Act of 1965, except insur-
13 ance specified in subsection (c); and

14 “(4) the insurance of all loans made by approved
15 financial institutions pursuant to section 2 prior to the
16 date of the enactment of the Housing and Urban De-
17 velopment Act of 1965.

18 “(b) The general expenses of the operations of the Fed-
19 eral Housing Administration relating to mortgages and loans
20 which are the obligation of the General Insurance Fund
21 may be charged to the General Insurance Fund.

22 “(c) Moneys in the General Insurance Fund not needed
23 for the current operations of the Federal Housing Admin-
24 istration with respect to mortgages and loans which are the
25 obligation of the General Insurance Fund shall be deposited

1 with the Treasurer of the United States to the credit of such
2 Fund, or invested in bonds or other obligations of, or in
3 bonds or other obligations guaranteed as to principal and
4 interest by, the United States. The Commissioner may, with
5 the approval of the Secretary of the Treasury, purchase in
6 the open market debentures issued as obligations of the Gen-
7 eral Insurance Fund or issued prior to the enactment of the
8 Housing and Urban Development Act of 1965 under other
9 provisions of this Act, except debentures issued under the
10 Mutual Mortgage Insurance Fund. Such purchases shall be
11 made at a price which will provide an investment yield of not
12 less than the yield obtainable from other investments author-
13 ized by this section. Debentures so purchased shall be can-
14 celed and not reissued.

15 “(d) Premium charges, adjusted premium charges, and
16 appraisal and other fees received on account of the insurance
17 of any mortgage or loan which is the obligation of the Gen-
18 eral Insurance Fund, the receipts derived from the property
19 covered by such mortgages and loans and from the claims,
20 debts, contracts, property, and security assigned to the Com-
21 missioner in connection therewith, and all earnings on the
22 assets of the Fund shall be credited to the General Insurance
23 Fund. The principal of, and interest paid and to be paid on,
24 debentures which are the obligation of such Fund, and cash
25 insurance payments and adjustments, and expenses incurred

1 in the handling, management, renovation, and disposal of
 2 properties acquired, in connection with mortgages and loans
 3 which are the obligation of such Fund, shall be charged to
 4 such Fund.

5 “(e) The General Insurance Fund shall not be used
 6 for carrying out the provisions of sections 203(b), 203(h),
 7 and 203(i), or the provisions of section 213 to the extent
 8 that they involve mortgages the insurance for which is the
 9 obligation of the Cooperative Management Housing Insur-
 10 ance Fund created by section 213(k); and nothing in this
 11 section shall apply to or affect any mortgages, loans, com-
 12 mitments, or insurance under such provisions.”

13 MUTUALITY FOR MANAGEMENT-TYPE COOPERATIVES

14 SEC. 209. (a) Section 213 of the National Housing Act
 15 is amended by adding at the end thereof the following new
 16 subsections:

17 “(k) There is hereby created a Cooperative Manage-
 18 ment Housing Insurance Fund (hereinafter referred to as
 19 the ‘Management Fund’). The Management Fund shall
 20 be used by the Commissioner as a revolving fund for carry-
 21 ing out the provisions of this section with respect to
 22 mortgages or loans insured, on or after the date of the enact-
 23 ment of this subsection, under subsections (a)(1), (a)(3)
 24 (if the project is acquired by a cooperative corporation),
 25 (i), and (j). The Management Fund shall also be used as

1 a revolving fund for mortgages, loans, and commitments
2 transferred to it pursuant to subsection (m). The Commis-
3 sioner is directed to transfer to the Management Fund from
4 the General Insurance Fund established pursuant to section
5 519 such amount as the Commissioner determines to be
6 necessary and appropriate. General expenses of operation
7 of the Federal Housing Administration relating to mort-
8 gages or loans which are the obligation of the Management
9 Fund may be charged to the Management Fund.

10 “(l) The Commissioner shall establish in the Manage-
11 ment Fund, as of the date of the enactment of this subsec-
12 tion, a General Surplus Account and a Participating Reserve
13 Account. The aggregate net income thereafter received or
14 any net loss thereafter sustained by the Management Fund,
15 in any semiannual period, shall be credited or charged to
16 the General Surplus Account or the Participating Reserve
17 Account or both in such manner and amounts as the Com-
18 missioner may determine to be in accord with sound actu-
19 arial and accounting practice. Upon termination of the
20 insurance obligation of the Management Fund by payment
21 of any mortgage or loan insured under this section, and at
22 such time or times prior to such termination as the Commis-
23 sioner may determine, the Commissioner is authorized to
24 distribute to the mortgagor or borrower a share of the Par-
25 ticipating Reserve Account in such manner and amount as

1 the Commissioner shall determine to be equitable and in ac-
 2 cordance with sound actuarial and accounting practice: *Pro-*
 3 *vided*, That in no event shall the amount of the distributable
 4 share exceed the aggregate scheduled annual premiums of the
 5 mortgagor or borrower to the year of payment of the share
 6 less the total amount of any share or shares previously dis-
 7 tributed by the Commissioner to the mortgagor or borrower:
 8 *And provided further*, That in no event may a distributable
 9 share be distributed until any funds transferred from the Gen-
 10 eral Insurance Fund to the Management Fund pursuant to
 11 subsection ~~(k)~~ or ~~(o)~~ have been repaid in full to the General
 12 Insurance Fund. No mortgagor, mortgagee, borrower, or
 13 lender shall have any vested right in a credit balance in any
 14 such account or be subject to any liability arising out of the
 15 mutuality of the Management Fund. The determination of
 16 the Commissioner as to the amount to be paid by him to any
 17 mortgagor or borrower shall be final and conclusive.

18 “~~(m)~~ The Commissioner is authorized to transfer to the
 19 Management Fund commitments for insurance issued under
 20 subsections ~~(a)(1)~~, ~~(i)~~, and ~~(j)~~ prior to the date of the
 21 enactment of this subsection, and to transfer to the Manage-
 22 ment Fund the insurance of any mortgage or loan insured
 23 prior to the date of the enactment of this subsection under
 24 subsection ~~(a)(1)~~, ~~(a)(3)~~ (if the project is acquired by a
 25 cooperative corporation), ~~(i)~~, or ~~(j)~~, but only in cases

1 where the consent of the mortgagee or lender to the transfer
 2 is obtained or a request by the mortgagee or lender for the
 3 transfer is received by the Commissioner within such period
 4 of time after the date of the enactment of this subsection as
 5 the Commissioner shall prescribe: *Provided*, That the insur-
 6 ance of any mortgage or loan shall not be transferred under
 7 the provisions of this subsection if on the date of the enact-
 8 ment of this subsection the mortgage or loan is in default and
 9 the mortgagee or lender has notified the Commissioner in
 10 writing of its intention to file an insurance claim.— Any
 11 insurance or commitment not so transferred shall continue to
 12 be an obligation of the General Insurance Fund.

13 “(n)—Notwithstanding the limitations contained in
 14 other provisions of this Act, premium charges for mortgages
 15 or loans insured under this section and sections 207, 231, and
 16 232 may be payable in debentures issued in connection with
 17 mortgages or loans transferred to the Management Fund or
 18 in connection with mortgages or loans insured pursuant to
 19 commitments transferred to the Management Fund, as pro-
 20 vided in subsection (m) of this section.

21 “(o)—Notwithstanding any other provision of this Act,
 22 the Commissioner is authorized to transfer funds between
 23 the Cooperative Management Housing Insurance Fund and
 24 the General Insurance Fund in such amounts and at such
 25 times as he may determine, taking into consideration the

1 requirements of each such Fund, to assist in carrying out
 2 effectively the insurance programs for which such Funds
 3 were respectively established."

4 ~~(b)~~ Section 213 of such Act is further amended—

5 ~~(1)~~ by inserting before the period at the end of
 6 subsection ~~(a)~~ the following: "*Provided*, That as ap-
 7 plied to mortgages the mortgage insurance for which is
 8 the obligation of the Management Fund, the reference
 9 to the General Insurance Fund in section 207(b)(2)
 10 shall be construed to refer to the Management Fund";
 11 and

12 ~~(2)~~ by inserting before the period at the end of
 13 subsection ~~(c)~~ the following: "*Provided*, That as ap-
 14 plied to mortgages or loans the insurance for which is
 15 the obligation of the Management Fund ~~(1)~~ all refer-
 16 ences to the General Insurance Fund shall be construed
 17 to refer to the Management Fund, and ~~(2)~~ all refer-
 18 ences to section 207 shall be construed to refer to sub-
 19 sections ~~(a)(1)~~, ~~(a)(3)~~ (if the project involved is
 20 acquired by a cooperative corporation), ~~(i)~~, and ~~(j)~~
 21 of this section".

22 OPTIONAL CASH PAYMENT OF INSURANCE BENEFITS

23 SEC. 210. Title V of the National Housing Act is
 24 amended by adding at the end thereof (after the new sec-

tion added by section 208 of this Act) the following new section:

“OPTIONAL CASH PAYMENT OF INSURANCE BENEFITS

“SEC. 520. (a) Notwithstanding any other provisions of this Act with respect to the payment of insurance benefits, the Commissioner is authorized, in his discretion, to pay in cash or in debentures any insurance claim or part thereof which is paid on or after the date of the enactment of the Housing and Urban Development Act of 1965 on a mortgage or a loan which was insured under any section of this Act either before or after such date. If payment is made in cash, it shall be in an amount equivalent to the face amount of the debentures that would otherwise be issued plus an amount equivalent to the interest which the debentures would have earned, computed to a date to be established pursuant to regulations issued by the Commissioner.

“(b) The Commissioner is authorized to borrow from the Treasury from time to time such amounts as the Commissioner shall determine are necessary to make payments in cash (in lieu of issuing debentures guaranteed by the United States, as provided in this Act) pursuant to the provisions of this section. Notes or other obligations issued by the Commissioner in borrowing under this subsection shall be subject to such terms and conditions as the Secretary of the Treasury may prescribe. Each sum borrowed pur-

1 suant to this subsection shall bear interest at a rate deter-
2 mined by the Secretary of the Treasury, taking into consid-
3 eration the average market yield on outstanding marketable
4 obligations of the United States of comparable maturities
5 during the month preceeding the issuance of such notes or
6 other obligations."

7 FHA MORTGAGE FINANCING FOR VETERANS

8 SEC. 211. ~~(a)~~ Section 203(b)(2) of the National
9 Housing Act is amended—

10 ~~(1)~~ by striking out "and not to exceed" and in-
11 serting in lieu thereof "and ~~(except as provided in the~~
12 last sentence of this paragraph) not to exceed"; and

13 ~~(2)~~ by adding at the end thereof the following
14 new sentence: "If the mortgagor is a veteran (as de-
15 fined in section 101(2) of title 38, United States Code)
16 who has not received any direct, guaranteed, or insured
17 loan under laws administered by the Veterans' Admin-
18 istration for the purchase, construction, or repair of a
19 dwelling (including a farm dwelling) which was to be
20 owned and occupied by him as his home, and the mort-
21 gage to be insured under this section covers property
22 upon which there is located a dwelling designed prin-
23 cipally for a one-family residence, the principal obliga-
24 tion may be in an amount equal to the sum of ~~(i)~~ 100
25 per centum of \$20,000 of the appraised value of the

1 property as of the date the mortgage is accepted for
 2 insurance, and ~~(ii)~~ 85 per centum of such value in
 3 excess of \$20,000."

4 ~~(b)~~ Section 203(b)(9) of such Act is amended by
 5 inserting after "on account of the property" the following:
 6 "(except in a case to which the last sentence of paragraph
 7 (2) applies)".

8 MORTGAGE LIMIT FOR HOMES IN OUTLYING AREAS UNDER
 9 FHA SECTION 203(i) PROGRAM

10 SEC. 212. Section 203(i) of the National Housing Act
 11 is amended by striking out "\$11,000" and inserting in lieu
 12 thereof \$12,500".

13 REFINANCING OF HOUSING FOR ELDERLY PROJECTS

14 SEC. 213. Section 231(c)(7) of the National Housing
 15 Act is amended by striking out "with 50 per centum" and
 16 inserting in lieu thereof "or involves the refinancing of a
 17 mortgage covering an existing property or project in which
 18 it has been determined by the Commissioner that such re-
 19 financing is necessary or desirable in order to avoid hardship
 20 for elderly or handicapped persons or families who are tenants
 21 or prospective tenants of such project: *Provided*, That in
 22 either case, such property or project shall contain 50 per
 23 centum".

TITLE III—URBAN RENEWAL

STUDY OF HOUSING AND BUILDING CODES, ZONING, TAX
POLICIES, AND DEVELOPMENT STANDARDS

SEC. 301. (a) The Congress finds that the general welfare of the Nation requires that local authorities be encouraged and aided to prevent slums, blight, and sprawl, preserve natural beauty, and provide for decent, durable housing so that the goal of a decent home and a suitable living environment for every American family may be realized as soon as feasible. The Congress further finds that there is a need to study housing and building codes, zoning, tax policies, and development standards in order to determine how (1) local property owners and private enterprise can be encouraged to serve as large a part as they can of the total housing and building need, and (2) Federal, State, and local governmental assistance can be so directed as to place greater reliance on local property owners and private enterprise and enable them to serve a greater share of the total housing and building need. The Housing and Home Finance Administrator is therefore directed to study the structure of (1) State and local urban and suburban housing and building laws, standards, codes, and regulations and their impact on housing and building costs, how they can be simplified, im-

1 proved, and enforced, at the local level, and what methods
 2 might be adopted to promote more uniform building codes
 3 and the acceptance of technical innovations including new
 4 building practices and materials; ~~(2)~~ State and local zoning
 5 and land use laws, codes, and regulations, to find ways by
 6 which States and localities may improve and utilize them in
 7 order to obtain further growth and development; and ~~(3)~~
 8 Federal, State, and local tax policies with respect to their
 9 effect on land and property cost and on incentives to build
 10 housing and make improvements in existing structures.

11 ~~(b)~~ The Administrator shall submit a report based on
 12 such study to the President and to the Congress within 18
 13 months after the enactment of the Housing and Urban De-
 14 velopment Act of 1965 or the appropriation of funds for the
 15 study, whichever is later.

16 ~~(c)~~ There are authorized to be appropriated such funds
 17 as may be necessary to carry out the purposes of this section.
 18 Any funds so appropriated shall remain available until
 19 expended.

20 GENERAL NEIGHBORHOOD RENEWAL PLANS

21 SEC. 302. Section 102(d) of the Housing Act of 1949
 22 is amended—

23 ~~(1)~~ by striking out the fifth sentence and inserting
 24 in lieu thereof the following:

25 “In order to facilitate proper preliminary planning for

1 the attainment of the urban renewal objectives of this title,
 2 the Administrator may also make advances of funds (in addi-
 3 tion to those authorized above) to local public agencies for
 4 the preparation of General Neighborhood Renewal Plans (as
 5 herein defined). A General Neighborhood Renewal Plan
 6 may be prepared for an area which consists of an urban re-
 7 newal area or areas together with any adjoining areas, and
 8 which is of such size that the urban renewal activities in the
 9 urban renewal area or areas may have to be carried out in
 10 stages, consistent with the capacity and resources of the
 11 respective local public agency or agencies, over an estimated
 12 period of not more than ten years.”; and

13 ~~(2)~~ by striking out clause ~~(1)~~ of the sixth sentence
 14 and inserting in lieu thereof the following:

15 “~~(1)~~ in the interest of sound community planning,
 16 it is desirable that the urban renewal activities proposed
 17 for the area be planned in their entirety;”.

18 INCREASE IN AUTHORIZATION FOR CAPITAL GRANTS

19 SEC. 303. (a) The first sentence of section 103(b) of
 20 the Housing Act of 1949 is amended by striking out
 21 “\$4,725,000,000” and inserting in lieu thereof “\$4,700,-
 22 000,000, which amount shall be increased by \$675,000,000
 23 on the date of the enactment of the Housing and Urban
 24 Development Act of 1965, by \$725,000,000 on July 1,

1 1966, and by \$750,000,000 on July 1 in each of the years
2 1967 and 1968”.

3 ~~(b)~~ The proviso in the first sentence of section 103(b)
4 of such Act, and the second sentence of section 6(b) of
5 the Urban Mass Transportation Act of 1964, are repealed.

6 USE OF GRANT OR LOAN FUNDS IN CODE ENFORCEMENT
7 AND REHABILITATION PROJECTS

8 SEC. 304. The unnumbered paragraph immediately fol-
9 lowing clause ~~(8)~~ in section 110(e) of the Housing Act
10 of 1949 is amended—

11 ~~(1)~~ by inserting “(A)” before “no contract”; and
12 ~~(2)~~ by inserting before the period at the end of the
13 paragraph the following: “, and (B) not less than 10
14 per centum of the aggregate amount of (i) grants
15 authorized to be contracted for under this title by the
16 Housing and Urban Development Act of 1965 and sub-
17 sequent Acts, and (ii) loans authorized to be made
18 under section 312 of the Housing Act of 1964, shall be
19 available for projects assisted with such grants or loans
20 which involve primarily code enforcement and reha-
21 bilitation”.

1 STRENGTHENED WORKABLE PROGRAM REQUIREMENT

2 SEC. 305. Section 101 of the Housing Act of 1949 is
3 amended by adding at the end thereof the following new
4 subsection:

5 “(e) No loan or grant contract may be entered into
6 by the Administrator for an urban renewal project unless
7 he determines that (A) the workable program for com-
8 munity improvement presented by the locality pursuant to
9 subsection (c) is of sufficient scope and content to furnish a
10 basis for evaluation of the need for the urban renewal project;
11 and (B) such project is in accord with the program.”

12 REHABILITATION LOANS

13 SEC. 306. (a) Section 312(d) of the Housing Act of
14 1964 is amended to read as follows:

15 “(d) In order to provide moneys for loans in accord-
16 ance with this section, the Administrator is authorized to
17 establish a revolving fund which shall comprise all moneys
18 heretofore or hereafter appropriated pursuant to this
19 section, together with all repayments and other receipts
20 heretofore or hereafter received in connection with loans
21 made under this section. There are authorized to be

1 appropriated to such revolving fund, in addition to amounts
 2 authorized for the purposes of this section prior to the date
 3 of the enactment of the Housing and Urban Development
 4 Act of 1965, such funds as may be necessary to carry out
 5 the purposes of this section. —All funds so appropriated shall
 6 remain available until expended.”

7 (b) Section 312 of such Act is further amended by
 8 adding at the end thereof the following new subsection:

9 “(h) No loan shall be made under the authority of this
 10 section after October 1, 1969, except pursuant to a contract,
 11 commitment, or other obligation entered into pursuant to
 12 this section before that date.”

13 LEASE GUARANTIES FOR SMALL-BUSINESS CONCERNS

14 DISPLACED BY URBAN RENEWAL PROJECTS

15 SEC. 307. (a) Section 7 of the Small Business Act is
 16 amended by adding at the end thereof the following new
 17 subsection:

18 “(e)-(1) The Administration also is empowered, in
 19 order to assist small-business concerns which have been dis-
 20 placed by urban renewal projects in obtaining leases of
 21 property for use in the conduct of their business operations,
 22 to insure the owner or lessor of any such property, or the
 23 lending institution financing the construction thereof, against
 24 losses which such owner, lessor, or institution might sustain

1 as a result of the failure of the small-business concern to
2 perform the lease in accordance with its terms.

3 “(2) No insurance under this subsection shall be granted
4 by the Administration with respect to any lease unless—

5 “(A) the lease is for a period of not more than
6 ten years and contains or is subject to such other terms
7 and conditions as the Administration may require in
8 order to protect the interests of the small-business con-
9 cern and to insure that the lease will assist in carrying
10 out the purpose of this Act; and

11 “(B) the small-business concern is financially sound
12 and efficiently managed; and has provided satisfactory
13 assurances that it will comply with the terms of the lease
14 and any related documents and with such additional
15 terms and conditions as the Administration may specify.

16 “(3) There is hereby established an insurance fund for
17 use by the Administration in carrying out this subsection.
18 Each person granted insurance under this subsection shall be
19 required to pay premiums for such insurance, at such times
20 and in such manner as may be prescribed by the Administra-
21 tion; in amounts which shall be fixed by the Administration¹⁸
22 but which shall not exceed, in the case of any lease, an²⁰
23 amount equivalent to 1 per centum of the annual rental (or²²
24 minimum rental) payable under such lease. Such premiums,

1 together with any other receipts under the insurance program
2 established by this subsection, shall be placed in the insurance
3 fund. Moneys in such fund not needed for the payment of
4 current operating expenses of the insurance program or for
5 the payment of claims arising thereunder may be invested in
6 bonds or other obligations of, or bonds or other obligations
7 guaranteed as to principal and interest by, the United States;
8 except that moneys made available to provide initial capital
9 for such fund under the sixth sentence of section 4(c) shall
10 be returned to the revolving fund established by such section,
11 in such amounts and at such times as the Administration
12 determines to be appropriate, whenever the level of such
13 insurance fund (by reason of premiums and receipts from
14 other sources) is sufficiently high to permit the return of
15 such moneys without danger to the solvency of the insurance
16 program under this subsection.

17 “(4) The Administration is authorized and directed to
18 prescribe such rules and regulations as may be necessary
19 to carry out this subsection.”

20 (b) Section 4(c) of such Act is amended—

21 (1) by inserting “7(c);” after “7(b);” in the first
22 sentence; and

23 (2) by inserting after the fifth sentence the fol-
24 lowing new sentence: “Not to exceed \$5,000,000 shall

be made available to provide initial capital for the insurance fund established by section 7(c)-(3)."

(c) Section 5(b) of such Act is amended—

(1) by inserting after "loans granted" in paragraphs (2) and (3) the following: "or the performance of leases insured";

(2) by striking out "loans made" each place it appears in paragraphs (4) and (7) and inserting in lieu thereof "loans made or leases insured"; and

(3) by striking out "and (b)" in paragraph (5) and inserting in lieu thereof ", 7(b), and 7(c)".

RELOCATION OF DISPLACED FROM URBAN RENEWAL AREAS

SEC. 308. (a) Section 105(c) of the Housing Act of 1949 is amended to read as follows:

"(c) There shall be a feasible method for the temporary relocation of individuals and families displaced from the urban renewal area, and there are or are being provided, in the urban renewal area or in other areas not generally less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the individuals and families displaced from the urban renewal area, decent, safe, and sanitary dwellings equal number to the number of and available to such dis-

1 placed individuals and families and reasonably accessible
2 to their places of employment. The Administrator shall
3 issue rules and regulations to aid in implementing the
4 requirements of this subsection and in otherwise achiev-
5 ing the objectives of this title. Such rules and regula-
6 tions shall require that there be established, at the earli-
7 est practicable time, for each urban renewal project in-
8 volving the displacement of individuals, families, and
9 business concerns occupying property in the urban
10 renewal area, a relocation assistance program which shall
11 include such measures, facilities, and services as may be
12 necessary or appropriate in order (A) to determine the
13 needs of such individuals, families, and business concerns
14 for relocation assistance; (B) to provide information and
15 assistance to aid in relocation and otherwise minimize the
16 hardships of displacement, including information as to real
17 estate agencies, brokers, and boards in or near the urban
18 renewal area which deal in residential or business property
19 that might be appropriate for the relocating of displaced
20 individuals, families, and business concerns; and (C) to
21 assure the necessary coordination of relocation activities
22 with other project activities and other planned or proposed
23 governmental actions in the community which may affect
24 the carrying out of the relocation program, particularly
25 planned or proposed low-rent housing projects to be con-

1 structed in or near the urban renewal area. As a condition
2 to further assistance after the enactment of this sentence with
3 respect to each urban renewal project involving the displace-
4 ment of individuals and families, the Administrator shall
5 require, within a reasonable time prior to actual displacement,
6 satisfactory assurance by the local public agency that decent,
7 safe, and sanitary dwellings as required by the first sentence
8 of this subsection are available for the relocation of each such
9 individual or family."

~~(b)~~ The requirements imposed by the amendment made by subsection ~~(a)~~ of this section shall not be applicable to any project receiving Federal recognition prior to the date of the enactment of this Act.

14 REDEVELOPMENT IN ACCORDANCE WITH URBAN RENEWAL
15 PLAN

16 SEC. 309. Section 106 of the Housing Act of 1949 is
17 amended by adding at the end thereof the following new
18 subsection:

“(h) Notwithstanding any other provision of this title,
no contract shall be entered into for any loan or capital grant
under this title with any local public agency unless the local
public agency establishes, by evidence satisfactory to the
Administrator, that any urban renewal project with respect
to which such local public agency has received a loan or
capital grant under this title has been, or will be, undertaken

1 and carried out in substantial accordance with the urban re-
 2 newal plan, and any amendments thereto, approved with re-
 3 spect to such project, and the terms of the contract for loan
 4 or capital grant covering such project."

5 ~~LIMITATION ON NONCASH GRANT-IN-AID CREDIT ALLOWED~~
 6 ~~FOR PUBLICLY OWNED PARKING FACILITIES~~

7 SEC. 310. The parenthetical phrase in clause ~~(3)~~ of
 8 the first sentence of section 110~~(d)~~ of the Housing Act of
 9 1949 is amended by striking out "and" and inserting in lieu
 10 thereof a comma, and by inserting at the end thereof (within
 11 the parentheses) the following: ", and publicly owned park-
 12 ing facilities to the extent that the cost thereof is anticipated
 13 to be recovered from revenues".

14 ~~ELIGIBILITY OF COMMUNITIES IN DEPRESSED AREAS FOR~~
 15 ~~URBAN RENEWAL ASSISTANCE~~

16 SEC. 311. ~~(a)~~ Subparagraph ~~(B)~~ of section 103~~(a)~~
 17 ~~(2)~~ of the Housing Act of 1949 is amended to read as
 18 follows:

19 "~~(B)~~ three-fourths of the aggregate net project costs
 20 of any such projects which are located in ~~(i)~~ a munici-
 21 pality having a population of fifty thousand or less ac-
 22 cording to the most recent decennial census, or ~~(ii)~~ a
 23 municipality situated in a labor market area which, at
 24 the time the contract or contracts involved are entered
 25 into or at such earlier time as the Administrator may

specify in order to avoid hardship, is designated as a redevelopment area under the second sentence of section 5(a) of the Area Redevelopment Act or any other legislation enacted after the date of the enactment of the Housing and Urban Development Act of 1965 containing standards for designation as a redevelopment area generally comparable to those set forth in the second sentence of section 5(a) of the Area Redevelopment Act, and”.

(b) The amendment made by subsection (a) shall apply only with respect to urban renewal projects placed under contract for capital grant on or after the date of the enactment of this Act; except that such amendment shall apply with respect to all urban renewal projects in the city of Providence, Rhode Island, placed under contract for capital grant during the period Providence was designated as a redevelopment area under section 5(a) of the Area Redevelopment Act (or at such earlier time as the Administrator may specify in order to avoid hardship) and not completed prior to the date of the enactment of this Act.

LOCAL GRANTS IN AID FOR URBAN RENEWAL PROJECTS IN
PHILADELPHIA AND WILKES-BARRE, PENNSYLVANIA

SEC. 312. Notwithstanding any other provision of law, moneys heretofore expended by the University of Pennsylvania and Wilkes College for land (and related expenditures

1 for demolition and relocation) included in the overall devel-
 2 opment plans proposed by such institutions and utilized, or
 3 to be utilized, in connection with new facilities of such
 4 institutions within one mile of urban renewal projects Penn-
 5 sylvania 5-3 (University City) and Pennsylvania R-149
 6 (Wright Street), respectively, shall, if otherwise eligible,
 7 be allowed as local grants in-aid for such projects.

8 ~~LOCAL GRANTS-IN-AID FOR URBAN RENEWAL PROJECTS IN~~

9

DENVER

10 SEC. 313. Notwithstanding the extent to which the
 11 cultural and convention center proposed to be built adjacent
 12 to urban renewal project Colorado R-15 (Skyline) in
 13 Denver, Colorado, may benefit areas other than the urban
 14 renewal area, expenses incurred by the city of Denver in
 15 constructing such center shall, to the extent otherwise eligi-
 16 ble, be counted as a grant-in-aid toward such project.

17 ~~LOCAL GRANT-IN-AID CREDIT FOR CERTAIN COAL~~

18

ROYALTIES

19 SEC. 314. (a) Section 110(d) of the Housing Act of
 20 1949 is amended by adding at the end thereof the following
 21 new paragraph:

22 "Where a project in any municipality includes an area
 23 affected by an underground mine fire or by a coal mine
 24 subsidence and where it is necessary in such project to

1 remove any underlying coal deposits in order to stabilize
 2 the soil or to control the underground mine fire, then any
 3 royalties received by the project from the removal and sale
 4 of such coal deposits shall be credited to the project as a
 5 local grant-in-aid made by such municipality.”

6 ~~(b)~~ Any contract under title I of the Housing Act of
 7 1949 executed prior to the date of the enactment of this Act
 8 shall, at the request of the municipality involved, be amended
 9 to reflect the amendment made by subsection ~~(a)~~.

10 TITLE IV—COMPENSATION OF CONDEMNEDS

11 DECLARATION OF POLICY

12 SEC. 401. In order to encourage the acquisition of real
 13 property in a manner which affords fair and equitable treat-
 14 ment to owners and tenants of such property and on as
 15 nearly uniform a basis as practicable, the Congress hereby
 16 establishes a Federal policy of uniform land acquisition pro-
 17 cedures for real property to be acquired in the course of
 18 federally assisted development programs.

19 DEFINITIONS

20 SEC. 402. For the purposes of this title—

21 ~~(1)~~ the term “development program” means any
 22 program established by or conducted under any of the
 23 following provisions of law:

24 ~~(A)~~ the United States Housing Act of 1937;

1 ~~(B)~~ title I of the Housing Act of 1949;

2 ~~(C)~~ title IV of the Housing Act of 1950;

3 ~~(D)~~ title II of the Housing Amendments of
4 1955;

5 ~~(E)~~ section 202 of the Housing Act of 1959;

6 and

7 ~~(F)~~ title VII of the Housing Act of 1961;

8 ~~(2)~~ the term "Federal assistance" means a grant,
9 loan, contract or guaranty, annual contribution, or other
10 assistance provided by the United States;

11 ~~(3)~~ the term "applicant" means any public body
12 or other agency or nonprofit institution authorized to
13 receive Federal assistance under a development program;

14 ~~(4)~~ the term "interest" means any interest in real
15 property and includes future, nonpossessory, and lease-
16 hold interests;

17 ~~(5)~~ the term "real property" means any land, or
18 any interest in land, and ~~(A)~~ any building, structure,
19 or other improvements embedded in or affixed to land,
20 and any article so affixed or attached to such building,
21 structure, or improvement as to be an essential or integral
22 part thereof; ~~(B)~~ any article affixed or attached to such
23 real property in such manner that it cannot be removed
24 without material injury to itself or the real property; and
25 ~~(C)~~ any article so designed, constructed, or specially

1 adapted to the purpose for which such real property is
 2 used that ~~(i)~~ it is an essential accessory or part of such
 3 real property, ~~(ii)~~ it is not capable of use elsewhere, and
 4 ~~(iii)~~ it would lose substantially all its value if removed
 5 from the real property; and

6 ~~(6)~~ the term "Administrator" means the Housing
 7 and Home Finance Administrator.

8 LAND ACQUISITION POLICY

9 SEC. 403. ~~(a)~~ As a condition of eligibility for Federal
 10 assistance pursuant to a development program, each applicant
 11 for such assistance shall satisfy the Administrator that the
 12 following policies will be followed in connection with the
 13 acquisition of real property by eminent domain in the course
 14 of such program—

15 ~~(1)~~ the applicant shall make every reasonable effort
 16 to acquire the real property by negotiated purchase;

17 ~~(2)~~ the real property shall be appraised before the
 18 initiation of negotiations, and the owner or his designated
 19 representative shall be given an opportunity to accom-
 20 pany the appraiser during his inspection of the property;

21 ~~(3)~~ before the initiation of negotiations for acqui-
 22 sition of the real property, the applicant shall establish a
 23 price believed to be fair and reasonable and shall offer
 24 to acquire the property for the price so established;

1 ~~(4)~~ if only a part of or an interest less than a fee
2 title to real property is to be acquired, the applicant shall
3 provide the owner with a statement of its estimate of—

4 ~~(A)~~ the fair value of the entire property imme-
5 diately before the acquisition;

6 ~~(B)~~ the fair value of the property remaining
7 immediately after the acquisition;

8 ~~(C)~~ the fair value of the part of or interest in
9 the property actually acquired;

10 ~~(D)~~ the damages, if any, resulting to the
11 remaining property ~~(or interest therein)~~; and

12 ~~(E)~~ the benefits, if any, accruing to the remain-
13 ing property ~~(or interest therein)~~;

14 ~~(5)~~ no owner shall be required to surrender pos-
15 session of real property before the applicant pays to the
16 owner ~~(A)~~ the agreed purchase price arrived at by
17 negotiation, or ~~(B)~~ in any case where only the amount
18 of the payment to the owner is in dispute, not less than
19 75 per centum of the most recent fair and reasonable
20 price established under paragraph ~~(3)~~;

21 ~~(6)~~ the construction or development of any public
22 improvements shall be so scheduled that no person law-
23 fully occupying the real property shall be required to
24 surrender possession on account of such construction or
25 development without at least 90 days' written notice

1 from the applicant of the date on which such construc-
2 tion or development is scheduled to begin;

3 (7) if the applicant does not require the use of a
4 building, structure, or other improvement on the real
5 property to be acquired, the applicant shall offer to
6 permit its owner to remove it upon agreement that the
7 fair value of the building, structure, or other improve-
8 ment to be removed from the real property, as deter-
9 mined by the applicant, will be deducted from the
10 compensation otherwise to be paid for the real property,
11 or will be paid to the applicant by the owner;

12 (8) if the applicant permits an owner or tenant to
13 rent acquired real property for a short term or for a
14 period subject to termination by the applicant on short
15 notice, the amount of rent required shall not exceed the
16 fair rental value of the property to the owner or tenant
17 for such term or period, as determined by the applicant;

18 (9) the applicant shall not advance the time of
19 eminent domain, nor defer eminent domain or the deposit
20 of funds in court for the benefit of the owner, in order
21 to compel an agreement on the price to be paid for the
22 real property;

23 (10) if the acquisition of only a part of any real
24 property would leave its owner with an uneconomic

1 remnant, the applicant shall acquire the entire property;

2 and

3 ~~(11)~~ in determining the boundaries of a proposed
4 public improvement, the applicant shall take into account
5 human considerations, including the economic and social
6 effects of the proposed public improvement on owners
7 and tenants of real property in the area, in addition to
8 engineering and other factors.

9 ~~(b)~~ Nothing in this section shall be construed as super-
10 seding or otherwise affecting the provisions of any State or
11 local law, or as affecting the validity of any property acqui-
12 sition by purchase or eminent domain.

13 RELOCATION PAYMENTS UNDER FEDERALLY ASSISTED
14 DEVELOPMENT PROGRAMS

15 SEC. 404. ~~(a)~~ To the extent not otherwise authorized
16 under any Federal law, financial assistance extended to an
17 applicant under any federally assisted development program
18 may include grants for relocation payments, as herein de-
19 fined. Such grants may be in addition to other financial as-
20 sistance under such federally assisted development programs,
21 and may cover the full amount of such relocation payments.
22 The term "relocation payments" means payments by the
23 applicant which are ~~(1)~~ made to an individual, family, busi-
24 ness concern, or nonprofit organization displaced by a project
25 on or after the date of the enactment of the Housing and

1 Urban Development Act of 1965, and ~~(2)~~ made on such
 2 terms and conditions and subject to such limitations ~~(to the~~
 3 ~~extent applicable, but not including the date of displacement)~~
 4 as are provided for relocation payments, at the time such
 5 payments are approved, by sections 114 ~~(b)~~, ~~(c)~~, and ~~(d)~~
 6 of the Housing Act of 1949 with respect to projects assisted
 7 under title I thereof. Relocation payments authorized by
 8 this subsection shall be made subject to such rules and regu-
 9 lations as may be prescribed by the Administrator.

10 ~~(b)~~ Section 114~~(b)~~~~(2)~~ of the Housing Act of 1949
 11 is amended by striking out “\$1,500” and inserting in lieu
 12 thereof “\$2,500”.

13 ~~(c)~~~~(1)~~ Section 114 of such Act is further amended by
 14 redesignating subsection ~~(d)~~ as subsection ~~(c)~~ and by in-
 15 serting after subsection ~~(c)~~ the following new subsection:

16 “~~(d)~~ In addition to payments authorized to be made
 17 under subsections ~~(b)~~ and ~~(c)~~, a local public agency may
 18 pay to any displaced individual, family, business concern,
 19 or nonprofit organization reasonable and necessary expenses
 20 incurred for ~~(1)~~ recording fees, transfer taxes, and similar
 21 expenses incidental to conveying real property to a project
 22 assisted under this title; ~~(2)~~ penalty costs for prepayment
 23 of any mortgage encumbering such real property; and ~~(3)~~
 24 the pro rata portion of real property taxes allocable to a
 25 period subsequent to the date of vesting of title or the

1 effective date of the acquisition of such real property by
2 such agency, whichever is earlier."

3 ~~(2)~~ Section ~~15(8)~~ of the United States Housing Act
4 of 1937 is amended by striking out "section 114 ~~(b)~~ or
5 ~~(c)~~" and inserting in lieu thereof "section 114 ~~(b)~~, ~~(c)~~,
6 and ~~(d)~~".

7 ~~(d)~~ Subsection ~~(a)~~ shall not be applicable to any proj-
8 ect receiving financial assistance under a development pro-
9 gram prior to the date of the enactment of this Act.

10 FUNDS FOR CERTAIN PAYMENTS IN EMINENT DOMAIN

11 SEC. 405. Notwithstanding any other provision of law,
12 financial assistance under any federally assisted development
13 program may include amounts necessary for financing, in
14 the same manner that other costs of a project assisted under
15 such program are financed, the payments described in para-
16 graph ~~(5)-(B)~~ of section 403~~(a)~~ of this Act.

17 TITLE V—COLLEGE HOUSING

18 INCREASE IN AUTHORIZATION FOR COLLEGE HOUSING 19 LOANS

20 SEC. 501. Section 401~~(d)~~ of the Housing Act of 1950
21 is amended by striking out "through 1964" each place it
22 appears and inserting in lieu thereof "through 1968".

23 INTEREST RATE ON COLLEGE HOUSING LOANS

24 SEC. 502. ~~(a)~~ Effective with respect to loan contracts
25 entered into after the date of the enactment of this Act, see-

tion 401(c) of the Housing Act of 1950 is amended by striking out "the higher of (1) $2\frac{3}{4}$ per centum per annum, or" and inserting in lieu thereof "the lower of (1) 3 per centum per annum, or".

(b) Effective with respect to notes or other obligations financing loan contracts entered into after the date of the enactment of this Act, section 401(c) of such Act is amended by striking out "the higher of (1) $2\frac{1}{2}$ per centum per annum, or" and inserting in lieu thereof "the lower of (1) $2\frac{3}{4}$ per centum per annum, or".

PARKING FACILITIES FOR COLLEGES AND UNIVERSITIES

SEC. 503. Section 404(h) of the Housing Act of 1950 is amended by adding at the end thereof the following new sentence: "In addition, such term includes parking facilities primarily to serve the needs of students and faculty."

TITLE VI—COMMUNITY FACILITIES

PURPOSE

SEC. 601. The purpose of this title is to assist and encourage the communities of the Nation fully to meet the needs of their citizens by making it possible, with Federal grant assistance, for their governmental bodies (1) to construct adequate basic water and sewer facilities needed to promote the efficient and orderly growth and development of the communities; and (2) to construct neighborhood facilities needed

1 to enable them to carry on programs of necessary social
2 services.

3 GRANTS FOR BASIC WATER AND SEWER FACILITIES

4 SEC. 602. (a) The Housing and Home Finance Ad-
5 ministrator (hereinafter in this title referred to as the "Ad-
6 ministrator") is authorized to make grants to local public
7 bodies and agencies to finance specific projects for basic pub-
8 lic water and sewer facilities (including works for the storage,
9 treatment, purification, and distribution of water): *Provided,*
10 That no grant shall be made under this section for any sewer
11 facilities unless the Secretary of Health, Education, and
12 Welfare certifies to the Administrator that any waste ma-
13 terial carried by such facilities will be adequately treated
14 before it is discharged into any public waterway, so as to
15 meet applicable Federal, State, interstate, or local water
16 quality standards.

17 (b) The amount of any grant made under the authority
18 of this section shall not exceed 50 per centum of the develop-
19 ment cost of the project.

20 (c) No grant shall be made under this section in con-
21 nection with any project unless the Administrator deter-
22 mines that the project is necessary to provide adequate
23 water or sewer facilities for, and will contribute to the im-
24 provement of the health or living standards of, the people
25 in the community to be served, and that the project is (1)

1 designed so that an adequate capacity will be available to
 2 serve the reasonably foreseeable growth needs of the area;
 3 ~~(2)~~ consistent with a program meeting criteria, established
 4 by the Administrator, for a unified or officially coordinated
 5 areawide water or sewer facilities system as part of the
 6 comprehensively planned development of the area, except
 7 that prior to July 1, 1968, grants may, in the discretion of
 8 the Administrator, be made under this section when such
 9 a program for an areawide water and sewer facilities system
 10 is under active preparation, although not yet completed, if
 11 the facility or facilities for which assistance is sought can
 12 reasonably be expected to be required as a part of such
 13 program, and there is urgent need for the facility or facilities,
 14 and ~~(3)~~ necessary to orderly community development.

15 GRANTS FOR NEIGHBORHOOD FACILITIES

16 SEC. 603. ~~(a)~~ The Administrator is authorized to make
 17 grants, in accordance with the provisions of this section, to
 18 local public bodies and agencies to finance specific projects
 19 for neighborhood facilities.

20 ~~(b)~~ The amount of any grant made under the authority
 21 of this section shall not exceed $66\frac{2}{3}$ per centum of the devel-
 22 opment cost of the project for which the grant is made ~~(or~~
 23 ~~75~~ per centum of such cost in the case of a project located
 24 in an area which at the time the grant is made is designated
 25 as a redevelopment area under section 5 of the Area Redevel-

1 opment Act or under any other legislation enacted after the
2 date of the enactment of this Act containing standards for
3 designation as a redevelopment area generally comparable
4 to those set forth in section 5 of the Area Redevelopment
5 Act).

6 (c) No grant shall be made under this section for any
7 project unless the Administrator determines that the project
8 will provide a neighborhood facility which is (1) necessary
9 for carrying out a program of health, recreational, social, or
10 similar community service (including a community action
11 program approved under title II of the Economic Opportu-
12 nity Act of 1964) in the area, (2) consistent with compre-
13 hensive planning for the development of the community, and
14 (3) so located as to be available for use by a significant por-
15 tion (or number in the case of large urban places) of the
16 area's low- or moderate-income residents.

17 (d) For a period of twenty years after a grant has
18 been made under this section for a neighborhood facility,
19 such facility shall not, without the approval of the Adminis-
20 trator, be converted to uses other than those proposed by
21 the applicant in its application for the grant. The Adminis-
22 trator shall not approve any conversion in the use of such
23 a neighborhood facility during such twenty-year period un-
24 less he finds that such conversion is in accord with the then
25 applicable program of health, recreational, social, or similar

1 community services in the area and consistent with compre-
 2 hensive planning for the development of the community in
 3 which the facility is located. In approving any such con-
 4 version, the Administrator may impose such additional con-
 5 ditions and requirements as he deems necessary.

6 ~~(e)~~ The Administrator shall give priority to applica-
 7 tions for projects designed primarily to benefit members of
 8 low-income families or otherwise substantially further the
 9 objectives of a community action program approved under
 10 title II of the Economic Opportunity Act of 1964.

11 GENERAL PROVISIONS

12 SEC. 604. ~~(a)~~ In the performance of, and with respect
 13 to, the functions, powers, and duties vested in him by this
 14 title, the Administrator shall ~~(in addition to any authority~~
 15 ~~otherwise vested in him)~~ have the functions, powers, and
 16 duties set forth in section 402, except subsections ~~(a)~~, ~~(c)~~
 17 ~~(2)~~, and ~~(f)~~ of the Housing Act of 1950.

18 ~~(b)~~ The Administrator is authorized, notwithstanding
 19 the provisions of section 3648 of the Revised Statutes, to
 20 make advance or progress payments on account of any
 21 grant made pursuant to this title. No part of any grant
 22 authorized to be made by the provisions of this title shall be
 23 used for the payment of ordinary governmental operating
 24 expenses.

1

DEFINITIONS

2

SEC. 605. As used in this title—

3

(a) The term “State” means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

6

(b) The term “local public bodies and agencies” includes public corporate bodies and political subdivisions; public agencies or instrumentalities of one or more States; municipalities, or political subdivisions of one or more States (including public agencies and instrumentalities of one or more municipalities or other political subdivisions of one or more States); Indian tribes; and boards or commissions established under the laws of any State to finance specific capital improvement projects.

15

(c) The term “development cost”, with respect to any facility, means costs of the construction of the facility and the land on which it is located, including necessary site improvements to permit its use as a site for the facility.

19

LABOR STANDARDS

20

SEC. 606. All laborers and mechanics employed by contractors or subcontractors on projects assisted under sections 602 and 603 shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the

1 ~~Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5):~~
2 No such project shall be approved without first obtaining
3 adequate assurance that these labor standards will be main-
4 tained upon the construction work. The Secretary of Labor
5 shall have, with respect to the labor standards specified in
6 this section, the authority and functions set forth in Re-
7 organization Plan Numbered 14 of 1950 (15 F.R. 3176;
8 64 Stat. 1267; 5 U.S.C. 133z-15), and section 2 of the
9 Act of June 13, 1934, as amended (48 Stat. 948; 40
10 U.S.C. 276e).

11 ~~APPROPRIATIONS; TERMINATION OF PROGRAM~~

12 SEC. 607. (a) There are hereby authorized to be appro-
13 priated such sums as may be necessary to carry out the
14 provisions of this title. All funds so appropriated shall
15 remain available until expended.

(b) No grant shall be made under this title after October 1, 1969, except pursuant to a contract or commitment entered into on or before such date.

19 ~~TITLE VII—FEDERAL NATIONAL MORTGAGE~~

20 ASSOCIATION

21 INCREASE IN PNMA SPECIAL ASSISTANCE AUTHORITY

22 SEC. 701. (a) Section 305(c) of the National Housing
23 Act is amended by inserting before the period at the end
24 thereof the following: “, which limit shall be increased by

1 \$100,000,000 on the date of the enactment of the Housing
 2 and Urban Development Act of 1965, by \$450,000,000 on
 3 July 1, 1966, by \$550,000,000 on July 1, 1967, and by
 4 \$525,000,000 on July 1, 1968”.

5 ~~(b)~~ Section 305 ~~(f)~~ of such Act is amended by inserting
 6 before the period at the end thereof the following: “: *Pro-*
 7 *vided further*, That any portion of the total amount of
 8 authority set forth in the first proviso of this subsection
 9 which, on the date of the enactment of the Housing and
 10 Urban Development Act of 1965 and on each July 1 there-
 11 after, would otherwise be available for making purchases and
 12 commitments pursuant to this subsection, shall be transferred
 13 to and merged with the authority granted by subsection ~~(a)~~
 14 and added to the amount of such authority as set forth in sub-
 15 section ~~(c)~~; and the total amount of authority set forth in the
 16 first proviso of this subsection shall progressively be reduced
 17 by the amount of each such transfer”.

18 INCREASE IN LIMITATION ON MORTGAGES FOR DWELLING
 19 UNITS HAVING FOUR OR MORE BEDROOMS

20 SEC. 702. Section 302 ~~(b)~~ of the National Housing Act
 21 is amended by inserting before the period at the end of the
 22 first sentence the following: “(plus an additional \$2,500

1 for each such family residence or dwelling unit which has
2 four or more bedrooms)".

3 ~~TITLE VIII—OPEN SPACE LAND AND URBAN~~
4 ~~BEAUTIFICATION AND IMPROVEMENT~~

5 CHANGE IN NAME OF PROGRAM; FINDINGS AND PURPOSE

6 SEC. 801. (a) The heading of title VII of the Housing
7 Act of 1961 is amended to read as follows: "~~TITLE VII—~~
8 ~~OPEN SPACE LAND AND URBAN BEAUTIFICA-~~
9 ~~TION AND IMPROVEMENT~~".

10 (b) Section 701 of such Act is amended by redesignig-
11 nating subsection (b) as subsection (c) and by inserting
12 after subsection (a) the following new subsection:

13 "(b) The Congress further finds that there is an urgent
14 need both for the additional provision of parks and other
15 open-space areas in the developed portions of the Nation's
16 urban areas and for greater and better coordinated local
17 efforts to beautify and improve open space and other public
18 land throughout urban areas, to facilitate their increased use
19 and enjoyment by the Nation's urban population."

20 (c) The subsection of section 701 of such Act redesignig-
21 nated as subsection (c) by subsection (b) of this section is
22 amended—

1 ~~(1)~~ by inserting “(1) provide and” before “pre-

2 serve open-space land”, and

3 (2) by inserting before the period at the end
4 thereof the following: “, and (2) beautify and improve
5 open-space and other public urban land, in accordance
6 with programs to encourage and coordinate local public
7 and private efforts toward this end”.

8 INCREASED GRANT LEVEL FOR PRESERVATION OF OPEN-
9 SPACE LAND

10 SEC. 802. Section 702(a) of the Housing Act of 1961
11 is amended by striking out "20 per centum" and "30 per
12 centum" and inserting in lieu thereof "30 per centum" and
13 "40 per centum", respectively.

14 SUBSTITUTION OF APPROPRIATION AUTHORITY FOR GRANT
15 CONTRACT AUTHORITY

16 ~~SEC. 803.~~ (a) Section 702 (a) of the Housing Act of
17 ~~1961~~ is amended—

18 ~~(1)~~ by striking out “enter into contracts to” in the
19 first sentence, and

20 ~~(2)~~ by striking out all of the third sentence.

21 ~~(b)~~ Section 702~~(b)~~ of such Act is amended by striking
22 out the first two sentences and inserting in lieu thereof the
23 following: "There are hereby authorized to be appropriated
24 such amounts as may be necessary to carry out the purposes
25 of this title."

1 (e) Section 702 of such Act is further amended by
2 adding at the end thereof the following new subsection:

3 “(f) No grant shall be made under this title after
4 October 1, 1969, except pursuant to a contract or commit-
5 ment entered into on or before such date.”

6 (d) Section 703(a) of such Act is amended by striking
7 out “enter into contracts to”.

8 ~~GRANTS FOR PROVISION OF OPEN-SPACE LAND IN BUILT-UP~~

9 ~~URBAN AREAS~~

10 SEC. 804. Title VII of the Housing Act of 1961 is
11 amended by redesignating sections 705 and 706 as sections
12 708 and 709, respectively, and by inserting after section
13 704 the following new section:

14 ~~“GRANTS FOR PROVISION OF OPEN-SPACE LAND IN BUILT-~~

15 ~~UP URBAN AREAS~~

16 “SEC. 705. (a) The Administrator is further author-
17 ized to make grants to States and local public bodies to help
18 finance the acquisition of title to, or other permanent in-
19 terests in, developed land in built-up portions of urban areas
20 defined herein. The Administrator shall make such grants
21 only where the local governing body determines that ade-
22 quate open-space land cannot effectively be provided through
23 the use of existing undeveloped or predominantly undevel-
24 oped land and the Administrator determines that the pro-

1 posed acquisition is important to the comprehensively
2 planned development of the locality. Grants under this
3 section shall not exceed the lesser of ~~(1)~~ \$500,000 or ~~(2)~~
4 40 per centum of the cost of acquiring such title or other
5 interests and of necessary demolition and removal of im-
6 provements.

7 “~~(b)~~ Financial assistance extended to any project under
8 this title may include grants for relocation payments, as
9 herein defined. Such grants may be in addition to other
10 financial assistance under this title, and no part of the
11 amount of such relocation payments shall be required to be
12 contributed as a local grant. The term ‘relocation payments’
13 means payments by the applicant which are ~~(1)~~ made to an
14 individual, family, business concern, or nonprofit organization
15 displaced, after March 4, 1965, by a project assisted under
16 this title, ~~(2)~~ not otherwise authorized under any Federal
17 law, and ~~(3)~~ made only on such terms and conditions and
18 subject to such limitations ~~(to the extent applicable, but not~~
19 ~~including the date of displacement)~~ as are provided for relo-
20 cation payments, at the time such payments are approved, by
21 sections 114 ~~(b)~~, ~~(c)~~, and ~~(d)~~ of the Housing Act of 1949.
22 Relocation payments authorized by this subsection shall be
23 made subject to such rules and regulations as may be pre-
24 scribed by the Administrator.”

1 GRANTS FOR URBAN BEAUTIFICATION AND IMPROVEMENT

2 SEC. 805. (a) Title VII of the Housing Act of 1961
3 is further amended by inserting after section 705 (as added
4 by section 804 of this Act) the following new section:

5 "GRANTS FOR URBAN BEAUTIFICATION AND IMPROVEMENT

6 "SEC. 706. The Administrator is authorized to make
7 grants, as herein provided, to States and local public bodies
8 to assist in carrying out local programs for the greater use
9 and enjoyment of open-space and other public land in urban
10 areas. The Administrator shall establish criteria for such
11 programs to assure that each (1) represents significant and
12 effective efforts, involving all available public and private
13 resources, for the beautification of such land and its improve-
14 ment for open-space uses, and (2) is important to the com-
15 prehensively planned development of the locality. Grants
16 made under this section shall not exceed 40 per centum of
17 the amount by which the cost of the activities carried on by
18 an applicant during a fiscal year under an approved program
19 exceeds its usual expenditures for comparable activities:
20 *Provided, That,* notwithstanding any other provision of this
21 section, the Administrator may use not to exceed \$5,000,000
22 of the funds available for grants under this section to make
23 grants in amounts up to the full cost of activities which he

1 determines to have special value in developing and demon-
 2 strating new and improved methods and materials for use in
 3 carrying out the purposes of this section."

4 (b) Section 702(c) of such Act is amended by insert-
 5 ing after "development costs" the following: "(except as
 6 authorized under section 706); or the additional price which
 7 is attributable to improvements to be retained on open-space
 8 land which are not incidental to the proposed open-space
 9 uses,".

10

LABOR STANDARDS

11 SEC. 806. Title VII of the Housing Act of 1961 is
 12 further amended by inserting after section 706 (as added by
 13 section 805 of this Act) the following new section:

14

"LABOR STANDARDS

15 "SEC. 707. (a) The Administrator shall take such ac-
 16 tion as may be necessary to insure that all laborers and
 17 mechanics employed by contractors or subcontractors in the
 18 performance of construction work financed with the assist-
 19 ance of grants under this title shall be paid wages at rates
 20 not less than those prevailing on similar construction in the
 21 locality as determined by the Secretary of Labor in accord-
 22 ance with the Davis-Bacon Act, as amended. The Admin-
 23 istrator shall not approve any such grant without first obtain-
 24 ing adequate assurance that these labor standards will be
 25 maintained upon the construction work.

1 “(b) The Secretary of Labor shall have, with respect to
 2 the labor standards specified in subsection (a), the authority
 3 and functions set forth in Reorganization Plan Numbered
 4 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-
 5 15), and section 2 of the Act of June 13, 1934, as amended
 6 (48 Stat. 948; 40 U.S.C. 276e).”

7 USE OF FUNDS FOR STUDIES AND PUBLICATION

8 SEC. 807. The second sentence of the section of the
 9 Housing Act of 1961 redesignated as section 708 by section
 10 804 of this Act is amended to read as follows: “The Admin-
 11 istrator is authorized to use during any fiscal year not to
 12 exceed \$100,000 of the funds available for grants under
 13 this title to undertake such studies and publish such
 14 information.”

15 CONFORMING AMENDMENTS

16 SEC. 808. (a) The heading of section 702 of the Hous-
 17 ing Act of 1961 is amended to read as follows: “GRANTS
 18 FOR PRESERVATION OF OPEN-SPACE LAND”.

19 (b) Section 702(a) of such Act is amended by striking
 20 out “provisions of this title” and “purposes of this title” and
 21 inserting in lieu thereof “provisions of this section” and
 22 “purposes of this section”, respectively.

23 (c) Section 702(c) of such Act is amended by striking
 24 out “served by the open-space land acquired” in the second
 25 sentence and inserting in lieu thereof “assisted”.

1 ~~(d)~~ Section 703(a) of such Act is amended by striking
2 out “this title” and inserting in lieu thereof “section 702(a)”.

3 ~~(e)~~ Section 704 of such Act is amended by striking
4 out “for which” in the first sentence and inserting in lieu
5 thereof “for the acquisition of which”.

6 TITLE IX—RURAL HOUSING

7 LOANS FOR PREVIOUSLY OCCUPIED BUILDINGS AND

8 MINIMUM SITE ACQUISITION

9 SEC. 901. ~~(a)~~ Section 501(a) of the Housing Act of
10 1949 is amended—

11 ~~(1)~~ by inserting after “their farms,” in clause ~~(1)~~
12 the following: “and to purchase previously occupied
13 buildings and land constituting a minimum adequate site,
14 in order”; and

15 ~~(2)~~ by inserting after “rural areas” in clause ~~(2)~~
16 the following: “for the construction, improvement, al-
17 teration, or repair of dwellings, related facilities, and
18 farm buildings and to rural residents for such purposes
19 and for the purchase of previously occupied buildings and
20 the purchase of land constituting a minimum adequate
21 site, in order”.

22 ~~(b)~~ Section 501(c) of such Act is amended by insert-
23 ing “or a rural resident” in clause ~~(1)~~ after “or that he is
24 the owner of other real estate in a rural area”.

INTEREST RATE ON DIRECT RURAL HOUSING LOANS

SEC. 902. Section 502(a) of the Housing Act of 1949 is amended by striking out "with interest at a rate not to exceed 4 per centum per annum on the unpaid balance of principal." and inserting in lieu thereof the following: "with interest in the case of loans under this section pursuant to clauses (1) and (2) of section 501(a) at a rate not to exceed 5 per centum per annum on the unpaid balance of principal and in the case of loans under this section pursuant to clause (3) of section 501(a) and under sections 503 and 504 at a rate not to exceed 4 per centum per annum on such unpaid balance.—Borrowers with loans made or insured under this title shall pay such fees and other charges as the Secretary may require."

~~INSURED RURAL HOUSING LOANS~~

SEC. 903. (a) Title V of the Housing Act of 1949 is amended by adding at the end thereof the following new sections:

~~"INSURANCE OF LOANS~~

"SEC. 517. (a) The Secretary is authorized to insure and to make loans to be sold and insured in accordance with the provisions of sections 501, 502, 514, and 515, and this section, other than the provisions of section 514(a) (3).

1 and ~~(5)~~ and ~~(b)~~ and section 515 ~~(a)~~ and ~~(b)~~ (4), except
2 that such loans in accordance with sections 501 and 502—

3 “~~(1)~~ to persons of low or moderate income as de-
4 fined by the Secretary shall not exceed amounts neces-
5 sary to provide adequate housing modest in size, design,
6 and cost, as determined by the Secretary, and shall bear
7 interest at a rate not to exceed 5 per centum per an-
8 num; and the aggregate of such loans made and insured
9 in any one fiscal year shall not exceed \$300,000,000;
10 and

11 “~~(2)~~ to persons other than those of low or moderate
12 income shall bear interest and provide for insurance or
13 service charges (at rates determined by the Secretary)
14 comparable to the combined rate of interest and premium
15 charges then in effect under section 203 of the National
16 Housing Act.

17 “~~(b)~~ The Secretary may use the Rural Housing Insur-
18 ance Fund created by this section for the purpose of making
19 loans to be sold and insured under this section, provided that
20 the aggregate of such loans made and not disposed of at any
21 one time shall not exceed \$100,000,000.

22 “~~(c)~~ The Secretary may insure loans advanced by
23 lenders other than the United States, and may sell and insure
24 loans made from other or held in the Rural Housing Insurance
25 Fund by the Secretary, for the payment of principal and

1 interest thereon as it becomes due. The Secretary is author-
2 ized to make agreements with respect to servicing loans
3 held by or insured by the Secretary under this section and
4 purchasing such insured loans on such terms and conditions
5 as he may prescribe: *Provided*, That no purchase agreement
6 shall obligate the Secretary to purchase such an insured loan
7 before the expiration of an initial period of five years from
8 the date of the note. Any contract of insurance executed
9 by the Secretary shall be an obligation supported by the full
10 faith and credit of the United States and incontestable except
11 for fraud or material misrepresentation of which the holder
12 has actual knowledge. In connection with loans insured
13 under this section the Secretary may take liens running to
14 the United States notwithstanding the fact that the notes evi-
15 dencing such loans may be held by lenders other than the
16 United States. Notes evidencing such loans shall be freely
17 assignable but the Secretary shall not be bound by any
18 assignment until notice thereof is given to and acknowledged
19 by the Secretary.

20 “(d) After ninety days after the original capitalization
21 of the Rural Housing Insurance Fund, no loans, other than
22 loans then held or insured by the Secretary pursuant to
23 section 514 or 515(b), shall be made or insured under
24 section 514 or 515(b) except in accordance with this section.

25 “(e) There is hereby created the Rural Housing In-

1 surance Fund (hereinafter in this section referred to as the
2 'Fund') which shall be used by the Secretary as a revolving
3 fund for carrying out the provisions of this section. There
4 are authorized to be appropriated to the Secretary such sums
5 as may be necessary for the purposes of the Fund.

6 “(f) Money in the Fund not needed for current opera-
7 tions shall be invested in direct obligations of the United
8 States or obligations guaranteed by the United States.

9 “(g) All funds, claims, notes, mortgages, contracts, and
10 property acquired by the Secretary under this section, and
11 all collections and proceeds therefrom, shall constitute assets
12 of the Fund; and all liabilities and obligations of such assets
13 shall be liabilities and obligations of the Fund. Loans may
14 be held in the Fund and collected in accordance with their
15 terms or may be sold by the Secretary with or without agree-
16 ments for insurance thereof. Loans may be sold by the
17 Secretary at prices within the range of market prices for the
18 particular class or classes of loans involved, as determined by
19 the Secretary from time to time. The aggregate of (1) any
20 amount by which the balance outstanding on loans at the
21 time of sale exceeds the price at which the loans are sold
22 and (2) the amount of any fees and charges paid in con-
23 nection with any sales of loans shall be reimbursed to the
24 Fund by annual appropriations.

25 “(h) The Secretary is authorized to issue notes to the

1 Secretary of the Treasury to obtain funds necessary for
2 discharging obligations under this section and for author-
3 ized expenditures out of the Fund, but, except as may be
4 authorized in appropriation Acts, not for the original capi-
5 tal or any additional capital of the Fund or to reimburse the
6 Fund for losses from any sales of loans at less than par
7 value. Such notes shall be in such form and denominations
8 and have such maturities and be subject to such terms and
9 conditions as may be prescribed by the Secretary with the
10 approval of the Secretary of the Treasury. Each note shall
11 bear interest at such rate as may be determined by the
12 Secretary of the Treasury, taking into consideration the
13 current average market yields on outstanding marketable
14 obligations of the United States with remaining periods to
15 maturity comparable to the average maturities of the loans
16 held by the Secretary in the Fund, adjusted to the nearest
17 one-eighth of 1 per centum, during the month of June
18 preceeding the fiscal year in which the loans were made.
19 The Secretary of the Treasury is authorized and directed
20 to purchase any notes of the Secretary issued hereunder, and
21 for that purpose the Secretary of the Treasury is authorized
22 to use as a public debt transaction the proceeds from the
23 sale of any securities issued under the Second Liberty Bond
24 Act, and the purposes for which such securities may be is-
25 sued under such Act are extended to include purchases of

1 notes issued by the Secretary under this subsection. All re-
 2 demptions, purchases, and sales by the Secretary of the
 3 Treasury of such notes shall be treated as public debt trans-
 4 actions of the United States. The notes issued by the Secre-
 5 tary to be Secretary of the Treasury shall constitute obliga-
 6 tions of the Fund.

7 “(i) The Secretary may retain out of interest payments
 8 by the borrower an annual charge in an amount specified
 9 in the insurance or sale agreement applicable to the loan.
 10 Of the charges retained by the Secretary, if any, not to
 11 exceed 1 per centum per annum of the unpaid balance of the
 12 loan shall be deposited in the Fund. Any retained charges
 13 not deposited in the Fund shall be available for administra-
 14 tive expenses in carrying out the provisions of this title, to
 15 be transferred annually and become merged with any appro-
 16 priation for administrative expenses of the Farmers Home
 17 Administration, when and in such amounts as may be author-
 18 ized in appropriation Acts.

19 “(j) The Secretary may also utilize the Fund—

20 “(1) to pay amounts to which the holder of a
 21 note is entitled in accordance with an insurance or sale
 22 agreement under this section accruing between the date
 23 of any prepayment by the borrower to the Secretary and
 24 the date of transmittal of such prepayment to the
 25 holder of the note; and, in the discretion of the Secre-

tary, prepayments other than final payments need not be remitted to the holder until due;

“(2) to pay the holder of any note insured under this section any defaulted installment or, upon assignment of the note to the Secretary at the Secretary’s request, the entire balance outstanding on the note;

“(3) to purchase notes in accordance with agreements previously entered into;

“(4) to pay taxes, insurance, prior liens, expenses necessary to make fiscal adjustments in connection with the application and transmittal of collections, and other expenses and advances to protect the security for loans which are insured under this section or held in the Fund, and to acquire such security at foreclosure sale or otherwise; and

“(5) to pay fees and charges in connection with sales by the Secretary of loans insured under this section.

“RURAL HOUSING DIRECT LOAN ACCOUNT

“SEC. 518. (a) There is hereby created the Rural Housing Direct Loan Account (hereinafter in this section referred to as the ‘Account’) which shall be used by the Secretary for carrying out the provisions of this section. There are authorized to be appropriated to the Secretary such sums as may be necessary for the purposes of the Account.

1 “(b) There are hereby transferred to the Account (1)
2 all funds, claims, notes, mortgages, contracts, and property,
3 and all collections and proceeds therefrom, held by the
4 Secretary under the direct loan provisions of this title, in-
5 cluding those securing notes issued by the Secretary to the
6 Secretary of the Treasury under section 514 and any un-
7 expended balance of amounts borrowed upon such notes,
8 and (2) all unexpended balances of appropriations for direct
9 loans under this title, including the fund authorized by sec-
10 tion 515(a). All amounts hereafter borrowed by the
11 Secretary from the Secretary of the Treasury under section
12 514 shall be deposited in the Account. All collections and
13 proceeds from assets acquired by the Account shall be
14 deposited in the Account.

15 “(c) When and in such amounts as may be authorized
16 in appropriation Acts, the Secretary may issue notes to the
17 Secretary of the Treasury to obtain funds to be deposited in
18 the Account. The form, denominations, maturities, and other
19 terms and conditions of such notes shall be prescribed by
20 the Secretary with the approval of the Secretary of the
21 Treasury. Each note shall bear interest at such rate as may
22 be determined by the Secretary of the Treasury, taking into
23 consideration the current average market yields on outstand-
24 ing marketable obligations of the United States with remain-
25 ing periods to maturity comparable to the average maturi-

1 ties of the loans held by the Secretary in the Account, ad-
2 justed to the nearest one-eighth of 1 per centum, during the
3 month of June preceeding the fiscal year in which the loans
4 were made. The Secretary of the Treasury is authorized and
5 directed to purchase any notes of the Secretary issued here-
6 under, and for that purpose the Secretary of the Treasury is
7 authorized to use as a public debt transaction the proceeds
8 from the sale of any securities issued under the Second
9 Liberty Bond Act, and the purposes for which such securities
10 may be issued under such Act are extended to include the
11 purchase of notes issued by the Secretary under this sub-
12 section. All redemptions, purchases, and sales by the Sec-
13 retary of the Treasury of such notes shall be treated as public
14 debt transactions of the United States.

15 “(d) The Account shall remain available to the Secre-
16 tary for the payment of interest and principal on notes issued
17 by the Secretary to the Secretary of the Treasury under sec-
18 tion 511 or this section, and for direct loans and related
19 advances under this title in such amounts as are now author-
20 ized by law and in such further amounts as shall be authorized
21 in appropriation Acts. Amounts so authorized for such loans
22 and advances shall remain available until expended.”

23 (b) Section 511 of such Act is amended—

24 (1) by inserting “direct” after “making”, and by

1 striking out “(other than loans under section 504(b)
2 or 515(a))”, in the first sentence;

3 (2) by striking out “, of which \$50,000,000 shall
4 be available exclusively for assistance to elderly persons
5 as provided in clause (3) of section 501(a)”, and by
6 striking out “September 30, 1965” and inserting in
7 lieu thereof “October 1, 1969”, in the second sentence;
8 and

9 (3) by striking out “rate on outstanding marketable
10 obligations of the United States as of the last day of the
11 month preceding the issuance of the notes or obligations
12 by the Secretary” in the fifth sentence and inserting
13 in lieu thereof the following: “yields on outstanding
14 marketable obligations of the United States with remain-
15 ing periods to maturity comparable to the average ma-
16 turities of the loans held by the Secretary in the Rural
17 Housing Direct Loan Account, adjusted to the nearest
18 one-eighth of 1 per centum, during the month of June
19 preceding the fiscal year in which the loans were made”.

20 FEDERAL NATIONAL MORTGAGE ASSOCIATION SECONDARY
21 MARKET OPERATIONS FOR INSURED RURAL HOUSING
22 LOANS

23 SEC. 904. (a) Section 302(b) of the National Housing
24 Act is amended—

(1) by inserting immediately after “which are insured under the National Housing Act” the following: “or title V of the Housing Act of 1949”;

(2) by inserting after “any mortgage” in clause (2) of the proviso the following: “, except a mortgage insured under title V of the Housing Act of 1949,”; and

(3) by inserting before the period in the last sentence the following: “or title V of the Housing Act of 1949”.

(b) Section 303(b) of such Act is amended by inserting “and other” after “private” in the first sentence.

EXTENSION OF RURAL HOUSING AUTHORIZATIONS

SEC. 905. (a) Section 512 of the Housing Act of 1949 is amended by striking out “September 30, 1965” and inserting in lieu thereof “October 1, 1969”.

(b) Section 513 of such Act is amended—

(1) by striking out “September 30, 1965” in clause (b) and inserting in lieu thereof “October 1, 1969”;

(2) by striking out “\$10,000,000” in clause (c) and inserting in lieu thereof “\$50,000,000”, and by striking out “September 30, 1965” in the same clause and inserting in lieu thereof “October 1, 1969”; and

(3) by striking out “September 30, 1965” in clause (d) and inserting in lieu thereof “October 1, 1969”.

1 ~~(e) Section 515(b)(5) of such Act is amended by~~
2 striking out "September 30, 1965" and inserting in lieu
3 thereof "October 1, 1969".

4 ~~(d) Section 506(a) of such Act is amended by strik-~~
5 ing out “sections 501 to 504, inclusive, and sections 514
6 516”, each place it occurs and inserting in lieu thereof “this
7 title”.

8 PAYMENT OF INTEREST TO THE TREASURY ON
9 APPROPRIATIONS FOR RURAL HOUSING LOANS

10 SEC. 906. Title V of the Housing Act of 1949 is
11 amended by adding at the end thereof (after the new sec-
12 tions added by section 903 of this Act) the following new
13 section:

14 "INTEREST ON APPROPRIATIONS FOR RURAL HOUSING
15 LOANS

16 “SEC. 519. (a) The Secretary shall pay to the Secretary
17 of the Treasury interest at a rate determined under the
18 formula contained in section 517(h) or 518(e) (as may be
19 applicable) on any portion of any future appropriations
20 deposited in the Rural Housing Insurance Fund or the
21 Rural Housing Direct Loan Account for the purpose of mak-
22 ing loans (as distinguished from appropriations for the
23 purpose of restoring losses or expenditures from such Fund
24 or Account). Such interest shall be payable annually upon

1 any sum so deposited until an amount equal to such sum
 2 is paid from the Fund or Account to which it was deposited
 3 and returned to miscellaneous receipts of the Treasury.

4 “(b) Any sums in the Rural Housing Insurance Fund
 5 or the Rural Housing Direct Loan Account which the Sec-
 6 retary determines are in excess of amounts needed to meet
 7 the obligations and carry out the purposes of such Fund or
 8 Account shall be returned to miscellaneous receipts of the
 9 Treasury.”

10 DEFINITION OF A RURAL AREA

11 SEC. 907. Title V of the Housing Act of 1949 is
 12 amended by adding at the end thereof (after the new section
 13 added by section 906 of this Act) the following new section:

14 “SEC. 520. The terms ‘rural’ and ‘rural area’ as used
 15 in this title mean any area, open country, place, town, vil-
 16 lage, or city having a population of 5,500 inhabitants or less
 17 that is not part of or associated with an urban area.”

18 TITLE X—MISCELLANEOUS

19 AUTHORIZATION FOR URBAN PLANNING GRANTS

20 SEC. 1001. (a) Section 701(b) of the Housing Act of
 21 1954 is amended by striking out “not exceeding \$105,000,-
 22 000” in the fifth sentence and inserting in lieu thereof “such
 23 amounts as may be necessary”.

1 ~~(b)~~ Section 701 of such Act is further amended by
 2 adding at the end thereof the following new subsection:

3 “~~(g)~~ No grant shall be made under this section after
 4 October 1, 1969, except pursuant to a contract or commit-
 5 ment entered into on or before such date.”

6 AUTHORIZATION FOR FEDERAL STATE TRAINING
 7 PROGRAMS

8 SEC. 1002. ~~(a)~~ Section 802(d) of the Housing Act of
 9 1964 is amended ~~(1)~~ by striking out “for grants under this
 10 part”, and ~~(2)~~ by striking out “not to exceed \$10,000,000”
 11 and inserting in lieu thereof “such amounts as may be
 12 necessary to carry out the purposes of this part”.

13 ~~(b)~~ Section 802 of such Act is further amended by
 14 adding at the end thereof the following new subsection:

15 “~~(e)~~ No grant shall be made under this part after
 16 October 1, 1969, except pursuant to a contract or commit-
 17 ment entered into on or before such date.”

18 ~~(c)~~ Section 803 of such Act is amended ~~(1)~~ by striking
 19 out “authorized to be”, and ~~(2)~~ by striking out “by section
 20 802(d)” and inserting in lieu thereof “for the purposes of
 21 this part”.

22 AUTHORIZATION FOR PUBLIC WORKS PLANNING ADVANCES

23 SEC. 1003. ~~(a)~~ The second sentence of section 702(c)
 24 of the Housing Act of 1954 is amended ~~(1)~~ by striking out

1 “Housing Act of 1964” and inserting in lieu thereof
 2 “Housing and Urban Development Act of 1965”, and ~~(2)~~
 3 by striking out “, not to exceed \$20,000,000,”.

4 ~~(b)~~ Section 702 of such Act is further amended by
 5 adding at the end thereof the following new subsection:

6 “~~(i)~~ No advance shall be made under this section after
 7 October 1, 1969, except pursuant to a contract or commit-
 8 ment entered into on or before such date.”

9 ADVISORY COMMITTEES—TECHNICAL PROVISION

10 SEC. 1004. Section 601 of the Housing Act of 1949
 11 is amended by striking out the second sentence.

12 PUBLIC FACILITY LOANS TO NONPROFIT CORPORATIONS

13 SEC. 1005. Section 202~~(c)~~ of the Housing Amend-
 14 ments of 1955 is amended by adding at the end thereof
 15 the following new sentence: “Notwithstanding any other
 16 provision of this title, the Administrator may extend finan-
 17 cial assistance, as otherwise authorized by clause ~~(1)~~ of
 18 subsection ~~(a)~~ of this section, to private nonprofit corpora-
 19 tions to finance the construction of works for the storage,
 20 treatment, purification, or distribution of water or the con-
 21 struction of sewage, sewage treatment, and sewer facilities,
 22 if needed to serve such smaller municipalities, upon a deter-
 23 mination that no existing public body is able to construct
 24 and operate such facilities.”

1 FIA CONFORMING AMENDMENTS

2 SEC. 1006. (a) Section 2(f) of the National Housing
3 Act is amended by striking out all that follows the first
4 sentence.

5 (b) Section 8 of such Act is amended—

6 (1) by striking out “Title I Housing Insurance
7 Fund” in subsection (g) and inserting in lieu thereof
8 “General Insurance Fund”; and

9 (2) by striking out subsections (h) and (i).

10 (c) Section 203(k) of such Act is amended—

11 (1) by striking out “a separate section 203 Home
12 Improvement Account to be maintained as hereinafter
13 provided under the Mutual Mortgage Insurance Fund”
14 in clause (3) of the first sentence and inserting in lieu
15 thereof “the General Insurance Fund”;

16 (2) by striking out “the section 203 Home Im-
17 provement Account or in debentures executed in the
18 name of such Account” in clause (4) of the first sen-
19 tence and inserting in lieu thereof “the General Insur-
20 ance Fund or in debentures executed in the name of
21 such Fund”;

22 (3) by striking out all of the third sentence which
23 follows “refer to this section 203(k)” and inserting in
24 lieu thereof a period; and

1 ~~(4)~~ by striking out the fourth, fifth, and sixth
2 sentences.

3 ~~(d)~~ Section 204 of such Act is amended—

4 ~~(1)~~ by striking out “or section 210” in the first
5 sentence of subsection ~~(a)~~;

6 ~~(2)~~ by striking out all of the second sentence of
7 subsection ~~(c)~~ after “the mortgagee” and inserting in
8 lieu thereof “from the Mutual Mortgage Insurance
9 Fund.”;

10 ~~(3)~~ by striking out all of the first sentence of sub-
11 section ~~(d)~~ after “shall be negotiable” the first place it
12 appears and inserting in lieu thereof a period;

13 ~~(4)~~ by striking out “the Fund” each place it ap-
14 pears in subsection ~~(d)~~ and inserting in lieu thereof
15 “the Mutual Mortgage Insurance Fund”;

16 ~~(5)~~ by striking out “or the Housing Fund, as the
17 case may be,” in the fifth sentence of subsection ~~(d)~~;

18 ~~(6)~~ by striking out “or the Housing Fund” in the
19 sixth sentence of subsection ~~(d)~~; and

20 ~~(7)~~ by striking out the matter in subsection ~~(f)~~ ~~(1)~~
21 ~~(i)~~ which follows “section 203” and precedes the
22 colon.

23 ~~(e)~~ Section 207 of such Act is amended—

1 ~~(1)~~ by striking out “and section 240” in the first
2 sentence of subsection ~~(d)~~;

3 ~~(2)~~ by striking out “of the Housing Insurance
4 Fund issued by the Commissioner under this title” in
5 the first sentence of subsection ~~(d)~~ and inserting in lieu
6 thereof the following: “issued by the Commissioner
7 under any title and section of this Act, except debentures
8 of the Mutual Mortgage Insurance Fund”;

9 ~~(3)~~ by striking out subsections ~~(f)~~, ~~(m)~~, and ~~(p)~~;
10 and

11 ~~(4)~~ by striking out “the Housing Insurance Fund”
12 and “the Housing Fund” each place they appear in
13 subsections ~~(b)~~, ~~(h)~~, ~~(i)~~, ~~(j)~~, ~~(k)~~, and ~~(l)~~ and in-
14 serting in lieu thereof “the General Insurance Fund”.

15 ~~(f)~~ Section 209 of such Act is amended by striking out
16 “or account or accounts,” in the second sentence.

17 ~~(g)~~ Section 243 of such Act is amended—

18 ~~(1)~~ by striking out “the Housing Fund” in subsec-
19 tion ~~(a)~~ ~~(3)~~ and inserting in lieu thereof “the General
20 Insurance Fund”; and

21 ~~(2)~~ by striking out “~~(l)~~, ~~(m)~~, ~~(n)~~, and ~~(p)~~” in
22 subsection ~~(e)~~ and inserting in lieu thereof “~~(l)~~, and
23 ~~(n)~~”.

24 ~~(h)~~ Section 220 of such Act is amended—

25 ~~(1)~~ by striking out “the section 220 Housing

Insurance Fund" each place it appears in subsections (d)-(2) and (f) and inserting in lieu thereof "the General Insurance Fund";

(2) by inserting "and" immediately before "(B)" in the second full sentence in subsection (f)-(3); and by striking out "and (C)" and all that follows in such sentence and inserting in lieu thereof a period;

(3) by striking out subsections (g) and (h)-(4); and

(4) by striking out "the section 220 Home Improvement Account" each place it appears in subsections (h)-(5) and (h)-(7) and inserting in lieu thereof "the General Insurance Fund".

(i) Section 221 of such Act is amended—

(1) by striking out "the section 221 Housing Insurance Fund" each place it appears in subsections (d)-(4), (f), (g)-(1), and (g)-(3) and inserting in lieu thereof "the General Insurance Fund";

(2) by striking out all of subsection (g)-(2) after "mortgages insured under this section" and inserting in lieu thereof "or";

(3) by inserting "and" immediately before "(B)" in the first full sentence in subsection (g)-(3); and by striking out "and (C)" and all that follows in such sentence and inserting in lieu thereof a period; and

1 ~~(4)~~ by striking out subsection ~~(h)~~.

2 ~~(j)~~ Section 222 of such Act is amended—

3 ~~(1)~~ by striking out “Servicemen’s Mortgage In-
4 surance Fund” in subsection ~~(e)~~ and inserting in lieu
5 thereof “General Insurance Fund”; and

6 ~~(2)~~ by striking out subsection ~~(f)~~.

7 ~~(k)~~ Section 229 of such Act is amended by striking out
8 “and Accounts” in the first sentence.

9 ~~(l)~~ Section 231 of such Act is amended—

10 ~~(1)~~ by striking out “the section 207 Housing In-
11 surance Fund” in subsection ~~(e)~~ ~~(4)~~ and inserting in
12 lieu thereof “the General Insurance”; and

13 ~~(2)~~ by striking out “~~(f)~~; ~~(g)~~; ~~(h)~~; ~~(i)~~; ~~(j)~~; ~~(k)~~;
14 ~~(l)~~; ~~(m)~~; ~~(n)~~, and ~~(p)~~” in subsection ~~(e)~~ and in-
15 serting in lieu thereof “~~(g)~~; ~~(h)~~; ~~(i)~~; ~~(j)~~; ~~(k)~~; ~~(l)~~;
16 and ~~(n)~~”.

17 ~~(m)~~ Section 232 of such Act is amended—

18 ~~(1)~~ by striking out “the section 207 Housing In-
19 surance Fund” in subsection ~~(d)~~ ~~(1)~~ and inserting in
20 lieu thereof “the General Insurance Fund”; and

21 ~~(2)~~ by striking out ~~(f)~~; ~~(g)~~; ~~(h)~~; ~~(i)~~; ~~(j)~~; ~~(k)~~;
22 ~~(l)~~; ~~(m)~~; ~~(n)~~, and ~~(p)~~” in subsection ~~(f)~~ and insert-
23 ing in lieu thereof “~~(g)~~; ~~(h)~~; ~~(i)~~; ~~(j)~~; ~~(k)~~; ~~(l)~~;
24 and ~~(n)~~”.

1 ~~(n)~~ Section 233 of such Act is amended—

2 ~~(1)~~ by striking out “the Experimental Housing
3 Insurance Fund” in clause ~~(1)~~ of the third sentence
4 of subsection ~~(f)~~ and inserting in lieu thereof “the
5 General Insurance Fund”;

6 ~~(2)~~ by inserting “and” immediately before “~~(2)~~”
7 in the third sentence of subsection ~~(f)~~, and by striking
8 out “, and ~~(3)~~” and all that follows and inserting in
9 lieu thereof a period; and

10 ~~(3)~~ by striking out subsection ~~(g)~~.

11 ~~(o)~~ Section 234 of such Act is amended—

12 ~~(1)~~ by striking out “the Apartment Unit Insurance
13 Fund” in subsections ~~(d)~~ ~~(2)~~ and ~~(g)~~ and inserting
14 in lieu thereof “the General Insurance Fund”;

15 ~~(2)~~ by striking out subsection ~~(h)~~ and inserting
16 in lieu thereof the following:

17 “~~(h)~~ The provisions of subsections ~~(d)~~, ~~(e)~~, ~~(g)~~,
18 ~~(h)~~, ~~(i)~~, ~~(j)~~, ~~(k)~~, ~~(l)~~, and ~~(n)~~ of section 207 shall be
19 applicable to mortgages insured under subsection ~~(d)~~ of this
20 section.”; and

21 ~~(3)~~ by striking out subsection ~~(i)~~ and redesignat-
22 ing subsection ~~(j)~~ as subsection ~~(i)~~.

23 ~~(p)~~ Section 604 of such Act is amended by striking out.

1 “the War Housing Insurance Fund” each place it appears in
2 subsections ~~(c)~~, ~~(d)~~, and ~~(f)(1)(i)~~ and inserting in lieu
3 thereof “the General Insurance Fund”.

4 ~~(q)~~ Section 608 of such Act is amended—

5 ~~(1)~~ by striking out “the War Housing Insurance
6 Fund” each place it appears in subsections ~~(b)(1)~~ and
7 ~~(d)~~ and inserting in lieu thereof “the General Insur-
8 ance Fund”; and

9 ~~(2)~~ by striking out subsection ~~(f)~~ and inserting
10 in lieu thereof the following:

11 “~~(f)~~ The provisions of section 207(k) of this Act shall
12 be applicable to mortgages insured under this section, except
13 that, as applied to such mortgages, the reference therein to
14 subsection ~~(g)~~ shall be construed to refer to subsection ~~(e)~~
15 of this section.”

16 ~~(r)~~ The first sentence of section 609(f) of such Act is
17 amended by striking out clause ~~(1)~~ and redesignating clauses
18 ~~(2)~~, ~~(3)~~, and ~~(4)~~ as clauses ~~(1)~~, ~~(2)~~, and ~~(3)~~,
19 respectively.

20 ~~(s)~~ Section 707 of such Act is amended by striking
21 out “the Housing Investment Insurance Fund” and insert-
22 ing in lieu thereof “the General Insurance Fund”.

23 ~~(t)~~ Section 708 of such Act is amended by striking out
24 “the Housing Investment Insurance Fund” each place it

1 appears in subsections ~~(c)~~, ~~(e)~~, ~~(g)~~, and ~~(h)~~ and inserting
2 in lieu thereof "the General Insurance Fund".

3 ~~(u)~~ Section 803 of such Act is amended—

4 ~~(1)~~ by striking out "the Armed Services Housing
5 Mortgage Insurance Fund" each place it appears in
6 subsections ~~(b)(1)~~, ~~(b)(2)~~, ~~(c)~~, ~~(f)~~, and ~~(g)~~ and
7 inserting in lieu thereof "the General Insurance Fund";
8 and

9 ~~(2)~~ by striking out subsection ~~(h)~~ and inserting in
10 lieu thereof the following:

11 "~~(h)~~ The provisions of section 207(k) and section 207
12 ~~(l)~~ of this Act shall be applicable to mortgages insured un-
13 der this title and to property acquired by the Commissioner
14 hereunder, except that, as applied to such mortgages and
15 property, the reference in section 207(k) to subsection ~~(g)~~
16 shall be construed to refer to subsection ~~(d)~~ of this section."

17 ~~(v)~~ Section 809 of such Act is amended by striking out
18 "the Armed Services Housing Mortgage Insurance Fund"
19 each place it appears in subsections ~~(b)~~, ~~(c)~~, and ~~(g)~~
20 and inserting in lieu thereof "the General Insurance Fund".

21 ~~(w)~~ Section 810 of such Act is amended—

22 ~~(1)~~ by striking out "the Armed Services Housing
23 Mortgage Insurance Fund" in subsection ~~(c)~~ and in-
24 serting in lieu thereof "the General Insurance Fund";

1 ~~(2)~~ by striking out “~~(l)~~, ~~(m)~~, ~~(n)~~, and ~~(p)~~” in
 2 subsection ~~(j)~~ and inserting in lieu thereof “~~(l)~~, and
 3 ~~(n)~~”; and

4 ~~(3)~~ by striking out the proviso in subsection ~~(j)~~
 5 and inserting in lieu thereof the following: “: *Provided*,
 6 That wherever the words ‘Fund’ or ‘Mutual Mortgage
 7 Insurance Fund’ appear in section 204, such reference
 8 shall refer to the General Insurance Fund with respect
 9 to mortgages insured under this section”.

10 ~~(x)~~ Section 903 of such Act is amended by striking
 11 out “the National Defense Housing Insurance Fund” each
 12 place it appears in subsection ~~(a)~~ and inserting in lieu
 13 thereof “the General Insurance Fund”.

14 ~~(y)~~ Section 904 of such Act is amended—

15 ~~(1)~~ by striking out “the National Defense Housing
 16 Insurance Fund” each place it appears in subsections
 17 ~~(c)~~ and ~~(d)~~ and inserting in lieu thereof “the General
 18 Insurance Fund”; and

19 ~~(2)~~ by striking out all of subsection ~~(c)~~ which
 20 follows “of this Act” and inserting in lieu thereof a
 21 period.

22 ~~(z)~~ Section 908 of such Act is amended—

23 ~~(1)~~ by striking out “the National Defense Housing
 24 Insurance Fund” in subsection ~~(b)~~~~(1)~~ and inserting in
 25 lieu thereof “the General Insurance Fund”;

~~(2)~~ by striking out all of subsection ~~(d)~~ which follows "of this Act" and inserting in lieu thereof a period; and

~~(3)~~ by striking out subsection ~~(f)~~ and inserting in lieu thereof the following:

~~"(f)~~ The provisions of section 207(k) and section 207(1) of this Act shall be applicable to mortgages insured under this section and to property acquired by the Commissioner hereunder, except that, as applied to such mortgages and property, the reference therein to subsection ~~(g)~~ shall be construed to refer to subsection ~~(e)~~ of this section."

~~(aa)~~ Section 219, 602, 605, 710, 802, 804, 902, and 905 of such Act are repealed.

SAVINGS AND LOAN ASSOCIATIONS

SEC. 1007. Section 5(e) of the Home Owners' Loan Act of 1933 is amended—

~~(1)~~ by adding at the end of the first paragraph the following new sentence: "Loans on the security of buildings substantially all of which are used or are to be used after completion for college dormitories, fraternity houses, or sorority houses, or for residential purposes by the staffs of community hospitals, shall be considered as loans on 'other dwelling units' for the purposes of this subsection.";

1 ~~(2)~~ by inserting before the period at the end of
2 the next to last paragraph ~~(as determined without re-~~
3 gard to the new paragraphs added by this Act) the
4 following: “: *Provided*, That in any State or area within
5 a State where the Board shall find that a substantial part
6 of the land occupied by or suitable for residential struc-
7 tures is available for purchase only on a leasehold basis,
8 any such association may make a loan on the security of
9 a first lien on the remainder of the term of any such
10 leasehold which extends or is renewable for at least ten
11 years beyond the maturity of such loan”;

12 ~~(3)~~ by adding at the end thereof ~~(after the new~~
13 paragraph added by section 201(b)~~(3)~~ of this Act)
14 the following new paragraph:

15 “Any building association, building and loan association,
16 or savings and loan association organized and operating
17 under the laws of the District of Columbia shall have the
18 same powers with respect to the investment of its assets
19 as are authorized for Federal savings and loan associations
20 under this subsection, and shall be governed by such regula-
21 tions as the Board may prescribe in relation to the exercise
22 of such powers by Federal savings and loan associations; and

23 ~~(4)~~ by adding at the end thereof ~~(after all other ad-~~
24 ditions made by this Act) the following new paragraph:
25 “No building and loan association incorporated under

1 the laws of the District of Columbia or organized in said Dis-
 2 trict or doing business in said District shall establish any
 3 branch or move its principal office or any branch without the
 4 prior written approval of the Federal Home Loan Bank
 5 Board, and no other building and loan association shall estab-
 6 lish any branch in said District or move its principal office or
 7 any branch in said District without such approval. As used
 8 in the sentence next preceding, 'branch' means any office,
 9 place of business, or facility, other than the principal office
 10 as defined by said Board, of a building and loan association
 11 at which accounts are opened or payments thereon are re-
 12 ceived or withdrawals therefrom are paid, or any other office,
 13 place of business, or facility of a building and loan association
 14 defined by said Board as a branch within the meaning of
 15 said sentence, and as used in said sentence and in this sen-
 16 tence 'building and loan association' means any incorporated
 17 or unincorporated building, building or loan, building and
 18 loan, savings and loan, or homestead association or coopera-
 19 tive bank."

20 URBAN RENEWAL PROJECT IN JOHNSON CITY, TENNESSEE

21 SEC. 1008. Notwithstanding the date of commencement
 22 of the installation of certain underground electrical wiring in
 23 Johnson City, Tennessee, expenditures made in connection
 24 with such installation shall, to the extent otherwise eligible,
 25 be counted as a local grant-in-aid to Johnson City's proposed

1 downtown urban renewal project ~~(Tennessee R-80)~~ in ac-
2 cordance with provisions of title I of the Housing Act of
3 1949.

4 ACQUISITION OF CERTAIN PROPERTIES SITUATED AT OR
5 NEAR MILITARY BASES WHICH HAVE BEEN ORDERED
6 TO BE CLOSED

7 SEC. 1009. (a) The Secretary of Defense is authorized
8 to acquire title to any property, improved with a one- or
9 two-family dwelling, which is situated at or near a military
10 base or installation which the Department of Defense has,
11 subsequent to November 1, 1964, ordered to be closed in
12 whole or in part, if he determines—

13 ~~(1)~~ that the owner of such property is, or has been,
14 employed or performing military service at such base
15 or installation;

16 ~~(2)~~ that the closing of such base or installation, in
17 whole or in part, has required or will require the ter-
18 mination of such owner's employment or service at
19 such base or installation; and

20 ~~(3)~~ that as the result of the actual or pending
21 closing of such base or installation there is no present
22 market for the sale of such property upon reasonable
23 terms and conditions.

24 ~~(b)~~ The purchase price of any property which is situ-
25 ated at or near a military base or installation and is acquired

1 under this section shall be equal to an amount determined by
2 the Secretary of Defense to be the average price at which
3 properties, similar in size, construction, condition, and loca-
4 tion to that of the property to be acquired, were sold during
5 a representative period, as determined by the Secretary,
6 prior to the announcement of the intention of the Depart-
7 ment of Defense to close all or part of such base or
8 installation.

9 (c) The title to any property acquired under this sec-
10 tion shall be free and clear of any outstanding liens or encum-
11 brances and shall conform to such requirements as the
12 Secretary of Defense shall by regulation require. Such reg-
13 ulations shall also prescribe the terms and conditions under
14 which payments may be made under this section, and deci-
15 sions by the Secretary regarding such payments, and the
16 terms and conditions under which the same are approved or
17 disapproved, shall be final and conclusive and shall not be
18 subject to judicial review.

19 (d) Properties acquired under this section shall be
20 transferred to the Federal Housing Commissioner, and the
21 Federal Housing Commissioner shall have power to deal
22 with, rent, renovate, or sell for cash or credit any properties
23 so transferred. Receipts from the management or sale of
24 any such properties may be utilized by the Commissioner

1 to defray expenses arising in connection with the manage-
 2 ment of such properties, and any part of such receipts not
 3 required for such expenses shall be covered into the Treas-
 4 ury as miscellaneous receipts.

5 ~~(e)~~ Section 223(a) of the National Housing Act is
 6 amended—

7 ~~(1)~~ by striking out the period at the end of para-
 8 graph ~~(7)~~ and inserting in lieu thereof “; or”; and

9 ~~(2)~~ by inserting after paragraph ~~(7)~~ a new para-
 10 graph as follows:

11 “~~(8)~~ executed in connection with the sale by the
 12 Commissioner of any housing acquired pursuant to sec-
 13 tion 108 of the Housing and Urban Development Act
 14 of 1965.”

15 ~~(f)~~ Such sums as may be necessary to carry out the
 16 provisions of this section are hereby authorized to be appro-
 17 priated, and any sums so appropriated shall remain available
 18 until expended.

19 MORTGAGE RELIEF FOR HOMEOWNERS WHO ARE UNEM-
 20 PLOYED AS THE RESULT OF THE CLOSING OF A FED-
 21 ERAL INSTALLATION

22 SEC. 1010. ~~(a)~~ For the purposes of this section—

23 ~~(1)~~ The term “mortgage” means a mortgage which
 24 ~~(A)~~ is insured under the National Housing Act, or ~~(B)~~
 25 secures a home loan guaranteed or insured under the Service-

1 men's Readjustment Act of 1944 or chapter 37 of title 38,
2 United States Code.

3 ~~(2)~~ The term "Federal mortgage agency" means—

4 ~~(A)~~ the Federal Housing Commissioner when used
5 in connection with mortgages insured under the National
6 Housing Act; and

7 ~~(B)~~ the Administrator of Veterans' Affairs when
8 used in connection with mortgages securing home loans
9 guaranteed or insured under the Servicemen's Readjust-
10 ment Act of 1944 or chapter 37 of title 38, United
11 States Code.

12 ~~(3)~~ The term "distressed mortgagor" means an indi-
13 vidual who

14 ~~(A)~~ is unemployed, although willing to work, as
15 the result of the closing (in whole or in part) of a
16 Federal installation; and

17 ~~(B)~~ is the owner-occupant of a dwelling upon
18 which there is a mortgage securing a loan which is in
19 default because of the inability of such individual to
20 make payments of principal and/or interest under such
21 mortgage.

22 ~~(b)(1)~~ Any distressed mortgagor, for the purpose
23 of avoiding foreclosure of his mortgage, may apply to the
24 appropriate Federal mortgage agency for a determination

1 that suspension of his obligation to make payments of prin-
2 cipal and/or interest under such mortgage during a tem-
3 porary period is necessary in order to avoid such foreclosure.

4 ~~(2)~~ Upon receipt of an application made under this sub-
5 section by a distressed mortgagor, the Federal mortgage
6 agency shall issue to such mortgagor a certificate of mora-
7 torium if it determines, after consultation with the interested
8 mortgagee, that—

9 ~~(A)~~ the mortgagor is not in default with respect to
10 any condition or covenant of the mortgage other than
11 that requiring the payment of installments of principal
12 and/or interest under the mortgage, and

13 ~~(B)~~ such action is the only available means where-
14 by a foreclosure of such mortgage can be avoided.

15 ~~(3)~~ Prior to the issuance to any distressed mortgagor of
16 a certificate of moratorium under paragraph ~~(2)~~, the Fed-
17 eral mortgage agency shall require such mortgagor to enter
18 into a binding agreement under which he will be required to
19 make payments to such agency, after the expiration of such
20 certificate, in an aggregate amount equal to the amount paid
21 by such agency in behalf of such mortgagor as provided in
22 subsection ~~(c)~~. The manner and time in which such pay-
23 ments shall be made shall be determined by the Federal
24 mortgage agency having due regard to the purposes sought
25 to be achieved by this section.

1 ~~(4)~~ Any certificate of moratorium issued under this
2 subsection shall expire on whichever of the following dates
3 is the earliest—

4 ~~(A)~~ three years from the date on which such cer-
5 tificate is issued;

6 ~~(B)~~ thirty days after the date on which the mort-
7 gator to whom such certificate is issued ceases to be a
8 distressed mortgagor as defined in subsection ~~(a)~~; or

9 ~~(C)~~ the date on which such mortgagor becomes in
10 default with respect to any condition or covenant in his
11 mortgage other than that requiring the payment by him
12 of installments of principal and/or interest under the
13 mortgage.

14 ~~(c)~~ ~~(1)~~ Whenever a Federal mortgage agency issues
15 a certificate of moratorium to any distressed mortgagor
16 with respect to any mortgage, it shall transmit to the mort-
17 gagee a copy of such certificate, together with a notice stat-
18 ing that, while such certificate is in effect, such agency will
19 assume the obligation of such mortgagor to make payments
20 of principal, and if so specified in the certificate, of interest,
21 under the mortgage.

22 ~~(2)~~ Payments made by any Federal mortgage agency
23 pursuant to a certificate of moratorium issued under this
24 section with respect to the mortgage of any distressed mort-

1 gagor shall include, in addition to the payments referred to
2 in paragraph (1), an amount equal to the unpaid principal
3 and interest charges which had accrued under such mort-
4 gage prior to the issuance of such certificate and subsequent
5 to the date on which such mortgagor became a distressed
6 mortgagor as defined in subsection (a).

7 ~~(3)~~ While any certificate of moratorium issued under
8 this section is in effect with respect to the mortgage of any
9 distressed mortgagor, no further payments of principal, and
10 if so specified in the certificate, of interest, under the mort-
11 gage shall be required of such mortgagor, and no action
12 ~~(legal or otherwise)~~ shall be taken or maintained by the
13 mortgagee to enforce or collect such payments. Upon the
14 expiration of such certificate, the mortgagor shall again be
15 liable for the payment of all amounts due under the mort-
16 gage in accordance with its terms.

17 ~~(4)~~ Each Federal mortgage agency shall give prompt
18 notice in writing to the interested mortgagor and mortgagee
19 of the expiration of any certificate of moratorium issued by
20 it under this section.

21 ~~(d)~~ The Federal mortgage agencies are authorized to
22 issue such individual and joint regulations as may be neces-
23 sary to carry out this section and to insure the uniform
24 administration thereof.

25 ~~(e)~~ There shall be in the Treasury ~~(1)~~ a fund which

1 shall be available to the Federal Housing Commissioner for
2 the purpose of extending financial assistance in behalf of
3 distressed mortgagors as provided in subsection ~~(c)~~, and ~~(2)~~
4 a fund which shall be available to the Administrator of Vet-
5 erans' Affairs for the same purpose. The capital of each
6 such fund shall consist of such sums as may, from time to
7 time, be appropriated thereto, and any sums so appropriated
8 shall remain available until expended. Receipts arising from
9 the programs of assistance under subsection ~~(c)~~ shall be
10 credited to the fund from which such assistance was ex-
11 tended. Moneys in either of such funds not needed for cur-
12 rent operations, as determined by the Federal Housing
13 Commisisoner, or the Administrator of Veterans' Affairs,
14 as the case may be, shall be invested in bonds or other
15 obligations of the United States, or paid into the Treasury
16 as miscellaneous receipts.

17 ~~(f)~~ Section 1816 of title 38, United States Code, is
18 amended by inserting "~~(a)~~" before the text of such section,
19 and by adding at the end thereof a new subsection as
20 follows:

21 "~~(b)~~ With respect to any loan made under section
22 1811 which has not been sold as provided in subsection
23 ~~(g)~~ of such section, if the Administrator finds after there
24 has been a default in the payment of any installment of

1 principal or interest owing on such loan; that the default
2 was due to the fact that the veteran who is obligated under
3 the loan has become unemployed as the result of the closing
4 (in whole or in part) of a Federal installation, he shall
5 (1) extend the time for curing the default to such time
6 as he determines is necessary and desirable to enable such
7 veteran to complete payments on such loan, including an
8 extension of time beyond the stated maturity thereof, or
9 (2) modify the terms of such loan for the purpose of chang-
10 ing the amortization provisions thereof by recasting, over
11 the remaining term of the loan, or over such longer period
12 as he may determine, the total unpaid amount then due
13 with the modification to become effective currently or upon
14 the termination of an agreed upon extension of the period
15 for curing the default."

16 REPAYMENT OF CERTAIN PLANNING GRANTS

17 SEC. 1011. Notwithstanding any other provision of law,
18 no advance made under section 501 of Public Law 458,
19 Seventy-eighth Congress; Public Law 352, Eighty-first Con-
20 gress; or section 702, Housing Act of 1954, Public Law 560,
21 Eighty-third Congress, for the planning of any public works
22 project shall be required to be repaid if construction of such
23 project has been heretofore or is hereafter initiated as a result
24 of a grant-in-aid made from an allocation made by the Presi-
25 dent under the Public Works Acceleration Act.

1 TRANSFER OF LAND FOR URBAN RENEWAL PURPOSES BY
2 HOUSING AUTHORITY OF THE CITY OF MACON, GEORGIA

3 SEC. 1012: (a) Notwithstanding the provisions of title
4 I of the Housing Act of 1949 and the United States Housing
5 Act of 1937, the Housing and Home Finance Administrator
6 and the Public Housing Commissioner are authorized and
7 directed to consent to the transfer by the Housing Authority
8 of the City of Macon, Georgia, to the Urban Renewal De-
9 partment of the City of Macon, Georgia, of all property ac-
10 quired by the Housing Authority for low-rent housing project
11 numbered Georgia 7-8, on condition that (1) an amount
12 which, together with any funds of the Housing Authority
13 available for the purpose, is sufficient to pay and discharge all
14 obligations incurred by the Housing Authority in connec-
15 tion with such low-rent housing project and owing at the time
16 of transfer, will be paid by the Urban Renewal Department
17 of the City of Macon to the Public Housing Administration
18 to be applied in satisfaction of the Housing Authority's obli-
19 gations which it cannot meet with its own funds available for
20 the purpose, and (2) the total amount so paid by the Urban
21 Renewal Department of the City of Macon will be included
22 in the gross project cost of its Coliseum Urban Renewal
23 Project, Georgia R-95.

24 (b) The Housing and Home Finance Administrator and

1 the Public Housing Commissioner are authorized to modify
2 any contracts heretofore entered into and to take any other
3 appropriate action necessary to carry out the provisions of
4 subsection (a).

5 URBAN RENEWAL PROJECT IN SAVANNAH, GEORGIA

6 SEC. 1013. (a) Notwithstanding any provision of the
7 Housing Act of 1949 or any other provision of law, the
8 urban renewal project in Savannah, Georgia, known as
9 Project "J" in the General Neighborhood Renewal Plan for
10 the Broad Street-Canal Urban Renewal Area adopted by
11 resolution of the Mayor and Aldermen of the City of
12 Savannah on November 18, 1958, may include the donation
13 by Housing Authority of Savannah, by a suitable instrument
14 of conveyance, of the right, title, and interest of the Author-
15 ity in and to all or any portion of the land included within
16 the boundaries of such Project "J" in the City of Savannah,
17 Chatham County, Georgia, the area of such Project "J"
18 being generally bounded on the North by properties of the
19 Central of Georgia Railway Company, on the East by West
20 Broad Street, on the South by the right-of-way for Interstate
21 Highway No. I-16, and on the West by the Savannah and
22 Ogeechee Canal and West Boundary Street.

23 (b) The conveyance authorized to be included in the
24 urban renewal project under subsection (a) of this section
25 shall be made only if the donee represents, and furnishes such

1 assurances as may be required by Housing Authority of
 2 Savannah, that such donee will develop, preserve, and
 3 operate such property on a non-profit basis as a historical
 4 site or monument.

5 URBAN RENEWAL PROJECT IN OTTUMWA, IOWA

6 SEC. 1014. Notwithstanding the June, 1956 commence-
 7 ment of certain flood control work in Ottumwa, Iowa, local
 8 expenditures in connection with such flood control work
 9 shall, to the extent otherwise eligible, be counted as a local
 10 grant-in-aid to the Marina Gateway urban renewal project
 11 (Iowa R-12) in accordance with the provisions of Title I
 12 of the Housing Act of 1949.

13 *That this Act may be cited as the "Housing and Urban*
 14 *Development Act of 1965".*

15 TITLE I—SPECIAL PROVISIONS FOR DISAD-
 16 VANTAGED PERSONS

17 FINANCIAL ASSISTANCE TO ENABLE CERTAIN PRIVATE
 18 HOUSING TO BE AVAILABLE FOR LOWER INCOME
 19 FAMILIES WHO ARE ELDERLY, HANDICAPPED, DIS-
 20 PLACED, VICTIMS OF A NATURAL DISASTER, OR
 21 OCCUPANTS OF SUBSTANDARD HOUSING

22 SEC. 101. (a) *The Housing and Home Finance Ad-*
 23 *ministrator (hereinafter referred to as the "Administrator").*
 24 *is authorized to make, and contract to make, annual pay-*

1 *ments to a "housing owner" on behalf of "qualified tenants",*
2 *as those terms are defined herein, in such amounts and under*
3 *such circumstances as are prescribed in or pursuant to this*
4 *section. In no case shall a contract provide for such pay-*
5 *ments with respect to any housing for a period exceeding*
6 *forty years. The aggregate amount of the contracts to make*
7 *such payments shall not exceed amounts approved in ap-*
8 *propriation Acts and shall not exceed \$30,000,000 per an-*
9 *num prior to July 1, 1966, which maximum dollar amount*
10 *shall be increased by \$35,000,000 on July 1, 1966, by \$40,-*
11 *000,000 on July 1, 1967, and by \$45,000,000 on July 1,*
12 *1968.*

13 *(b) As used in this section, the term "housing owner"*
14 *means—*

15 *(1) a private nonprofit corporation or other entity,*
16 *a limited dividend corporation or other entity, or a co-*
17 *operative housing corporation, which is a mortgagor*
18 *under section 221(d)(3) of the National Housing Act*
19 *and which, after the date of enactment of this Act, has*
20 *been approved for mortgage insurance thereunder and*
21 *has been approved for receiving the benefits of this*
22 *section;*

23 *(2) a private nonprofit corporation, a public body*
24 *or agency, or a cooperative housing corporation which*
25 *is a borrower under section 202 of the Housing Act of*

1 1959 and has been approved for receiving the benefits
2 of this section; and

3 (3) a private nonprofit corporation or other entity
4 which is the mortgagor under a mortgage insured under
5 section 231(c)(3) of the National Housing Act and
6 which, after the date of enactment of this Act, has ob-
7 tained final endorsement of such mortgage for mortgage
8 insurance and has been approved for receiving the bene-
9 fits of this section.

10 (c) As used in this section, the term "qualified tenant"
11 means any individual or family who has, pursuant to criteria
12 and procedures established by the Administrator, been
13 determined—

14 (1) to have an income below the maximum amount
15 which can be established for occupancy in public hous-
16 ing dwellings pursuant to the limitations prescribed in
17 sections 2(2) and 15(7)(b)(ii) of the United States
18 Housing Act of 1937; and

19 (2) to be one of the following—

20 (A) displaced by governmental action;

21 (B) sixty-two years of age or older (or, in the
22 case of a family, to have a head who is, or whose
23 spouse is, sixty-two years of age or over);

24 (C) physically handicapped (or, in the case

1 of a family, to have a head who is, or whose spouse
2 is, physically handicapped);

3 (D) occupying substandard housing; or

4 (E) an occupant or former occupant of a
5 dwelling which is (or was) situated in an area
6 determined by the Small Business Administration,
7 subsequent to April 1, 1965, to have been affected
8 by a natural disaster, and which has been ex-
9 tensively damaged or destroyed as the result of
10 such disaster.

11 (d)(1) Payments under this section with respect to
12 properties financed with mortgages insured under section
13 221(d)(3) of the National Housing Act shall be made
14 only if such mortgages do not receive the benefits of the
15 interest rate provided for in the proviso in section 221(d)
16 (5) of that Act; except that the Administrator may make,
17 and contract to make, such payments, on an experimental
18 basis, with respect to properties financed with mortgages
19 receiving such benefits subject to the condition that such
20 payments shall not be made with respect to more than
21 20 per centum of the dwelling units in any property so
22 financed.

23 (2) Payments under this section with respect to prop-
24 erties financed under section 202 of the Housing Act of
25 1959 or section 231(c)(3) of the National Housing Act

1 shall be made on an experimental basis subject to the condi-
2 tion that such payments shall not be made with respect to
3 more than 20 per centum of the dwelling units in any
4 property so financed.

5 (3) With respect to properties financed (A) with mort-
6 gages receiving the benefits of the interest rate provided
7 for in the proviso in section 221(d)(5) of the National
8 Housing Act, (B) with mortgages receiving the benefits
9 of section 231(c)(3) of such Act, and (C) under section
10 202 of the Housing Act of 1959, the Administrator may
11 make, and contract to make, payments under this section
12 subject to the condition that not more than 10 per centum
13 of the amounts approved in appropriation Acts, pursuant to
14 subsection (a), for payments under this section in any year
15 shall be utilized for payments with respect to properties so
16 financed.

17 (4) The Administrator shall include in the report sub-
18 mitted to the Congress, pursuant to subsection (k), a full
19 report concerning the experimental programs authorized
20 under this subsection, together with his recommendations
21 with respect thereto.

22 (5) No payments under this section may be made with
23 respect to any property for which the costs of operation
24 (including wages and salaries) are determined by the Ad-
25 ministrator to be greater than similar costs of operation of

1 similar housing in the community where the property is
2 situated.

3 (e) The amount of the annual payment with respect
4 to any dwelling unit shall not exceed the amount by which
5 the fair market rental for such unit exceeds one-fourth of the
6 tenant's income as determined by the Administrator pur-
7 suant to procedures and regulations established by him.

8 (f)(1) For purposes of carrying out the provisions of
9 this section, the Administrator shall establish criteria and
10 procedures for determining the eligibility of occupants and
11 rental charges, including criteria and procedures with respect
12 to periodic review of tenant incomes and periodic adjustment
13 of rental charges. The Administrator shall issue, upon the
14 request of a housing owner, certificates as to the following
15 facts concerning the individuals and families applying for
16 admission to, or residing in, dwellings of such owner:

17 (A) the income of the individual or family; and

18 (B) whether the individual or family was dis-
19 placed by governmental action, is elderly, is physically
20 handicapped, or is (or was) occupying substandard
21 housing or housing extensively damaged or destroyed
22 as the result of a natural disaster.

23 (2) Procedures adopted by the Administrator here-
24 under shall provide for recertifications of the incomes of
25 occupants, except the elderly, at intervals of two years (or

1 at shorter intervals in cases where the Administrator may
2 deem it desirable) for the purpose of adjusting rental charges
3 and annual payments on the basis of occupants' incomes,
4 but in no event shall rental charges adjusted under this sec-
5 tion for any dwelling exceed the fair market rental of the
6 dwelling.

7 (3) The Administrator may enter into agreements, or
8 authorize housing owners to enter into agreements, with
9 public or private agencies for services required in the selec-
10 tion of qualified tenants, including those who may be ap-
11 proved, on the basis of the probability of future increases in
12 their incomes, as lessees under an option to purchase dwell-
13 ings or cooperative ownership interests therein, and in the
14 establishment of rentals. The Administrator is authorized
15 (without limiting his authority under any other provision
16 of law) to delegate to any such public or private agency his
17 authority to issue certificates pursuant to this subsection.

18 (g) Section 101(c) of the Housing Act of 1949 is
19 amended by inserting "(i)" after "a mortgage under" in
20 the first proviso and by inserting immediately before the
21 colon at the end of such proviso the following: ", or (ii)
22 section 221(d)(3) of the National Housing Act if pay-
23 ments with respect to the mortgaged property are made or
24 are to be made under section 101 of the Housing and Urban

1 *Development Act of 1965, except that no such mortgage*
2 *shall be insured, and no commitment to insure such a mort-*
3 *gage shall be issued, with respect to property in any com-*
4 *munity for which a workable program for community*
5 *improvement was required and in effect at the time a contract*
6 *for a loan or capital grant was entered into under this title,*
7 *or a contract for annual contributions or capital grants was*
8 *entered into pursuant to the United States Housing Act of*
9 *1937, unless there is a workable program for community*
10 *improvement which meets the requirements of this subsec-*
11 *tion in effect in such community at the time of such insurance*
12 *or commitment''.*

13 *(h) The Administrator is authorized to make such rules*
14 *and regulations to enter into such agreements, and to adopt*
15 *such procedures as he may deem necessary or desirable to*
16 *carry out the provisions of this section. Nothing contained*
17 *in this section shall affect the authority of (1) the Federal*
18 *Housing Commissioner with respect to any housing assisted*
19 *under this section and under sections 221(d)(3) and 231*
20 *(c)(3) of the National Housing Act, or (2) the Housing*
21 *and Home Finance Administrator with respect to any hous-*
22 *ing assisted under this section and under section 202 of the*
23 *Housing Act of 1959, including the authority to prescribe*
24 *occupancy requirements under other provisions of law or to*

1 determine the portion of any such housing which may be
2 occupied by qualified tenants.

3 (i) There are authorized to be appropriated such sums
4 as may be necessary to carry out the provisions of this sec-
5 tion, including, but not limited to, such sums as may be
6 necessary to make annual payments, pay for services pro-
7 vided under (or pursuant to agreements entered into under)
8 subsection (f), and provide administrative expenses.

9 (j) Section 114(c)(2) of the Housing Act of 1949
10 is amended by inserting before the colon at the end of the
11 first proviso the following: “, or a dwelling unit assisted
12 under section 101 of the Housing and Urban Development
13 Act of 1965”.

14 (k) The Administrator shall submit to the Congress
15 annual reports of operations under this section, together with
16 his recommendations with respect thereto. Such reports
17 shall be submitted on or before January 1 of each year.

18 EXTENSION OF FHA SECTION 221 PROGRAMS; MODIFICA-
19 TION OF INTEREST RATE

20 SEC. 102. (a) The fifth sentence of section 221(f) of
21 the National Housing Act is amended by striking out “sub-
22 section (d)(2) or (d)(4) after September 30, 1965, or
23 under subsection (d)(3) after September 30, 1965,” and
24 inserting in lieu thereof “this section after October 1, 1969,”

1 (b) The proviso in section 221(d)(5) of such Act is
2 amended by striking out “not less than the annual rate of
3 interest determined” and inserting in lieu thereof “not less
4 than the lower of (A) 3 per centum per annum, or (B)
5 the annual rate of interest determined”.

6 (c) The third sentence of section 212(a) of such Act
7 (relating to the applicability of the Davis-Bacon Act) is
8 amended to read as follows: "The provisions of this section
9 shall apply to the insurance under section 221 of any mort-
10 gage described in subsection (d)(3) or (d)(4)."

11 *REHABILITATION GRANTS TO HOMEOWNERS IN URBAN*
12 *RENEWAL AREAS*

13 *SEC. 103. (a) Title I of the Housing Act of 1949 is*
14 *amended by adding at the end thereof the following new*
15 *section:*

16 "REHABILITATION GRANTS

17 "SEC. 115. (a) Notwithstanding any other provision
18 of this title, the Administrator may authorize a local public
19 agency to make grants (and the urban renewal project may
20 include the making of such grants) as prescribed in this sec-
21 tion. Any such grant may be made only to an individual or
22 family, as described in subsection (b), who owns and oc-
23 cupies a structure in the urban renewal area and for the pur-
24 pose of covering the cost of repairs and improvements neces-
25 sary to make such structure conform to public standards for

1 decent, safe, and sanitary housing as required by applicable
2 codes or other requirements of the urban renewal plan for
3 the area. Any contract for financial assistance under this
4 title shall provide that the capital grant otherwise payable
5 for the project shall be increased by an amount equal to the
6 total amount of such grants and that no part of the total
7 amount of such grants shall be required to be contributed as
8 part of the local grant-in-aid.

9 “(b) A grant authorized by this section may be made
10 to an individual or family whose income does not exceed
11 \$3,000 a year, and such grant may be in an amount which
12 does not exceed the lesser of (1) the actual (and approved)
13 cost of the repairs and improvements, or (2) \$1,500. In
14 case the income of the individual or family exceeds \$3,000 a
15 year, a grant may be made under this section, subject to the
16 limitations specified in clauses (1) and (2) of the preceding
17 sentence, in an amount not to exceed that portion of the cost
18 of such repairs and improvements as cannot be paid for with
19 any available loan which can be amortized as part of such
20 individual's or family's monthly housing expense without
21 requiring such monthly housing expense to exceed 25 per
22 centum of such individual's or family's monthly income.”

23 (b) Any contract with a local public agency which was
24 executed under title I of the Housing Act of 1949 before the
25 date of enactment of this Act may be amended to provide for

1 grants authorized by section 115 of the Housing Act of
2 1949.

3 PARITY OF TREATMENT FOR THE HANDICAPPED AND
4 ELDERLY IN PUBLIC HOUSING

5 SEC. 104. Section 2(2) of the United States Housing
6 Act of 1937 is amended to read as follows:

7 “(2) The term ‘families of low income’ means families
8 (including elderly and displaced families) who are in the
9 lowest income group and who cannot afford to pay enough
10 to cause private enterprise in their locality or metropolitan
11 area to build an adequate supply of decent, safe, and sanitary
12 dwellings for their use. The term ‘families’ includes families
13 consisting of a single person in the case of elderly families
14 and displaced families, and includes the remaining member
15 of a tenant family. The term ‘elderly families’ means fam-
16 ilies whose heads (or their spouses), or whose sole members,
17 have attained the age at which an individual may elect to
18 receive an old-age benefit under title II of the Social Security
19 Act, or are under a disability as defined in section 223 of that
20 Act, or are handicapped within the meaning of section 202
21 of the Housing Act of 1959. The term ‘displaced fami-
22 lies’ means families displaced by urban renewal or other
23 governmental action, or families whose present or former
24 dwellings are situated in areas determined by the Small Busi-

ness Administration, subsequent to April 1, 1965, to have been affected by a natural disaster, and which have been extensively damaged or destroyed as the result of such disaster."

MODIFICATION OF INTEREST RATE ON LOANS TO PROVIDE
HOUSING FOR ELDERLY OR HANDICAPPED

SEC. 105. Section 202(a)(3) of the Housing Act of 1959 is amended by striking out "the higher of (A) $2\frac{3}{4}$ per centum per annum, or" and inserting in lieu thereof "the lower of (A) 3 per centum per annum, or".

RELOCATION PAYMENTS UNDER THE URBAN MASS
TRANSPORTATION ACT OF 1964

SEC. 106. Section 7(b) of the Urban Mass Transportation Act of 1964 is amended by striking out all that follows the second sentence and inserting in lieu thereof the following: "The term 'relocation payments' means payments by the applicant which are (1) made to an individual, family, business concern, or nonprofit organization displaced by a project on or after March 4, 1965, (2) not otherwise authorized under any Federal law, and (3) made only on such terms and conditions and subject to such limitations (as applicable, but not including the date of displacement) as are provided for relocation payments, at the time such payment is approved, by sections 114 (b) and (c) of the Housing Act of 1949. Relocation payments authorized by this subsection

1 *shall be made subject to such rules and regulations as may*
2 *be prescribed by the Administrator."*

3 *MORTGAGE RELIEF FOR HOMEOWNERS WHO ARE UNEM-*
4 *PLOYED AS THE RESULT OF THE CLOSING OF A FED-*
5 *ERAL INSTALLATION*

6 *SEC. 107. (a) For the purposes of this section—*

7 *(1) The term "mortgage" means a mortgage which*
8 *(A) is insured under the National Housing Act, or (B)*
9 *secures a home loan guaranteed or insured under the Service-*
10 *men's Readjustment Act of 1944 or chapter 37 of title 38,*
11 *United States Code.*

12 *(2) The term "Federal mortgage agency" means—*

13 *(A) the Federal Housing Commissioner when used*
14 *in connection with mortgages insured under the National*
15 *Housing Act, and*

16 *(B) the Administrator of Veterans' Affairs when*
17 *used in connection with mortgages securing home loans*
18 *guaranteed or insured under the Servicemen's Readjust-*
19 *ment Act of 1944 or chapter 37 of title 38, United*
20 *States Code.*

21 *(3) The term "distressed mortgagor" means an indi-*
22 *vidual who—*

23 *(A) is unemployed, although willing to work, as*
24 *the result of the closing (in whole or in part) of a*
25 *Federal installation, and*

1 (B) is the owner-occupant of a dwelling upon
2 which there is a mortgage securing a loan which is in
3 default because of the inability of such individual to
4 make payments of principal and/or interest under such
5 mortgage.

6 (b)(1) Any distressed mortgagor, for the purpose
7 of avoiding foreclosure of his mortgage, may apply to the
8 appropriate Federal mortgage agency for a determination
9 that suspension of his obligation to make payments of prin-
10 cipal and/or interest under such mortgage during a tem-
11 porary period is necessary in order to avoid such foreclosure.

12 (2) Upon receipt of an application made under this sub-
13 section by a distressed mortgagor, the Federal mortgage
14 agency shall issue to such mortgagor a certificate of mora-
15 torium if it determines, after consultation with the interested
16 mortgagee, that—

17 (A) the mortgagor is not in default with respect to
18 any condition or covenant of the mortgage other than
19 that requiring the payment of installments of principal
20 and/or interest under the mortgage, and

21 (B) such action is the only available means whereby
22 a foreclosure of such mortgage can be avoided.

23 (3) Prior to the issuance to any distressed mortgagor of
24 a certificate of moratorium under paragraph (2), the Fed-
25 eral mortgage agency shall require such mortgagor to enter

1 into a binding agreement under which he will be required to
2 make payments to such agency, after the expiration of such
3 certificate, in an aggregate amount equal to the amount paid
4 by such agency in behalf of such mortgagor as provided in
5 subsection (c). The manner and time in which such pay-
6 ments shall be made shall be determined by the Federal mort-
7 gage agency having due regard to the purposes sought to be
8 achieved by this section.

9 (4) Any certificate of moratorium issued under this
10 subsection shall expire on whichever of the following dates
11 is the earliest—

12 (A) one year from the date on which such certifi-
13 cate is issued;

14 (B) thirty days after the date on which the mort-
15 gagee to whom such certificate is issued ceases to be a
16 distressed mortgagor as defined in subsection (a); or

17 (C) the date on which such mortgagor becomes in
18 default with respect to any condition or covenant in his
19 mortgage other than that requiring the payment by him
20 of installments of principal and/or interest under the
21 mortgage.

22 (c)(1) Whenever a Federal mortgage agency issues
23 a certificate of moratorium to any distressed mortgagor
24 with respect to any mortgage, it shall transmit to the mort-
25 gagee a copy of such certificate, together with a notice stat-

1 ing that, while such certificate is in effect, such agency will
2 assume the obligation of such mortgagor to make payments
3 of principal, and if so specified in the certificate, of interest,
4 under the mortgage.

5 (2) Payments made by any Federal mortgage agency
6 pursuant to a certificate of moratorium issued under this
7 section with respect to the mortgage of any distressed mort-
8 gator shall include, in addition to the payments referred to
9 in paragraph (1), an amount equal to the unpaid principal
10 and interest charges which had accrued under such mort-
11 gage prior to the issuance of such certificate and subsequent
12 to the date on which such mortgagor became a distressed
13 mortgagor as defined in subsection (a).

14 (3) While any certificate of moratorium issued under
15 this section is in effect with respect to the mortgage of any
16 distressed mortgagor, no further payments of principal, and
17 if so specified in the certificate, of interest, under the mort-
18 gage shall be required of such mortgagor, and no action
19 (legal or otherwise) shall be taken or maintained by the
20 mortgagee to enforce or collect such payments. Upon the
21 expiration of such certificate, the mortgagor shall again be
22 liable for the payment of all amounts due under the mort-
23 gage in accordance with its terms.

24 (4) Each Federal mortgage agency shall give prompt

1 notice in writing to the interested mortgagor and mortgagee
2 of the expiration of any certificate of moratorium issued by
3 it under this section.

4 (d) The Federal mortgage agencies are authorized
5 to issue such individual and joint regulations as may be
6 necessary to carry out this section and to insure the uniform
7 administration thereof.

8 (e) There shall be in the Treasury (1) a fund which
9 shall be available to the Federal Housing Commissioner for
10 the purpose of extending financial assistance in behalf of
11 distressed mortgagors as provided in subsection (c), and (2)
12 a fund which shall be available to the Administrator of Vet-
13 erans' Affairs for the same purpose. The capital of each
14 such fund shall consist of such sums as may, from time to
15 time, be appropriated thereto, and any sums so appropriated
16 shall remain available until expended. Receipts arising
17 from the programs of assistance under subsection (c) shall
18 be credited to the fund from which such assistance was
19 extended. Moneys in either of such funds not needed for
20 current operations, as determined by the Federal Housing
21 Commissioner, or the Administrator of Veterans' Affairs,
22 as the case may be, shall be invested in bonds or other
23 obligations of the United States, or paid into the Treasury
24 as miscellaneous receipts.

1 (f) Section 1816 of title 38, United States Code, is
2 amended by inserting "(a)" before the text of such section,
3 and by adding at the end thereof a new subsection as
4 follows:

5 "(b) With respect to any loan made under section
6 1811 which has not been sold as provided in subsection
7 (g) of such section, if the Administrator finds after there
8 has been a default in the payment of any installment of
9 principal or interest owing on such loan, that the default
10 was due to the fact that the veteran who is obligated under
11 the loan has become unemployed as the result of the closing
12 (in whole or in part) of a Federal installation, he shall
13 (1) extend the time for curing the default to such time
14 as he determines is necessary and desirable to enable such
15 veteran to complete payments on such loan, including an
16 extension of time beyond the stated maturity thereof, or
17 (2) modify the terms of such loan for the purpose of chang-
18 ing the amortization provisions thereof by recasting, over
19 the remaining term of the loan, or over such longer period
20 as he may determine, the total unpaid amount then due
21 with the modification to become effective currently or upon
22 the termination of an agreed-upon extension of the period
23 for curing the default."

1 ACQUISITION OF CERTAIN PROPERTIES SITUATED AT OR
2 NEAR MILITARY BASES WHICH HAVE BEEN ORDERED
3 TO BE CLOSED

4 SEC. 108. (a) The Secretary of Defense is authorized
5 to acquire title to any property, improved with a one- or
6 two-family dwelling, which is situated at or near a military
7 base or installation which the Department of Defense has,
8 subsequent to November 1, 1964, ordered to be closed in
9 whole or in part, if he determines—

10 (1) that the owner of such property is, or has been,
11 employed or performing military service at such base
12 or installation;

13 (2) that the closing of such base or installation, in
14 whole or in part, has required or will require the ter-
15 mination of such owner's employment or service at such
16 base or installation; and

17 (3) that as the result of the actual or pending
18 closing of such base or installation there is no present
19 market for the sale of such property upon reasonable
20 terms and conditions.

21 (b) The purchase price of any property which is situ-
22 ated at or near a military base or installation and is acquired
23 under this section shall be equal to an amount determined by
24 the Secretary of Defense to be the average price at which

1 *properties, similar in size, construction, condition, and loca-*
2 *tion to that of the property to be acquired, were sold during*
3 *a representative period, as determined by the Secretary,*
4 *prior to the announcement of the intention of the Depart-*
5 *ment of Defense to close all or part of such base or*
6 *installation.*

7 *(c) The title to any property acquired under this sec-*
8 *tion shall be free and clear of any outstanding liens or encum-*
9 *brances and shall conform to such requirements as the*
10 *Secretary of Defense shall by regulation require. Such reg-*
11 *ulations shall also prescribe the terms and conditions under*
12 *which payments may be made under this section, and deci-*
13 *sions by the Secretary regarding such payments, and the*
14 *terms and conditions under which the same are approved or*
15 *disapproved, shall be final and conclusive and shall not be*
16 *subject to judicial review.*

17 *(d) Properties acquired under this section shall be*
18 *transferred to the Federal Housing Commissioner, and the*
19 *Federal Housing Commissioner shall have power to deal*
20 *with, rent, renovate, or sell for cash or credit any properties*
21 *so transferred. Receipts from the management or sale of*
22 *any such properties may be utilized by the Commissioner*
23 *to defray expenses arising in connection with the manage-*
24 *ment of such properties, and any part of such receipts not*

1 required for such expenses shall be covered into the Treas-
2 ury as miscellaneous receipts.

3 (e) Section 223(a) of the National Housing Act is
4 amended—

5 (1) by striking out the period at the end of para-
6 graph (7) and inserting in lieu thereof “; or”; and

7 (2) by inserting after paragraph (7) a new para-
8 graph as follows:

9 “(8) executed in connection with the sale by the
10 Commissioner of any housing acquired pursuant to sec-
11 tion 108 of the Housing and Urban Development Act
12 of 1965.”

13 (f) Such sums as may be necessary to carry out the
14 provisions of this section are hereby authorized to be appro-
15 priated, and any sums so appropriated shall remain available
16 until expended.

17 STUDY CONCERNING RELIEF OF HOMEOWNERS IN
18 PROXIMITY TO AIRPORTS

19 SEC. 109. The Housing and Home Finance Adminis-
20 trator shall undertake a study to determine feasible methods
21 of reducing the economic loss and hardship suffered by home-
22 owners as the result of the depreciation in the value of their
23 properties and feasible methods of abating noise from air-
24 craft in such housing following the construction of airports
25 in the vicinity of their homes. Findings and recommenda-

1 tions resulting from such study shall be reported to the Presi-
 2 dent for transmission to the Congress at the earliest practica-
 3 ble date, but in no event later than one year after the date of
 4 enactment of this Act.

5 TITLE II—FHA INSURANCE OPERATIONS

6 LAND DEVELOPMENT

7 SEC. 201. (a) The National Housing Act is amended
 8 by adding at the end thereof the following new title:

9 "TITLE X—MORTGAGE INSURANCE FOR LAND 10 DEVELOPMENT

11 "DEFINITIONS

12 "SEC. 1001. As used in this title—

13 "(a) the term 'mortgage' means a lien or liens on
 14 real estate in fee simple, or on a leasehold (1) under a
 15 lease for not less than ninety-nine years which is renew-
 16 able or (2) under a lease having a period of not less
 17 than fifty years to run from the date the mortgage was
 18 executed;

19 "(b) the term 'first mortgage' includes such classes
 20 of first liens as are commonly given to secure advances
 21 (including but not limited to advances during construc-
 22 tion) on, or the unpaid purchase price of, real estate
 23 under the laws of the State in which the real estate is
 24 located, together with the credit instrument or instru-

1 *ments, if any, secured thereby, and may be in the form*
2 *of trust mortgages or mortgage indentures or deeds of*
3 *trusts securing notes, bonds, or other credit instruments;*

4 *“(c) the terms ‘mortgagee’, ‘mortgagor’, and*
5 *‘State’ have the same meaning as in section 207 of*
6 *this Act;*

7 *“(d) the term ‘improvements’ means waterlines and*
8 *water supply installations, sewerlines and sewage dis-*
9 *posal installations, roads, streets, curbs, gutters, side-*
10 *walks, storm drainage facilities, and other installations*
11 *or work, whether on or off the site, which the Com-*
12 *missioner deems necessary or desirable to prepare land*
13 *primarily for residential and related uses or to provide*
14 *facilities for public or common use; but such term shall*
15 *not include any building unless it is (1) a building*
16 *which is needed in connection with a water supply or*
17 *sewage disposal installation, or (2) a building, other*
18 *than a school, which is to be owned and maintained*
19 *jointly by the property owners; and*

20 *“(e) the term ‘land development’ means the process*
21 *of making, installing, or constructing improvements.*

22 *“BASIC CONDITIONS FOR INSURANCE*

23 *“SEC. 1002. (a) The Commissioner is authorized (1)*
24 *to insure, upon such terms and conditions as he may pre-*
25 *scribe, any first mortgage (including advances on such*

1 mortgage) in accordance with the provisions of this title,
2 and (2) to make a commitment for the insurance of such
3 mortgage prior to the date of execution of such mortgage
4 or prior to the date of disbursement of the mortgage pro-
5 ceeds. No mortgage shall be insured under this title after
6 October 1, 1969, except pursuant to a commitment to insure
7 issued before such date.

8 “(b) The mortgage shall—

9 “(1) be executed by a mortgagor, other than a
10 public body, approved by the Commissioner;

11 “(2) be made to and held by a mortgagee approved
12 by the Commissioner; and

13 “(3) cover the land to be developed and the im-
14 provements to be made with the assistance of the mort-
15 gage insurance under this title, except facilities intended
16 for public use and in public ownership.

17 “(c) The principal obligation of the mortgage shall
18 (1) not exceed 75 per centum of the Commissioner’s esti-
19 mate of the value of the property upon completion of the
20 land development, and (2) not exceed the sum of 50 per
21 centum of the Commissioner’s estimate of the value of the
22 land before development and 90 per centum of his estimate
23 of the cost of such development. The outstanding principal
24 obligations of mortgages involving a single land development

1 undertaking, as defined by the Commissioner, shall at no
2 time exceed \$10,000,000.

3 “(d) The mortgage shall—

4 “(1) have a maturity, not to exceed seven years
5 or such longer maturity as the Commissioner deems
6 reasonable in the case of a privately owned system for
7 water or sewerage, and contain repayment provisions
8 satisfactory to the Commissioner;

9 “(2) bear interest at a rate satisfactory to the Com-
10 missioner, and such interest shall be exclusive of premium
11 charges for mortgage insurance and such service charges
12 and fees as may be approved by the Commissioner; and

13 “(3) contain such terms and provisions with respect
14 to protection of the security, payment of taxes, delin-
15 quency charges, prepayment, additional and secondary
16 liens, and other matters as the Commissioner may in his
17 discretion prescribe.

18 “(e) A property or project to be financed by a mort-
19 gage insured under this title shall—

20 “(1) represent a good mortgage insurance risk;
21 and

22 “(2) involve improvements that comply with all
23 applicable State and local governmental requirements
24 and with minimum standards approved by the Com-
25 missioner.

1 "LAND PLANNING

2 "SEC. 1003. (a) The land development covered by a
3 mortgage insured under this title shall be undertaken pur-
4 suant to a schedule, conforming to such requirements and
5 procedures as the Commissioner may prescribe, that will
6 assure the use of the land for the purposes for which it is to
7 be developed within the shortest reasonable period consistent
8 with the objectives of sound and economic community growth
9 or urban development.

10 "(b) The land development shall be undertaken in
11 accordance with an overall development plan, appropriate
12 to the scope and character of the undertaking, which—

13 "(1) has received all governmental approvals re-
14 quired by State or local law or by the Commissioner;

15 "(2) is acceptable to the Commissioner as provid-
16 ing reasonable assurance that the land development will
17 contribute to good living conditions in the area being
18 developed, which area (i) will have a sound economic
19 base and a long economic life, (ii) will be characterized
20 by sound land-use patterns, and (iii) will include or be
21 served by such shopping, school, recreational, transpor-
22 tation, and other facilities as the Commissioner deems
23 adequate or necessary; and

24 "(3) is consistent with a comprehensive plan which

1 covers, or with comprehensive planning being carried
2 on for, the area in which the land is situated, and which
3 meets criteria established by the Housing and Home
4 Finance Administrator for such plans or planning.

5 "ENCOURAGEMENT OF SMALL BUILDERS AND MODERATE
6 COST HOUSING

7 "SEC. 1004. The Commissioner shall adopt such re-
8 quirements as he deems necessary in land development cov-
9 ered by mortgages insured under this title to encourage the
10 maintenance of a diversified local homebuilding industry,
11 broad participation by builders, and the inclusion of a proper
12 balance of housing for families of moderate or low income.

13 "WATER AND SEWERAGE FACILITIES

14 "SEC. 1005. After development of the land it shall be
15 served by public systems for water and sewerage which
16 are consistent with other existing or prospective systems
17 within the area, except that the Commissioner may approve
18 an adequate privately or cooperatively owned system which
19 will be regulated in a manner acceptable to him with respect
20 to user rates and charges, capital structure, methods of
21 operation, rate of return, and conditions and terms of any
22 sale or transfer.

23 "RELEASES

24 "SEC. 1006. The Commissioner may, on such terms and
25 conditions as he may prescribe, consent to the release or

1 subordination of a part or parts of the mortgaged property
2 from the lien of the mortgage.

3 "PREMIUMS AND FEES

4 "SEC. 1007. The Commissioner shall collect reasonable
5 premiums for the insurance of any mortgage under this title
6 and make such charges as he determines are reasonable for
7 the analysis of the land development plan and the appraisal
8 and inspection of the property and improvements. On or
9 before January 1, 1967, the Commissioner shall make a
10 report to the Congress concerning the premium rates and
11 other charges under this title that he estimates will be ade-
12 quate to provide income sufficient for a self-supporting pro-
13 gram.

14 "INSURANCE BENEFITS

15 "SEC. 1008. The provisions of subsections (e), (g),
16 (h), (i), (j), (k), (l), and (n) of section 207 of this
17 Act shall be applicable to mortgages insured under this
18 title, except that as applied to such mortgages (1) any
19 reference therein to section 207 shall be deemed to refer to
20 this title, and (2) any reference to an annual premium shall
21 be deemed to refer to such premiums as the Commissioner
22 may designate under this title.

23 "INCONTESTABILITY PROVISIONS

24 "SEC. 1009. Any contract of insurance executed by the
25 Commissioner under this title shall be conclusive evidence of

1 *the eligibility of the mortgage for insurance, and the validity*
2 *of any contract of insurance so executed shall be incontest-*
3 *able in the hands of an approved mortgagee from the date of*
4 *the execution of such contract, except for fraud or material*
5 *misrepresentation on the part of such approved mortgagee.*

6 "RULES AND REGULATIONS

7 "SEC. 1010. *The Commissioner is authorized to make*
8 *such rules and regulations and to require such agreements*
9 *as he may deem necessary or desirable to carry out the pro-*
10 *visions of this title.*

11 "TAXATION PROVISIONS

12 "SEC. 1011. *Nothing in this title shall be construed to*
13 *exempt any real property acquired and held by the Com-*
14 *missioner under this title from taxation by any State or*
15 *political subdivision thereof to the same extent, according*
16 *to its value, as other real property is taxed.*

17 "COST CERTIFICATION

18 "SEC. 1012. (a) *The Commissioner shall adopt such re-*
19 *quirements as he determines necessary to assure, at reason-*
20 *able intervals of time during land development and upon*
21 *completion of such development, that the amount of the*
22 *mortgage loan outstanding at each such interval does not*
23 *exceed with respect to that portion of the land remaining*
24 *under the lien of the mortgage (1) 50 per centum of the*
25 *Commissioner's estimate of the value of such remaining*

1 land before development, plus (2) 90 per centum of the
2 actual costs of the development allocated by the Commis-
3 sioner to such remaining land.

4 “(b) From time to time during, and upon completion
5 of, the development, the Commissioner shall require the
6 mortgagor to certify as to the actual costs of development
7 of the land.

8 “(c) Certifications required pursuant to this section
9 shall be accompanied by such data and records as the Com-
10 missioner shall prescribe.

11 “(d) A mortgagor’s certification approved by the Com-
12 missioner shall be final and incontestable except for fraud
13 or material misrepresentation on the part of the mortgagor.

14 “(e) As used in this section, the term ‘actual costs’
15 means the costs (exclusive of kickbacks, rebates, or trade
16 discounts) to the mortgagor of the improvements involved.

17 These costs may include amounts paid for labor, materials,
18 construction contracts, land planning, engineers’ and archi-
19 tect’s fees, surveys, taxes, and interest during development,

20 organizational and legal expenses, such allocation of general
21 overhead expenses as are acceptable to the Commissioner,
22 and other items of expense incidental to development which
23 may be approved by the Commissioner. If the Commis-

24 sioner determines there is an identity of interest between
25 the mortgagor and the contractor, there may be included

1 an allowance for contractor's profit in an amount deemed
2 reasonable by the Commissioner.

3 "REPORT

4 "SEC. 1013. On or before January 1, 1968, the Admin-
5 istrator shall submit to the Congress a full report of opera-
6 tions under this title, together with his recommendations
7 with respect thereto."

8 (b)(1) Section 302(b) of the National Housing Act is
9 amended by striking out "the term 'mortgages' " in the last
10 sentence and inserting in lieu thereof "the terms 'mortgages'
11 and 'home mortgages' ".

12 (2) The first paragraph of section 24 of the Federal
13 Reserve Act is amended by inserting before the next to last
14 sentence the following new sentence: "Notwithstanding the
15 foregoing limitations and restrictions in this section, any na-
16 tional banking association may make loans for land develop-
17 ment which are secured by mortgages insured under title X
18 of the National Housing Act."

19 (3) Section 5(c) of the Home Owners Loan Act of
20 1933 is amended by adding at the end thereof the following
21 new paragraph:

22 "Without regard to any other provision of this sub-
23 section, any such association may, to such extent as the
24 Federal Home Loan Bank Board may by regulation permit,
25 invest in loans, and interests in loans, (1) secured by mort-

gages as to which the association has the benefit of insurance under title X of the National Housing Act or of a commitment or agreement for such insurance, or (2) guaranteed by the President under section 224 of the Foreign Assistance Act of 1961, as amended. Investments under clause (1) of this paragraph shall not be included in any percentage of assets or other percentage referred to in this subsection. Investments under clause (2) of this paragraph shall not exceed, in the case of any association, 1 per centum of the assets of such association."

(4) Section 212(a) of the National Housing Act is amended by inserting at the end thereof the following new sentence: "The provisions of this section shall also apply to insurance under title X with respect to laborers and mechanics employed in land development financed with the proceeds of any mortgage insured under that title."

EXTENSION OF INSURANCE AUTHORIZATIONS

SEC. 202. (a) Section 2(a) of the National Housing Act is amended by striking out "October 1, 1965" and inserting in lieu thereof "October 1, 1969".

(b) Section 217 of such Act is amended by—

(1) striking out "title VIII" and inserting in lieu thereof "titles VIII or X", and

1 (2) striking out "October 1, 1965" and inserting
2 in lieu thereof "October 1, 1969".

3 (c) The second sentences of sections 809(f) and 810
4 (k) of such Act are each amended by striking out "October
5 1, 1965" and inserting in lieu thereof "October 1, 1969".

6 DOWNPAYMENT REQUIREMENT IN CASE OF LOW-INCOME

7 HOUSING DEMONSTRATION HOMES

8 SEC. 203. Section 203(b)(9) of the National Housing
9 Act is amended by inserting after "a mortgage meeting the
10 requirements of subsection (i) of this section," the follow-
11 ing: "or with respect to a mortgage covering a single-family
12 home being purchased under the low-income housing dem-
13 onstration project assisted pursuant to section 207 of the
14 Housing Act of 1961,".

15 MULTIFAMILY MORTGAGE LIMITS FOR FOUR OR MORE

16 BEDROOM UNITS

17 SEC. 204. (a) Section 207(c)(3) of the National
18 Housing Act is amended by—

19 (1) striking out "and \$18,500 per family unit
20 with three or more bedrooms" and inserting in lieu
21 thereof "\$18,500 per family unit with three bedrooms,
22 and \$21,000 per family unit with four or more bed-
23 rooms"; and

24 (2) striking out "and \$22,500 per family unit with
25 three or more bedrooms" and inserting in lieu thereof

1 *“\$22,500 per family unit with three bedrooms, and*
2 *\$25,500 per family unit with four or more bedrooms”.*

3 *(b)(1) Section 213(b)(2) of such Act is amended*
4 *by—*

5 *(A) striking out “and \$18,500 per family unit with*
6 *three or more bedrooms” and inserting in lieu thereof*
7 *“\$18,500 per family unit with three bedrooms, and*
8 *\$21,000 per family unit with four or more bedrooms”;*
9 *and*

10 *(B) striking out “and \$22,500 per family unit with*
11 *three or more bedrooms” and inserting in lieu thereof*
12 *“\$22,500 per family unit with three bedrooms, and*
13 *\$25,500 per family unit with four or more bedrooms”.*

14 *(2) Section 213(c) of such Act is amended by striking*
15 *out all that follows “and not to exceed” and inserting in lieu*
16 *thereof the following: “a sum computed on the basis of a*
17 *separate mortgage for each family dwelling (irrespective of*
18 *whether such dwelling has a party wall or is otherwise*
19 *physically connected with another dwelling or dwellings)*
20 *comprising the property or project, equal to the total of each*
21 *of the maximum principal obligations of such mortgages*
22 *which would meet the requirements of section 203(b)(2) of*
23 *this Act if the mortgagor were the owner and occupant who*
24 *had made any required payment on account of the property*
25 *prescribed in such paragraph.”*

1 (c) Section 220(d)(3)(B)(iii) of such Act is
2 amended by—

3 (1) striking out “and \$18,500 per family unit with
4 three or more bedrooms” and inserting in lieu thereof
5 “\$18,500 per family unit with three bedrooms, and
6 \$21,000 per family unit with four or more bedrooms”;
7 and

8 (2) striking out “and \$22,500 per family unit with
9 three or more bedrooms” and inserting in lieu thereof
10 “\$22,500 per family unit with three bedrooms, and
11 \$25,500 per family unit with four or more bedrooms”.

12 (d) Subsections (d)(3)(ii) and (d)(4)(ii) of sec-
13 tion 221 of such Act are amended by—

14 (1) striking out “and \$17,000 per family unit with
15 three or more bedrooms” and inserting in lieu thereof
16 “\$17,000 per family unit with three bedrooms, and
17 \$19,250 per family unit with four or more bedrooms”;
18 and

19 (2) striking out “and \$20,000 per family unit with
20 three or more bedrooms” and inserting in lieu thereof
21 “\$20,000 per family unit with three bedrooms, and
22 \$22,750 per family unit with four or more bedrooms”.

23 (e) Section 231(c)(2) of such Act is amended by—

24 (1) striking out “and \$17,000 per family unit with
25 three or more bedrooms” and inserting in lieu thereof

1 “\$17,000 per family unit with three bedrooms, and
 2 \$19,250 per family unit with four or more bedrooms”;
 3 and

4 (2) striking out “and \$20,000 per family unit with
 5 three or more bedrooms” and inserting in lieu thereof
 6 “\$20,000 per family unit with three bedrooms, and
 7 \$22,750 per family unit with four or more bedrooms”.

8 (f) Section 234(e)(3) of such Act is amended by—

9 (1) striking out “and \$18,500 per family unit with
 10 three or more bedrooms” and inserting in lieu thereof
 11 “\$18,500 per family unit with three bedrooms, and
 12 \$21,000 per family unit with four or more bedrooms”;
 13 and

14 (2) striking out “and \$22,500 per family unit with
 15 three or more bedrooms” and inserting in lieu thereof
 16 “\$22,500 per family unit with three bedrooms, and
 17 \$25,500 per family unit with four or more bedrooms”.

18 REHABILITATION IN URBAN RENEWAL AREAS

19 SEC. 205. Section 220(d)(3)(A) of the National
 20 Housing Act is amended by—

21 (1) striking out the second proviso in clause (i);
 22 and

23 (2) striking out clause (ii) and inserting in lieu
 24 thereof the following:

25 “(ii) in a case where the mortgagor is not the

1 occupant of the property and the mortgagor intends to
2 hold the property for rental purposes, have a principal
3 obligation in an amount not to exceed 93 per centum
4 of the amount available to a mortgagor who is the
5 occupant of the property computed under the provisions
6 of clause (i);

7 “(iii) in a case where the mortgagor is not the
8 occupant of the property and intends to hold the prop-
9 erty for the purpose of sale, have a principal obligation
10 in an amount not to exceed 85 per centum of the amount
11 computed under the provisions of clause (i), or in the
12 alternative, in an amount computed under the provisions
13 of clause (i) if the mortgagor and mortgagee assume
14 responsibility in a manner satisfactory to the Com-
15 missioner for the reduction of the mortgage by an
16 amount not less than 15 per centum of the outstanding
17 principal amount thereof, or by such greater amount as
18 may be required to meet the limitations of clause (iv),
19 in the event the mortgaged property is not, prior to
20 the due date of the eighteenth amortization payment of
21 the mortgage, sold to a purchaser acceptable to the
22 Commissioner who is the occupant of the property and
23 who assumes and agrees to pay the mortgage indebted-
24 ness; and

25 “(iv) in no case involving refinancing (except as

provided in clause (iii), have a principal obligation in an amount exceeding the sum of the estimated cost of repair and rehabilitation and the amount (as determined by the Commissioner) required to refinance existing indebtedness secured by the property or project and any existing indebtedness incurred in connection with improving, repairing, or rehabilitating the property; or”.

NONDWELLING FACILITIES FOR URBAN RENEWAL HOUSING

SEC. 206. Section 220(d)(3)(B) of the National Housing Act is amended by striking out clause (iv) and inserting in lieu thereof the following:

“(iv) include such nondwelling facilities as the Commissioner deems desirable and consistent with the urban renewal plan: Provided, That the project shall be predominantly residential and the Commissioner shall find that any nondwelling facility included in the project is essential to the economic feasibility of the project, and that its financing under this section will not result in an unfair disadvantage to other business enterprises in the vicinity of the project.”

LARGER HOME IMPROVEMENT LOANS IN HIGH COST AREAS

SEC. 207. (a) Section 220(h)(2)(i) of the National Housing Act is amended by inserting before the semicolon

1 at the end thereof “: Provided, That the Commissioner may,
 2 by regulation, increase such amount by not to exceed 45 per
 3 centum in any geographical area where he finds that cost
 4 levels so require”.

5 (b) Section 220(h)(11) of such Act is amended by
 6 inserting before the period at the end thereof “or such addi-
 7 tional amount as the Commissioner has by regulation pre-
 8 scribed in any geographical area where he finds cost levels
 9 so require pursuant to the authority vested in him by the
 10 proviso in subsection (2)(i) of this section”.

11 *LARGER INSURED MORTGAGES FOR SERVICEMEN*

12 *SEC. 208.* Section 222(b) of the National Housing Act
 13 is amended by—

14 (1) striking out “\$20,000” in paragraph (2) and
 15 inserting in lieu thereof “\$30,000”; and

16 (2) striking out paragraph (3) and inserting in
 17 lieu thereof the following:

18 “(3) have a principal obligation equal to the sum
 19 of (i) 95 per centum of \$20,000 of the appraised value
 20 of the property (or such higher amount as may be
 21 derived by applying the maximum ratio of loan to value
 22 prescribed in section 203(b)(2)), and (ii) 85 per
 23 centum of such value in excess of \$20,000; and”.

REFINANCING OF INSURED MORTGAGES

SEC. 209. Section 223(a)(7) of the National Housing Act is amended by striking out "section 608 of title VI prior to the effective date of the Housing Act of 1954 or under section 220, 221, 903, or section 908" and inserting in lieu thereof "this Act".

CONSOLIDATION OF FHA INSURANCE FUNDS

SEC. 210. Title V of the National Housing Act is amended by adding at the end thereof the following new section:

"ESTABLISHMENT OF GENERAL INSURANCE FUND

"SEC. 519. (a) There is hereby created a General Insurance Fund which shall be used by the Commissioner, on and after the date of the enactment of the Housing and Urban Development Act of 1965, as a revolving fund for carrying out all the insurance provisions of this Act with the exception of the provisions of sections 203(b), 203(h), and 203(i). All mortgages or loans insured under this Act pursuant to commitments issued on or after the date of the enactment of the Housing and Urban Development Act of 1965, except those insured under sections 203(b), 203(h), and 203(i), and all loans reported for insurance under section 2 on and after the date of the enactment of the Housing and Urban

1 *Development Act of 1965, shall be insured under the Gen-*
2 *eral Insurance Fund. The Commissioner shall transfer to the*
3 *General Insurance Fund—*

4 “(1) *the assets and liabilities of all insurance ac-*
5 *counts and funds, except the Mutual Mortgage Insurance*
6 *Fund, existing under this Act immediately prior to the*
7 *date of the enactment of the Housing and Urban De-*
8 *velopment Act of 1965;*

9 “(2) *all outstanding commitments for insurance*
10 *issued prior to the date of the enactment of the Housing*
11 *and Urban Development Act of 1965, except commit-*
12 *ments issued under sections 203(b), 203(h), and*
13 *203(i);*

14 “(3) *the insurance on all mortgages and loans in-*
15 *sured prior to the date of the enactment of the Housing*
16 *and Urban Development Act of 1965, except the in-*
17 *surance under sections 203(b), 203(h), and 203(i);*
18 *and*

19 “(4) *the insurance of loans made by approved*
20 *financial institutions pursuant to section 2 prior to the*
21 *date of the enactment of the Housing and Urban De-*
22 *velopment Act of 1965.*

23 “(b) *The general expenses of the operations of the*
24 *Federal Housing Administration relating to mortgages and*

1 loans which are the obligation of the General Insurance
2 Fund may be charged to the General Insurance Fund.

3 “(c) Moneys in the General Insurance Fund not needed
4 for the current operations of the Federal Housing Admin-
5 istration with respect to mortgages and loans which are the
6 obligation of the General Insurance Fund shall be deposited
7 with the Treasurer of the United States to the credit of such
8 Fund, or invested in bonds or other obligations of, or in
9 bonds or other obligations guaranteed as to principal and
10 interest by, the United States. The Commissioner may,
11 with the approval of the Secretary of the Treasury, purchase
12 in the open market debentures issued as obligations of the
13 Fund created by this section or issued prior to the date of
14 enactment of the Housing and Urban Development Act of
15 1965 under other provisions of this Act, except debentures
16 issued under the Mutual Mortgage Insurance Fund. Such
17 purchases shall be made at a price which will provide an
18 investment yield of not less than the yield obtainable from
19 other investments authorized by this section. Debentures
20 so purchased shall be canceled and not reissued.

21 “(d) Premium charges, adjusted premium charges, and
22 appraisal and other fees received on account of the insurance
23 of any mortgage or loan which is the obligation of the Gen-
24 eral Insurance Fund, the receipts derived from the property

1 covered by such mortgages and loans and from the claims,
 2 debts, contracts, property, and security assigned to the Com-
 3 missioner in connection therewith, and all earnings on the
 4 assets of such Fund shall be credited to the General Insurance
 5 Fund. The principal of, and interest paid and to be paid on,
 6 debentures which are the obligation of such Fund, cash in-
 7 surance payments and adjustments, and expenses incurred in
 8 the handling, management, renovation, and disposal of prop-
 9 erties acquired in connection with mortgages and loans which
 10 are the obligation of such Fund, shall be charged to such
 11 Fund."

12 *OPTIONAL CASH PAYMENT OF INSURANCE BENEFITS*

13 *SEC. 211. Title V of the National Housing Act is*
 14 *amended by inserting after section 519 (added by section*
 15 *210 of this Act) a new section as follows:*

16 *"OPTIONAL CASH PAYMENT OF INSURANCE BENEFITS*

17 *"SEC. 520. Notwithstanding any other provision of*
 18 *this Act with respect to the payment of insurance benefits,*
 19 *the Commissioner is authorized, in his discretion, to pay in*
 20 *cash or in debentures any insurance claim or part thereof*
 21 *which is paid on or after the date of enactment of the Hous-*
 22 *ing and Urban Development Act of 1965 on a mortgage or a*
 23 *loan which was insured under any section of this Act either*
 24 *before or after such date. If payment is made in cash, it*
 25 *shall be in an amount equivalent to the face amount of*

1 *the debentures that would otherwise be issued plus an amount*
 2 *equivalent to the interest which the debentures would have*
 3 *earned, computed to a date to be established pursuant to regu-*
 4 *lations issued by the Commissioner."*

5 *APPROVAL OF TECHNICALLY SUITABLE MATERIALS*

6 *SEC. 212. Title V of the National Housing Act is*
 7 *amended by inserting after section 520 (added by section*
 8 *211 of this Act) a new section as follows:*

9 *"APPROVAL OF TECHNICALLY SUITABLE MATERIALS*

10 *"SEC. 521. The Commissioner shall adopt a uniform*
 11 *procedure for the acceptance of materials and products to be*
 12 *used in structures approved for mortgages or loans insured*
 13 *under this Act. Under such procedure any material or*
 14 *product which is technically suitable for the use proposed*
 15 *shall be accepted."*

16 *WATER AND SEWER FACILITIES IN CONNECTION WITH*
 17 *CERTAIN FEDERALLY ASSISTED HOUSING*

18 *SEC. 213. (a) Title V of the National Housing Act is*
 19 *amended by inserting after section 521 (added by section*
 20 *212 of this Act) a new section as follows:*

21 *"WATER AND SEWER FACILITIES*

22 *"SEC. 522. Notwithstanding any other provision of this*
 23 *Act, no mortgage which covers new construction shall be*
 24 *approved for insurance under this Act (except pursuant to*
 25 *a commitment made prior to the date of the enactment of*

1 the Housing and Urban Development Act of 1965) if the
2 mortgaged property includes housing which is not served by
3 a public or adequate community water and sewerage system:
4 Provided, That this limitation shall be applicable only to
5 property which is not served by a system approved by the
6 Commissioner pursuant to title X of this Act and which
7 is situated in an area certified by appropriate local officials
8 to be an area where the establishment of public or adequate
9 community water and sewerage systems is economically
10 feasible: Provided further, That for purposes of this section
11 the economic feasibility of establishing such public or ade-
12 quate community water and sewerage systems shall be
13 determined without regard to whether such establishment is
14 authorized by law or is subject to approval by one or more
15 local governments or public bodies.”

16 (b) Section 1804 of title 38, United States Code, is
17 amended by adding at the end thereof a new subsection as
18 follows:

19 “(c) No loan for the purchase or construction of new
20 residential property (other than property served by a water
21 and sewerage system approved by the Federal Housing
22 Commissioner pursuant to title X of the National Housing
23 Act) shall be financed through the assistance of this chap-
24 ter, except pursuant to a commitment made prior to the
25 date of enactment of the Housing and Urban Development

1 *Act of 1965, if such property is not served by a public or*
 2 *adequate community water and sewerage system and is*
 3 *located in an area where the appropriate local officials certify*
 4 *that the establishment of such systems is economically feasible.*
 5 *For purposes of this subsection, the economic feasibility of*
 6 *establishing public or adequate community water and sewer-*
 7 *age systems shall be determined without regard to whether*
 8 *such establishment is authorized by law or is subject to*
 9 *approval by one or more local governments or public bodies."*

10 *HOME IMPROVEMENT LOANS MADE BY FEDERAL CREDIT*
 11 *UNIONS*

12 *SEC. 214. The first sentence of section 8 of the Federal*
 13 *Credit Union Act is amended by inserting after "except that"*
 14 *the following: "(1) any such loan with respect to which*
 15 *insurance is granted under section 2 of the National Housing*
 16 *Act may have a maturity not in excess of the maximum*
 17 *allowed by the Federal Housing Commissioner pursuant to*
 18 *subsection (b)(2) of such section, and (2)".*

19 *MORTGAGE LIMITS FOR HOMES UNDER SECTION 203(b)*

20 *SEC. 215. Clause (iii) of section 203(b)(2) of the*
 21 *National Housing Act is amended by striking out "75 per*
 22 *centum" and inserting in lieu thereof "85 per centum".*

23 *FHA MORTGAGE FINANCING FOR VETERANS*

24 *SEC. 216. (a) Section 203(b)(2) of the National*
 25 *Housing Act is amended—*

1 (1) by striking out "and not to exceed" and insert-
2 ing in lieu thereof "and (except as provided in the last
3 sentence of this paragraph) not to exceed"; and

4 (2) by adding at the end thereof the following new
5 sentences: "If the mortgagor is a veteran who has not
6 received any direct, guaranteed, or insured loan under
7 laws administered by the Veterans' Administration for
8 the purchase, construction, or repair of a dwelling (in-
9 cluding a farm dwelling) which was to be owned and
10 occupied by him as his home, and the mortgage to be
11 insured under this section covers property upon which
12 there is located a dwelling designed principally for a
13 one-family residence, the principal obligation may be in
14 an amount equal to the sum of (i) 100 per centum of
15 \$15,000 of the appraised value of the property as of the
16 date the mortgage is accepted for insurance, (ii) 90 per
17 centum of such value in excess of \$15,000 but not in
18 excess of \$20,000, and (iii) 85 per centum of such value
19 in excess of \$20,000. As used herein, the term 'veteran'
20 means any person who served on active duty in the armed
21 forces of the United States on or after September 16,
22 1940, for a period of not less than ninety days (or if
23 less than ninety days such person is certified by the Sec-
24 retary of Defense as having performed extra hazardous

service), and who was discharged or released therefrom under conditions other than dishonorable.”

(b) Section 203(b)(9) of such Act is amended by inserting after “on account of the property” the following: “(except in a case to which the last sentence of paragraph (2) applies)”.

STUDY OF CERTAIN FHA INSURANCE PROGRAMS

SEC. 217. The Federal Housing Commissioner shall undertake a study of existing programs for the insurance of mortgages secured by multifamily housing projects with a view to making recommendations for strengthening such programs and reducing losses thereunder. Findings and recommendations resulting from such study shall be reported to the Congress not later than January 1, 1966.

TITLE III—URBAN RENEWAL

GENERAL NEIGHBORHOOD RENEWAL PLANS

SEC. 301. Section 102(d) of the Housing Act of 1949 is amended by—

(1) striking out the first sentence of the second paragraph and inserting in lieu thereof the following:

“In order to facilitate proper preliminary planning for the attainment of the urban renewal objectives of this title, the Administrator may also make advances of funds (in addi-

tion to those authorized above) to local public agencies for the preparation of General Neighborhood Renewal Plans (as herein defined). A General Neighborhood Renewal Plan may be prepared for an area consisting of an urban renewal area or areas, together with any adjoining areas having specially related problems, and which is of such size that the urban renewal activities in the urban renewal area or areas may have to be initiated in stages, consistent with the capacity and resources of the respective local public agency or agencies, over an estimated period of not more than eight years.”; and

(2) striking out the first numbered paragraph and inserting in lieu thereof the following:

“(1) in the interest of sound community planning, it is desirable that the urban renewal activities proposed for the area be planned in their entirety;”.

INCREASE IN AUTHORIZATION FOR CAPITAL GRANTS

SEC. 302. (a) Section 103(b) of the Housing Act of 1949 is amended by striking out “\$4,725,000,000” and inserting in lieu thereof “\$4,700,000,000, which amount shall be increased by \$675,000,000 on the date of enactment of the Housing and Urban Development Act of 1965, by \$725,000,000 on July 1, 1966, and by \$750,000,000 on July 1 in each of the years 1967 and 1968”.

(b) The first proviso in section 103(b) of such Act,

1 *and the second sentence of section 6(b) of the Urban Mass*
2 *Transportation Act of 1964, are repealed.*

3 *(c) The Housing and Home Finance Administrator*
4 *shall undertake a study of the existing slum clearance and*
5 *urban renewal program under title I of the Housing Act of*
6 *1949 with a view to making recommendations for strength-*
7 *ening such program, or for establishing a new or alternative*
8 *program to assist the States and their communities in slum*
9 *clearance and urban renewal activities. Such study shall*
10 *include, among other relevant matters, a consideration of*
11 *ways in which (1) more effective assistance can be given to*
12 *meet the special problems of smaller communities undertak-*
13 *ing or proposing to undertake urban renewal projects, and*
14 *(2) the time required to complete urban renewal projects*
15 *can be shortened. Findings and recommendations resulting*
16 *from such study shall be reported to the President for sub-*
17 *mission to the Congress not later than two years after the*
18 *appropriation of funds for such study. Such sums as may be*
19 *necessary to carry out the provisions of this subsection are*
20 *hereby authorized to be appropriated.*

21 *INCREASE IN NONRESIDENTIAL EXCEPTION*

22 *SEC. 303. The sixth sentence of section 110(c) of the*
23 *Housing Act of 1949 is amended by striking out the period*
24 *and inserting in lieu thereof the following: “: And provided*

1 further, That the aggregate amount of capital grants avail-
2 able under this title with respect to such projects after the
3 date of the enactment of the Housing and Urban Develop-
4 ment Act of 1965 (which amount shall not include any
5 amounts previously authorized for such projects) shall not
6 exceed 40 per centum of the amount of grants authorized
7 under this title by such Act.”

8 *ELIGIBILITY OF CERTAIN EXPENSES TO PROJECTS*

9 *FINANCED ON THREE-FOURTHS GRANT BASIS*

10 *SEC. 304. (a) Clause (i) of the third sentence of sec-*
11 *tion 110(e) of the Housing Act of 1949 is amended by (1)*
12 *inserting “staff services in connection with programs of code*
13 *enforcement and voluntary rehabilitation and repair (includ-*
14 *ing community organization),” after “disposition of land,”;*
15 *and (2) inserting “(5),” after “(4),”.*

16 *(b) Section 110(e) of such Act is amended by striking*
17 *the comma and all that follows within the parentheses in the*
18 *fourth sentence thereof.*

19 *(c) Any contract for a capital grant under title I of*
20 *the Housing Act of 1949, executed prior to the effective*
21 *date of this Act, may be amended to incorporate the provi-*
22 *sions of subsections (a) and (b) as to costs incurred after*
23 *the effective date of this Act.*

RELOCATION PAYMENTS

SEC. 305. (a) Section 114(b)(2) of the Housing Act of 1949 is amended by striking out "\$1,500" and inserting in lieu thereof "\$2,500".

(b) Section 110(e) of the Housing Act of 1949 is amended by adding at the end thereof the following new paragraph:

"Gross project cost may include the cost of payments made, pursuant to State or local law, to individuals and families displaced from an urban renewal area and relocated in decent, safe, and sanitary housing, if such payments are required by State or local law to be paid in every program of the State or locality, as the case may be, which results in the displacement of individuals and families."

(c) Section 15(8) of the United States Housing Act of 1937 is amended by inserting immediately after the end thereof, the following: "A 'relocation payment' as used in this paragraph, may include, in addition to the payments described above, the cost of payments made, pursuant to State or local law, to individuals and families displaced from a low-rent housing project site as a result of the acquisition of real property by a public housing agency and relocated in decent, safe, and sanitary housing, if such payments are re-

1 *quired by State or local law to be paid in every program of*
 2 *the State or locality, as the case may be, which results in the*
 3 *displacement of individuals and families."*

4 *DEMOLITION OF UNSAFE STRUCTURES AND CODE*
 5 *ENFORCEMENT*

6 *SEC. 306. (a) Title I of the Housing Act of 1949 is*
 7 *amended by inserting after section 115 (added by section*
 8 *103 of this Act) two new sections as follows:*

9 *"DEMOLITION*

10 *"SEC. 116. (a) Notwithstanding any other provision of*
 11 *this title, the Administrator is authorized to enter into con-*
 12 *tracts to make, and to make, grants as provided in this sec-*
 13 *tion (payable from any grant funds provided under section*
 14 *103(b)) to cities, other municipalities, and counties to assist*
 15 *in financing the cost of demolishing structures which under*
 16 *State or local law have been determined to be structurally*
 17 *unsound or unfit for human habitation, and which such city,*
 18 *municipality, or county has authority to demolish. The*
 19 *amount of any grant under this section shall not exceed two-*
 20 *thirds of the cost of the demolition of such structures.*

21 *"(b) No grant shall be made under this section unless*
 22 *the structures to be demolished are located in an urban re-*
 23 *newal area, or, in the case of structures outside an urban*
 24 *renewal area, (1) the locality involved has an approved*
 25 *workable program for community improvement in accord-*

1 *ance with the requirements of section 101(c) of this title, as*
2 *determined by the Administrator, (2) the demolition to be*
3 *assisted will be on a planned neighborhood basis and will*
4 *further the over-all renewal objectives of such locality, (3)*
5 *there is in such locality a program of enforcement of existing*
6 *local housing and related codes, (4) the structures to be*
7 *demolished constitute a public nuisance and a serious hazard*
8 *to the public health or welfare, and (5) the governing body*
9 *of such locality has determined that other available legal pro-*
10 *cedures have been exhausted to secure remedial action by the*
11 *owner of the structures involved and that demolition by*
12 *governmental action is required.*

13 **“CODE ENFORCEMENT**

14 *“SEC. 117. Notwithstanding any other provision of this*
15 *title, the Administrator is authorized to enter into contracts*
16 *to make, and to make, grants as provided in this section*
17 *(payable from any grant funds provided under section 103*
18 *(b)) to cities, other municipalities, and counties for the*
19 *purpose of assisting such localities in carrying out programs*
20 *of concentrated code enforcement in deteriorated or deterior-*
21 *ating areas in which such enforcement, together with those*
22 *public improvements to be provided by the locality, may be*
23 *expected to arrest the decline of the area. Such grants shall*
24 *not exceed two-thirds (or three-fourths in the case of any*

1 city, other municipality, or county having a population of
2 50,000 or less according to the most recent decennial
3 census) of the cost of planning and carrying out such pro-
4 grams which may include the provision and repair of neces-
5 sary streets, curbs, sidewalks, street lighting, tree planting,
6 and similar improvements within such areas. The Adminis-
7 trator shall not make any grant under this section unless he
8 has obtained adequate assurances (1) that the locality will
9 maintain during the period of the contract, in addition to its
10 expenditures for planning and carrying out any program
11 assisted under this section, a level of expenditures for code
12 enforcement activities at not less than its normal expendi-
13 tures for such activities prior to the execution of such con-
14 tract, and (2) that the locality has a satisfactory program
15 for the provision of all necessary public improvements for
16 such areas. The provisions of sections 101(c), 106, 114,
17 and 115 shall be applicable to the programs assisted under
18 this section."

19 (b) Section 110(c) of such Act is amended by—

20 (1) striking out "or a program of code enforce-
21 ment in an urban renewal area," in the first sentence;
22 and

23 (2) striking out the proviso in paragraph (5).

24 (c) Section 220(d)(1)(A) of the National Housing
25 Act is amended by inserting before the first proviso the

1 following: “, or (iv) an area in which a program of con-
 2 centrated code enforcement activities is being carried out
 3 pursuant to section 117 of the Housing Act of 1949”.

4 (d) Section 220(h)(1) of the National Housing Act
 5 is amended by inserting after “urban renewal project” in
 6 the first sentence the following: “or in an area in which a
 7 program of concentrated code enforcement activities is being
 8 carried out pursuant to section 117 of the Housing Act of
 9 1949”.

10 (e) Section 312(a) of the Housing Act of 1964 is
 11 amended by inserting after “urban renewal area” in the first
 12 sentence the following: “or an area in which a program of
 13 concentrated code enforcement activities is being carried out
 14 pursuant to section 117 of the Housing Act of 1949”.

15 *ELIGIBILITY OF CERTAIN LOCAL GRANTS-IN-AID*

16 *SEC. 307. (a) Notwithstanding the date of the com-*
 17 *mencement of construction of the Tanyard Creek collector*
 18 *sanitary sewer in Jasper, Alabama, local expenditures made*
 19 *in connection with this collector sanitary sewer system shall,*
 20 *to the extent otherwise eligible, be counted as a local grant-*
 21 *in-aid to the downtown urban renewal project (Alabama*
 22 *R-49) in accordance with the provisions of title I of the*
 23 *Housing Act of 1949.*

24 (b) Notwithstanding the date of the commencement of
 25 construction of the East Side High School and the start of

1 construction of the improvements to Hickory Creek in Joliet,
2 Illinois, expenditures made in connection with such high
3 school and such creek improvements shall, to the extent
4 otherwise eligible, be counted as a local grant-in-aid to the
5 proposed south central urban renewal project in accordance
6 with the provisions of title I of the Housing Act of 1949.

7 (c) Notwithstanding the date of commencement of the
8 installation of certain underground electrical wiring in John-
9 son City, Tennessee, expenditures made in connection with
10 such installation shall, to the extent otherwise eligible, be
11 counted as a local grant-in-aid to Johnson City's proposed
12 downtown urban renewal project (Tennessee R-80) in
13 accordance with the provisions of title I of the Housing Act
14 of 1949.

15 (d) Notwithstanding the provisions of section 312 of
16 the Housing Act of 1954 or any request previously made
17 pursuant to such section, upon request of the local public
18 agency the eligibility of the local grants-in-aid for any proj-
19 ect in the city of New Brunswick, New Jersey, in connec-
20 tion with which the final capital grant payment has not been
21 made, shall be determined in accordance with the provisions
22 of section 110(d) of the Housing Act of 1949.

23 (e) Two thirds of all expenditures by the city of Saint
24 Louis, Missouri, in connection with its Downtown Sports
25 Stadium project, to the extent such expenditures would have

1 been eligible under the provisions of section 110(d) of the
2 Housing Act of 1949 to be counted as non-cash grants-in-
3 aid toward such project if it had received Federal assistance
4 as an urban renewal project pursuant to the provisions of
5 title I of such Act, shall be eligible to be counted as a grant-
6 in-aid toward any Federally-assisted urban renewal projects
7 in Saint Louis.

8 (f) Notwithstanding the extent to which the cultural and
9 convention center proposed to be built adjacent to Urban
10 Renewal Project Colorado R-15 (Skyline) in Denver,
11 Colorado, may benefit areas other than the urban renewal
12 area, expenses incurred by the city of Denver in constructing
13 such center shall, to the extent otherwise eligible, be counted
14 as a grant-in-aid toward such project.

15 (g) Notwithstanding the extent to which the cultural
16 and convention center proposed to be built within Urban Re-
17 newal Project R-8 in Norfolk, Virginia, may benefit other
18 areas other than the urban renewal area, expenses incurred
19 by the city of Norfolk in constructing such center shall, to
20 the extent otherwise eligible, be counted as a grant-in-aid
21 toward such project.

22 (h) Expenses incurred in the construction of the Glenn
23 Duncan Elementary School and the Fred W. Traner Junior
24 High School in Reno, Nevada, shall not be deemed to be
25 ineligible as a local grant-in-aid in connection with the North-

1 east Urban Renewal Project (Nevada R-2) because of any
2 change in the urban renewal plan for such project which is
3 determined by the Housing and Home Finance Administrator
4 to have resulted from the proposed location of a Federally-
5 aided highway within or adjacent to the urban renewal area
6 in which such project was undertaken. For the purpose of
7 computing the portion of the cost of such schools which may
8 be allowed as a local grant-in-aid, the degree of benefit of the
9 schools to such urban renewal area shall be based on the
10 latest estimate of benefit submitted by the local public agency
11 and accepted by the Administrator prior to such change in the
12 urban renewal plan.

13 (i) Notwithstanding the provisions of section 112(a) of
14 the Housing Act of 1949 expenditures in the amount of
15 \$600,000 made by the Memorial Hospital of Michigan City
16 Foundation, Incorporated, for the purchase of certain land
17 and buildings on or about July 24, 1963, from Doctors Hos-
18 pital Realty Corporation shall, if otherwise eligible, be counted
19 as local grants-in-aid to the community center numbered 1
20 urban renewal project (Indiana R-46) in Michigan City,
21 Indiana, in accordance with the remaining provisions of title
22 I of that Act.

23 (j) The provisions of section 113(c) of the Housing Act
24 of 1949 shall be applicable to the Hobo Jungle Urban Re-
25 newal Project in Texarkana, Arkansas (Arkansas R-3).

1 (k) Notwithstanding the date of commencement of con-
 2 struction of the Pulaski, Showalter, and Smedley Junior High
 3 Schools, and the William Penn and Stetser Elementary
 4 Schools in Chester, Pennsylvania, local expenditures made
 5 in connection with such schools shall, to the extent otherwise
 6 eligible, be counted as local grants-in-aid for federally
 7 assisted urban renewal projects in Chester that will be served
 8 by such schools.

9 AMENDMENT OF SECTION 316 OF THE HOUSING ACT

10 OF 1954

11 SEC. 308. The first full paragraph of section 316(2) of
 12 the Housing Act of 1954 is amended by striking out the first
 13 parenthetical clause and inserting in lieu thereof the follow-
 14 ing: "(as such projects are now or may hereafter be defined
 15 in title I of the Housing Act of 1949, including but not
 16 limited to projects authorized without regard to the resi-
 17 dential or nonresidential character or reuse of the urban
 18 renewal area)".

19 REHABILITATION LOANS

20 SEC. 309. (a) Section 312(a) of the Housing Act of
 21 1964 is amended by striking out "reasonable" in the second
 22 sentence and inserting in lieu thereof "comparable".

23 (b) Section 312(d) of such Act is amended by striking
 24 out "\$50,000,000" and inserting in lieu thereof "\$100,000,-
 25 000 for each fiscal year", and by adding at the end thereof

1 a new sentence as follows: "All moneys in such revolving
 2 fund shall be available for necessary expenses of servicing
 3 loans made pursuant to this section, including reimbursement
 4 or payment for services and facilities of the Federal National
 5 Mortgage Association and of any public or private agency for
 6 the servicing of such loans."

7 (c) Section 312 of such Act is further amended by
 8 adding at the end thereof the following new subsection:

9 "(h) No loan shall be made under the authority of this
 10 section after October 1, 1969, except pursuant to a contract,
 11 commitment, or other obligation entered into pursuant to
 12 this section before that date."

13 ELIGIBILITY OF COMMUNITIES IN DEPRESSED AREAS FOR
 14 URBAN RENEWAL ASSISTANCE

15 SEC. 310. (a) Subparagraph (B) of section 103(a)
 16 (2) of the Housing Act of 1949 is amended to read as
 17 follows:

18 "(B) three-fourths of the aggregate net project costs
 19 of any such projects which are located in (i) a mu-
 20 nicipality having a population of fifty thousand or less
 21 according to the most recent decennial census, or (ii) a
 22 municipality situated in a labor market area which, at
 23 the time the contract or contracts involved are entered
 24 into or at such earlier time as the Administrator may
 25 specify in order to avoid hardship, is designated as a

1 redevelopment area under the second sentence of section
 2 5(a) of the Area Redevelopment Act or any other legis-
 3 lation enacted after the date of the enactment of the
 4 Housing and Urban Development Act of 1965 con-
 5 taining standards for designation as a redevelopment
 6 area generally comparable to those set forth in the second
 7 sentence of section 5(a) of the Area Redevelopment Act,
 8 and”.

9 (b) The amendment made by subsection (a) shall apply
 10 only with respect to urban renewal projects placed under
 11 contract for capital grant on or after the date of the enact-
 12 ment of this Act; except that such amendment shall apply
 13 with respect to all urban renewal projects in the city of
 14 Providence, Rhode Island, placed under contract for capital
 15 grant during the period Providence was designated as a
 16 redevelopment area under section 5(a) of the Area Redevel-
 17 opment Act (or at such earlier time as the Administrator
 18 may specify in order to avoid hardship) and not completed
 19 prior to the date of the enactment of this Act.

20 REDEVELOPMENT OF AREAS CONTAINING TEMPORARY WAR

21 HOUSING PROJECTS

22 SEC. 311. Notwithstanding any other provision of law,
 23 loan and grant assistance under title I of the Housing Act
 24 of 1949 for the renewal of any blighted, deteriorated, or
 25 deteriorating area of a locality which consists primarily of

1 temporary war housing projects constructed under an Act
 2 entitled "An Act to expedite the provision of housing in
 3 connection with national defense, and for other purposes",
 4 approved October 14, 1940, as amended (the so-called Lan-
 5 ham Act), may be extended in the same manner and to the
 6 same extent as in the case of any other urban renewal area,
 7 if—

8 (1) such locality has at no time since the acquisition
 9 of such housing from the United States received from it
 10 any net income, substantially all income therefrom hav-
 11 ing been utilized for the maintenance and operation of
 12 such housing for the benefit of persons of low or moderate
 13 incomes;

14 (2) there are included in such area at least 1,200
 15 dwelling units of such housing at the time an urban
 16 renewal plan for such area is submitted; and

17 (3) the urban renewal plan for such area provides
 18 for a predominance (exclusive of public facilities and
 19 open spaces) of housing for persons of low or moderate
 20 incomes.

21 LOCAL GRANT-IN-AID CREDIT FOR CERTAIN COAL

22 ROYALTIES

23 SEC. 312. (a) Section 110(d) of the Housing Act of
 24 1949 is amended by adding at the end thereof the following
 25 new paragraph:

1 *“Where a project in any municipality includes an area*
2 *affected by an underground mine fire or by a coal mine*
3 *subsidence and where it is necessary in such project to remove*
4 *any underlying coal deposits in order to stabilize the soil*
5 *or to control the underground mine fire, then any royalties*
6 *received by the project from the removal and sale of such*
7 *coal deposits shall be credited to the project as a local grant-*
8 *in-aid made by such municipality.”*

9 *(b) Any contract under title I of the Housing Act of*
10 *1949 executed prior to the date of the enactment of this Act*
11 *shall, at the request of the municipality involved, be amended*
12 *to reflect the amendment made by subsection (a).*

13 MODIFICATION OF WORKABLE PROGRAM REQUIREMENT
14 AS APPLIED TO INDIANS

15 SEC. 313. *Section 101(c) of the Housing Act of 1949*
16 *is amended by adding the following sentence at the end thereof:*
17 *“Notwithstanding any other provision of law, in the case*
18 *of a contract with an Indian tribe, band, or nation (or a*
19 *public housing or other public agency for such tribe, band,*
20 *or nation established under State or tribal law), the workable*
21 *program and minimum standards housing code, referred*
22 *to in the preceding sentence, may be presented to the Admin-*
23 *istrator by such tribe, band, or nation, and it shall be sub-*
24 *ject to the requirements of law with respect to such program*
25 *and code only to the extent that such tribe, band, or nation*

1 *has the legal jurisdiction and power to carry out such*
 2 *requirements.”*

3 *PRESERVATION OF HISTORIC STRUCTURES*

4 *SEC. 314. (a) Section 110(c) of the Housing Act of*
 5 *1949 is amended by—*

6 *(1) striking out “and” at the end of paragraph*
 7 *(7);*

8 *(2) striking out the period at the end of paragraph*
 9 *(8) and inserting in lieu thereof “; and”;*

10 *(3) inserting a new paragraph (9) as follows:*

11 *“(9) relocating within the project area a structure*
 12 *which the local public agency determines to be of historic*
 13 *value and which will be disposed of to a public body or*
 14 *a private nonprofit organization which will renovate*
 15 *and maintain such structure for historic purposes.”;*
 16 *and*

17 *(4) striking out “paragraphs (7) and (8)” in the*
 18 *third sentence and inserting in lieu thereof “paragraphs*
 19 *(7), (8), and (9)”.*

20 *(b) Section 110(e) of such Act is amended by striking*
 21 *out “and (8)” in clause (i) and inserting in lieu thereof*
 22 *“(8), and (9)”.*

23 *URBAN RENEWAL PROJECT REQUIREMENT*

24 *SEC. 315. (a) Section 110(c) of the Housing Act of*
 25 *1949 is amended by striking out the third sentence and in-*

1 serting in lieu thereof the following: "For the purposes of
 2 this title, the term 'project' shall not include (except as pro-
 3 vided in paragraph (7) above) (A) the construction or
 4 improvement of any building, or (B) the acquisition, dis-
 5 position, or demolition of any building other than a sub-
 6 standard building. The term 'redevelopment' and derivations
 7 thereof shall mean development as well as redevelopment."

8 (b) Section 110 of such Act is further amended by
 9 adding at the end thereof a new subsection as follows:

10 "(1) 'Substandard building' means any building other
 11 than a building (1) which can be economically improved
 12 or modified to meet requirements reasonably established by
 13 the local public agency for integration into an urban renewal
 14 plan, and (2) whose owner or lessee agrees within thirty days
 15 from date notice is received from the agency, and presents
 16 satisfactory evidence that he is willing and able, to make such
 17 improvements or modifications within a reasonable time limit
 18 set by the local public agency."

19 TITLE IV—LOW-RENT PUBLIC HOUSING

20 ACCEPTANCE OF LOCAL CERTIFICATION OF EQUIVALENT

21 ELIMINATION

22 SEC. 401. The fourth sentence of section 10(a) of the
 23 United States Housing Act of 1937 is amended by inserting
 24 immediately before the comma after the word "elimination",

1 where the word first appears, the following: “, as certified
2 by the local governing body”.

3 GREATER USE OF EXISTING HOUSING

4 SEC. 402. Section 10(c) of the United States Housing
5 Act of 1937 is amended by striking out “And provided”
6 and inserting in lieu thereof “Provided”, and by inserting a
7 colon and the following proviso before the period at the end
8 thereof: “And provided further, That the amount of the fixed
9 annual contribution which would be established under this
10 Act for a newly constructed project by a public housing
11 agency designed to accommodate a number of families of
12 a given size and kind may be established, as a maximum
13 annual contribution in lieu of any other guaranteed con-
14 tribution authorized under this section, for a project by such
15 public housing agency which would provide housing for the
16 comparable number, sizes and kinds of families through the
17 acquisition, acquisition and rehabilitation, or use under lease
18 of existing structures which are suitable for low-rent housing
19 use and obtainable in the local market”.

20 INCREASE IN AUTHORIZATION FOR ANNUAL
21 CONTRIBUTIONS

22 SEC. 403. (a) Section 10(e) of the United States Hous-
23 ing Act of 1937 is amended by inserting immediately follow-
24 ing “per annum”, the following: “, which limit shall be in-
25 creased by \$47,000,000 on the date of enactment of the

1 *Housing and Urban Development Act of 1965, and by fur-*
2 *ther amounts of \$47,000,000 on July 1 in each of the years*
3 *1966, 1967, and 1968, respectively,".*

4 *(b) The Housing and Home Finance Administrator*
5 *shall undertake a study of the existing low-rent public hous-*
6 *ing program with a view to making recommendations for*
7 *strengthening such program, or for establishing a new or*
8 *alternative program to assist the States and their localities*
9 *in providing housing for low-income families. Such study*
10 *shall give special consideration to ways in which the re-*
11 *sources of private enterprise may be utilized more effectively*
12 *in meeting the needs for housing of such families. Findings*
13 *and recommendations resulting from such study shall be*
14 *reported to the President for submission to the Congress not*
15 *later than two years after the appropriation of funds for such*
16 *study. Such sums as may be necessary to carry out the*
17 *provisions of this subsection are hereby authorized to be*
18 *appropriated.*

19 REALLOCATION OF UNITS

20 *SEC. 404. Section 10(c) of the United States Housing*
21 *Act of 1937 is amended by striking out "Provided," and*
22 *inserting in lieu thereof the following: "Provided, That*
23 *subject to any contractual obligation outstanding on the date .*
24 *of enactment of the Housing and Urban Development Act*

1 contract is entered into) of the dwelling unit, in not more
2 than forty years: Provided, That the public housing agency
3 may, under terms and conditions to be prescribed by it,
4 permit a purchaser to apply an amount equal to the net
5 rent paid for his dwelling unit, over a period not exceeding
6 three years prior to the entering into of any such contract,
7 toward the purchase price of such unit;

8 “(B) The interest rate shall be fixed at not less than
9 the average interest cost of loans outstanding on the project,
10 except that in the case of a project on which bonds are not
11 outstanding the interest rate shall be fixed at not less than
12 the going Federal rate applicable to such project;

13 “(C) The principal payments shall be not less than
14 one-half of 1 per centum per annum of the sales price during
15 the first five years after purchase, 1 per centum per annum
16 during the next five years, $1\frac{1}{2}$ per centum per annum during
17 the third five years, and thereafter not less than the principal
18 payments resulting from a level debt service of interest and
19 principal over the balance of the payment period; and

20 “(D) If at any time (i) a purchaser fails to carry out
21 his contract with the public housing agency and if no mem-
22 ber of his family who resides in the dwelling assumes such
23 contract, or (ii) if the purchaser or a member of his family

1 *who assumes the contract does not reside in the dwelling, the*
 2 *public housing agency shall have an option to acquire his*
 3 *interest under such contract upon payment to him or his*
 4 *estate of an amount equal to his aggregate principal pay-*
 5 *ments plus the value to the public housing agency of any*
 6 *improvements made by him, less an amount equal to $2\frac{1}{2}$ per*
 7 *centum of the sales price."*

8 *(b) Such Act is further amended—*

9 *(1) by inserting in the parenthetical phrase in sec-*
 10 *tion 10(h) after the words "exclusive of" the following:*
 11 *"any part thereof covered by a contract or conveyed*
 12 *pursuant to paragraph (9) of section 15, and exclusive*
 13 *of";*

14 *(2) by inserting after "may be made" in section*
 15 *10(l) the following: " , subject to any outstanding con-*
 16 *tracts made pursuant to paragraph (9) of section 15,";*

17 *(3) by inserting after "acquisition", the first place*
 18 *it appears in paragraphs (1), (2), and (3) of section*
 19 *15, the following: "(except pursuant to paragraph (9)*
 20 *of section 15)"; and*

21 *(4) by inserting before the semicolon at the end*
 22 *of paragraph (1) of section 22(a) a colon and the*
 23 *following: "Provided, That such conveyance or delivery*

1 of title shall be subject to the rights of third parties
2 vested pursuant to paragraph (9) of section 15".

3 TITLE V—COLLEGE HOUSING

4 INCREASE IN AUTHORIZATION FOR COLLEGE HOUSING

5 LOANS

6 SEC. 501. Section 401(d) of the Housing Act of 1950
7 is amended to read as follows:

8 "(d) To obtain funds for loans under subsection (a)
9 of this section, the Administrator may issue and have out-
10 standing at any one time notes and obligations for purchase
11 by the Secretary of the Treasury in an amount not to ex-
12 ceed \$2,985,000,000, which amount shall be increased by
13 \$285,000,000 on July 1 in each of the years 1966 and
14 1967, and by \$275,000,000 on July 1, 1968: Provided,
15 That the amount outstanding for other educational facilities,
16 as defined herein, shall not exceed \$295,000,000, which
17 limit shall be increased by \$30,000,000 on July 1 in each
18 of the years 1965 through 1968: Provided further, That
19 the amount outstanding for hospitals, referred to in clause
20 (2) of section 404(b) of this title, shall not exceed
21 \$220,000,000, which limit shall be increased by \$15,000,000
22 on July 1 in each of the years 1965 through 1968."

1 *PARTICIPATION BY NEW COLLEGES AND CERTAIN PUBLIC*
2 *VOCATIONAL AND TECHNICAL INSTITUTIONS*

3 *SEC. 502. Clause (1) of section 404(b) of the Hous-*
4 *ing Act of 1950 is amended to read as follows: “(1)(A) any*
5 *educational institution which offers, or provides satisfactory*
6 *assurance to the Administrator that it will offer within a*
7 *reasonable time after completion of a facility for which*
8 *assistance is requested under this title, at least a two-year*
9 *program acceptable for full credit toward a baccalaureate*
10 *degree (including any public educational institution, or*
11 *any private educational institution no part of the net earnings*
12 *of which inures to the benefit of any private shareholder or*
13 *individual), or (B) any public educational institution which*
14 *(i) is administered by a college or university which is ac-*
15 *credited by a nationally recognized accrediting agency or*
16 *association, (ii) offers technical or vocational instruction,*
17 *and (iii) provides residential facilities for some or all of*
18 *the students receiving such instruction,”.*

19 *TECHNICAL AMENDMENT*

20 *SEC. 503. The second paragraph of section 404(b) of*
21 *the Housing Act of 1950 is amended by inserting after*
22 *“would provide housing,” the following: “or to a student*

1 *housing cooperative corporation described in clause (5) of*
 2 *this subsection,”.*

3 *TITLE VI—GRANTS FOR BASIC PUBLIC*
 4 *WORKS, NEIGHBORHOOD FACILITIES, AND*
 5 *THE ADVANCE ACQUISITION OF LAND*

6 *PURPOSE*

7 *SEC. 601. The purpose of this title is to assist and en-*
 8 *courage the communities of the Nation fully to meet the needs*
 9 *of their citizens by making it possible, with Federal grant*
 10 *assistance, for their governmental bodies (1) to construct*
 11 *adequate basic water and sewer facilities needed to promote*
 12 *the efficient and orderly growth and development of our com-*
 13 *munities, (2) to construct neighborhood facilities needed to*
 14 *enable them to carry on programs of necessary social serv-*
 15 *ices, and (3) to acquire, in a planned and orderly fashion,*
 16 *land to be utilized in connection with the future construction*
 17 *of public works and facilities.*

18 *GRANTS FOR BASIC WATER AND SEWER FACILITIES*

19 *SEC. 602. (a) The Housing and Home Finance Ad-*
 20 *ministrator (hereinafter in this title referred to as the “Ad-*
 21 *ministrator”)* is authorized to make grants to local public
 22 *bodies and agencies to finance specific projects for basic*
 23 *public water facilities (including works for the storage, treat-*
 24 *ment, purification, and distribution of water), and for basic*
 25 *public sewer facilities (other than “treatment works” as*

1 *defined in the Federal Water Pollution Control Act): Pro-*
2 *vided, That no grant shall be made under this section for*
3 *any sewer facilities unless the Secretary of Health, Educa-*
4 *tion, and Welfare certifies to the Administrator that any*
5 *waste material carried by such facilities will be adequately*
6 *treated before it is discharged into any public waterway so*
7 *as to meet applicable Federal, State, interstate, or local*
8 *water quality standards.*

9 *(b) The amount of any grant made under the authority*
10 *of this section shall not exceed 50 per centum of the develop-*
11 *ment cost of the project: Provided, That in the case of a*
12 *community having a population of less than ten thousand,*
13 *according to the most recent decennial census, which is*
14 *situated within a metropolitan area, the Administrator may*
15 *increase the amount of a grant for a basic public sewer*
16 *facility assisted under this section to not more than 90 per*
17 *centum of the development cost of such facility, if the com-*
18 *munity is unable to finance the construction of such facility*
19 *without the increased grant authorized under this subsection,*
20 *and if in such community (1) there does not exist a public*
21 *or other adequate sewer facility which serves a substantial*
22 *portion of the inhabitants of the community, and (2) the*
23 *rate of unemployment is, and has been continuously for*
24 *the preceding calendar year, 100 per centum above the*
25 *national average: And provided further, That the limitations*

1 and restrictions contained in subsection (c) of this section
2 shall not be applicable to any community applying for an
3 increased grant under this subsection.

4 (c) No grant shall be made under this section in con-
5 nection with any project unless the Administrator determines
6 that the project is necessary to provide adequate water or
7 sewer facilities for, and will contribute to the improvement
8 of the health or living standards of, the people in the com-
9 munity to be served, and that the project is (1) designed so
10 that an adequate capacity will be available to serve the rea-
11 sonably foreseeable growth needs of the area; (2) consistent
12 with a program meeting criteria, established by the Admin-
13 istrator, for a unified or officially coordinated areawide water
14 or sewer facilities system as part of the comprehensively
15 planned development of the area, except that prior to July 1,
16 1968, grants may, in the discretion of the Administrator, be
17 made under this section when such a program for an area-
18 wide water and sewer facilities system is under active prepa-
19 ration, although not yet completed, if the facility or facilities
20 for which assistance is sought can reasonably be expected
21 to be required as a part of such program, and there is urgent
22 need for the facility or facilities; and (3) necessary to
23 orderly community development.

GRANTS FOR NEIGHBORHOOD FACILITIES

SEC. 603. (a) *In accordance with the provisions of this section, the Administrator is authorized to make grants to any local public body or agency to assist in financing specific projects for neighborhood facilities. Any such project may be undertaken by such body or agency directly or through a nonprofit organization approved by it: Provided, That no grant shall be provided under this section for any project to be undertaken through a nonprofit organization unless the Administrator determines (1) that such organization has or will have the legal, financial, and technical capacity to carry out the project, and (2) that the public body or agency to which the grant is made will have satisfactory continuing control over the use of the proposed facilities.*

(b) *The amount of any grant made under the authority of this section shall not exceed $66\frac{2}{3}$ per centum of the development cost of the project for which the grant is made (or 75 per centum of such cost in the case of a project located in an area which at the time the grant is made is designated as a redevelopment area under the Area Redevelopment Act or any Act supplementary thereto.*

(c) *No grant shall be made under this section for any project unless the Administrator determines that the project*

1 will provide a neighborhood facility which is (1) necessary
2 for carrying out a program of health, recreational, social, or
3 similar community service (including a community action
4 program approved under title II of the Economic Opportu-
5 nity Act of 1964) in the area, (2) consistent with compre-
6 hensive planning for the development of the community, and
7 (3) so located as to be available for use by a significant por-
8 tion (or number in the case of large urban places) of the
9 area's low- or moderate-income residents.

10 (d) For a period of twenty years after a grant has been
11 made under this section for a neighborhood facility, such
12 facility shall not, without the approval of the Administrator,
13 be converted to uses other than those proposed by the ap-
14 plicant in its application for a grant. The Administrator
15 shall not approve any conversion in the use of such a neigh-
16 borhood facility during such twenty-year period unless he
17 finds that such conversion is in accordance with the then
18 applicable program of health, recreational, social, or similar
19 community services in the area and consistent with com-
20 prehensive planning for the development of the community
21 in which the facility is located. In approving any such
22 conversion, the Administrator may impose such additional
23 conditions and requirements as he deems necessary.

24 (e) The Administrator shall give priority to applica-
25 tions for projects designed primarily to benefit members of

1 *low-income families or otherwise substantially further the*
2 *objectives of a community action program approved under*
3 *title II of the Economic Opportunity Act of 1964.*

4 *ADVANCE ACQUISITION OF LAND*

5 *SEC. 604. (a) In order to encourage and assist in the*
6 *timely acquisition of land planned to be utilized in connection*
7 *with the future construction of public works or facilities, the*
8 *Administrator is authorized to make grants to local public*
9 *bodies and agencies to assist in financing the acquisition of*
10 *a fee simple estate or other interest in such land.*

11 *(b) The amount of any grant made under the authority*
12 *of this section shall not exceed the aggregate amount of*
13 *reasonable interest charges on the loan or other financial*
14 *obligation incurred to finance the acquisition of such land*
15 *for a period not exceeding the lesser of (1) five years*
16 *from the date such loan was made or such financial obliga-*
17 *tion was incurred, or (2) the period of time between the*
18 *date such loan was made or such financial obligation was*
19 *incurred and the date construction is begun on the public*
20 *work or facility for which the land acquired was planned*
21 *to be utilized.*

22 *(c) No grant shall be made under this section for any*
23 *project for the acquisition of land unless the Administrator*
24 *determines that the public work or facility for which such*

1 *land is to be utilized is planned to be constructed or initiated*
2 *within a reasonable period of time (not to exceed five years*
3 *after a contract to make such grant is entered into) and*
4 *that construction of such public work or facility will contrib-*
5 *ute to economy, efficiency, and the comprehensively planned*
6 *development of the area.*

7 *(d) As a condition to providing assistance under this*
8 *section, the Administrator may, under terms and conditions*
9 *prescribed by him, require an applicant to agree to repay*
10 *such assistance, if (1) the land purchased with such assist-*
11 *ance is not utilized within five years after the agreement*
12 *is entered into in connection with the construction of the*
13 *public work or facility for which such land was acquired or*
14 *(2) such land is diverted to other uses.*

15 *GENERAL PROVISIONS*

16 *SEC. 605. (a) In the performance of, and with respect*
17 *to, the functions, powers, and duties vested in him by this*
18 *title, the Administrator shall (in addition to any authority*
19 *otherwise vested in him) have the functions, powers, and*
20 *duties set forth in section 402, except subsections (a), (c)*
21 *(2), and (f) of the Housing Act of 1950.*

22 *(b) The Administrator is authorized, notwithstanding*
23 *the provisions of section 3648 of the Revised Statutes, to*
24 *make advance or progress payments on account of any grant*
25 *made pursuant to this title. No part of any grant authorized*

1 to be made by the provisions of this title shall be used for the
2 payment of ordinary governmental operating expenses.

3 *DEFINITIONS*

4 *SEC. 606. As used in this title—*

5 (a) The term “State” means the several States, the Dis-
6 trict of Columbia, the Commonwealth of Puerto Rico, and
7 the territories and possessions of the United States.

8 (b) The term “local public bodies and agencies” in-
9 cludes public corporate bodies or political subdivisions; public
10 agencies or instrumentalities of one or more States, munici-
11 palities, or political subdivisions of one or more States (in-
12 cluding public agencies and instrumentalities of one or more
13 municipalities or other political subdivisions of one or more
14 States); Indian tribes; and boards or commissions estab-
15 lished under the laws of any State to finance specific capital
16 improvement projects.

17 (c) The term “development cost” means the cost of
18 constructing the facility and of acquiring the land on which
19 it is located, including necessary site improvements to permit
20 its use as a site for the facility.

21 *LABOR STANDARDS*

22 *SEC. 607. All laborers and mechanics employed by con-*
23 *tractors or subcontractors on projects assisted under sections.*
24 *602 and 603 shall be paid wages at rates not less*
25 *than those prevailing on similar construction in the locality*

1 as determined by the Secretary of Labor in accordance
2 with the Davis-Bacon Act, as amended (40 U.S.C. 276a—
3 276a-5). No such project shall be approved without first
4 obtaining adequate assurance that these labor standards will
5 be maintained upon the construction work. The Secretary
6 of Labor shall have, with respect to the labor standards speci-
7 fied in this section, the authority and functions set forth
8 in Reorganization Plan Numbered 14 of 1950 (15 F.R.
9 3176; 64 Stat. 1267; 5 U.S.C. 133z-15), and section 2
10 of the Act of June 13, 1934, as amended (48 Stat. 948;
11 40 U.S.C. 276c).

12

APPROPRIATIONS

13 SEC. 608. (a) There are authorized to be appropriated
14 for grants under section 602 not to exceed (1) \$100,000,000
15 for the fiscal year commencing July 1, 1965, and (2)
16 \$200,000,000 for each fiscal year commencing after June
17 30, 1966, and ending prior to July 1, 1969.

18 (b) There are authorized to be appropriated for each
19 fiscal year commencing after June 30, 1965, and ending
20 prior to July 1, 1969, not to exceed (1) \$50,000,000 for
21 grants under section 603, and (2) \$25,000,000 for grants
22 under section 604.

23 (c) Any amounts appropriated under this section shall
24 remain available until expended, and any amounts authorized

1 for any fiscal year under this section but not appropriated
 2 may be appropriated for any succeeding fiscal year com-
 3 mencing prior to July 1, 1969.

4 REPORTS

5 SEC. 609. On or before January 1, 1968, the Adminis-
 6 trator shall submit to the Congress a full report of operations
 7 under this title, together with his recommendations with
 8 respect thereto.

9 TITLE VII—FEDERAL NATIONAL MORTGAGE 10 ASSOCIATION

11 INCREASE IN SPECIAL ASSISTANCE AUTHORITY

12 SEC. 701. (a) Section 305(c) of the National Housing
 13 Act is amended by inserting before the period at the end
 14 thereof a comma and the following: “, which limit shall be
 15 increased by \$100,000,000 on the date of enactment of the
 16 Housing and Urban Development Act of 1965, by \$450,-
 17 000,000 on July 1, 1966, by \$550,000,000 on July 1, 1967,
 18 and by \$525,000,000 on July 1, 1968”.

19 (b) Section 305(f) of such Act is amended by inserting
 20 before the period at the end thereof the following: “:
 21 Provided further, That any portion of the total amount
 22 of authority set forth in the first proviso of this subsection,
 23 which (1) is not required under the second proviso of this
 24 subsection to be kept available for purchases and commit-

1 *ments with respect to mortgages insured under section 809,*
 2 *and (2), on the date of enactment of the Housing and Urban*
 3 *Development Act of 1965 and on each July 1 thereafter,*
 4 *would otherwise be available for making new purchases and*
 5 *commitments pursuant to this subsection, shall be transferred*
 6 *to and merged with the authority granted by subsection (a)*
 7 *and added to the amount of such authority which is available,*
 8 *as of the date of the transfer, for purchases and commitments*
 9 *under subsection (c); and the total amount of authority as*
 10 *set forth in the first proviso of this subsection shall pro-*
 11 *gressively be reduced by the amount of each such transfer”.*

12 *PURCHASE OF MORTGAGES HELD BY FEDERAL*

13 *INSTRUMENTALITIES*

14 *SEC. 702. (a) Section 302 of the National Housing*
 15 *Act is amended by—*

16 *(1) striking out “Federal,” in clause (2) in sub-*
 17 *section (b);*

18 *(2) inserting before “first mortgages” in the first*
 19 *sentence of subsection (c) the following: “obligations*
 20 *offered to it by the Housing and Home Finance Agency*
 21 *or its Administrator, or by such Agency’s constituent*
 22 *units or agencies or the heads thereof, or any”; and*

1 (3) inserting "and other obligations" after "mort-
2 gages" in the last sentence of subsection (c).

3 (b) Section 306(e) of such Act is amended to read
4 as follows:

5 “(e) Notwithstanding any other provision of law, the
6 Association is authorized, under the aforesaid separate ac-
7 countability, to make commitments to purchase, and to pur-
8 chase, service, or sell any obligations offered to it by the
9 Housing and Home Finance Agency or its Administrator, or
10 by such Agency’s constituent units or agencies or the heads
11 thereof, or any mortgages covering residential property
12 offered to it by any Federal instrumentality, or the head
13 thereof. There shall be excluded from the total amounts
14 set forth in subsection (c) the amounts of any obligations or
15 mortgages purchased by the Association pursuant to this
16 subsection.”

17 PURCHASE OF BELOW-MARKET INTEREST RATE MORT-
18 GAGES COVERING PROPERTIES LOCATED IN URBAN
19 RENEWAL AREAS

20 SEC. 703. Section 302(b) of the National Housing Act
21 is amended by inserting after “urban renewal area,” in clause

1 (3) the following: "or a below-market interest rate mortgage
2 insured under section 221(d)(3),".

3 *TITLE VIII—OPEN-SPACE LAND AND URBAN*
4 *BEAUTIFICATION AND IMPROVEMENT*

5 *CHANGE IN NAME OF PROGRAM; FINDINGS AND PURPOSE*

6 *SEC. 801. (a) The heading of title VII of the Housing*
7 *Act of 1961 is amended to read as follows: "TITLE VII—*
8 *OPEN-SPACE LAND AND URBAN BEAUTIFICA-*
9 *TION AND IMPROVEMENT"*.

10 (b) Section 701 of such Act is amended by redesignig-
11 nating subsection (b) as subsection (c) and inserting after
12 subsection (a) a new subsection as follows:

13 "(b) The Congress further finds that there is an urgent
14 need both for the additional provision of parks and other
15 open-space areas in the developed portions of the Nation's
16 urban areas and for greater and better coordinated local
17 efforts to beautify and improve open space and other public
18 land throughout urban areas to facilitate their increased use
19 and enjoyment by the Nation's urban population."

20 (c) Section 701(c) of such Act (as redesignated by
21 subsection (b) of this section) is amended by—

22 (1) striking out "preserve" and inserting in lieu
23 thereof "(1) provide, preserve, and develop"; and

24 (2) striking out "purposes." and inserting in lieu
25 thereof "uses, and (2) beautify and improve open space

1 *and other public urban land, in accordance with pro-*
 2 *grams to encourage and coordinate local public and*
 3 *private efforts toward this end.”*

4 *DEVELOPMENT GRANTS FOR OPEN-SPACE USES*

5 *SEC. 802. (a) The first sentence of section 702(a) of*
 6 *the Housing Act of 1961 is amended—*

7 *(1) by inserting “and development” after “acqui-*
 8 *sition” the first place it appears; and*

9 *(2) by inserting before the period the following:*
 10 *“, and the development, for open-space uses, of land*
 11 *acquired under this title”.*

12 *(b) Section 702(c) of such Act is amended by strik-*
 13 *ing out “development costs or”.*

14 *(c) Section 706 of such Act is amended by adding at*
 15 *the end thereof the following:*

16 *“(4) The term ‘open-space uses’ means any use*
 17 *of open-space land for (A) park and recreational pur-*
 18 *poses, (B) conservation of land and other natural re-*
 19 *sources, or (C) historic or scenic purposes.”*

20 *INCREASED GRANT LEVEL FOR PRESERVATION AND DEVEL-*
 21 *OPMENT OF OPEN-SPACE LAND*

22 *SEC. 803. The second sentence of section 702(a) of the*
 23 *Housing Act of 1961 is amended to read as follows: “The*
 24 *amount of any such grant shall not exceed 50 per centum*

1 of the total cost, as approved by the Administrator, of such
2 acquisition and development."

3 CONTRACT AUTHORIZATION

4 SEC. 804. Section 702(b) of the Housing Act of 1961
5 is amended by striking out "\$75,000,000" and inserting in
6 lieu thereof the following: "\$310,000,000: Provided, That
7 of such sum the Administrator may contract to make grants
8 under section 705 aggregating not to exceed \$64,000,000,
9 and grants under section 706 aggregating not to exceed
10 \$36,000,000".

11 OPEN-SPACE PLANNING AND PROGRAM REQUIREMENTS

12 SEC. 805. Section 703(a) of the Housing Act of 1961
13 is amended to read as follows:

14 "SEC. 703. (a) The Administrator shall enter into con-
15 tracts to make grants under sections 702 and 705 of this title
16 only if he finds that such assistance is needed for carrying out
17 a unified or officially coordinated program, meeting criteria
18 established by him, for the provision and development of
19 open-space land as part of the comprehensively planned
20 development of the urban area."

21 GRANTS FOR PROVISION OF OPEN-SPACE LAND IN BUILT- 22 UP URBAN AREAS AND FOR URBAN BEAUTIFICATION 23 AND IMPROVEMENT

24 SEC. 806. Title VII of the Housing Act of 1961 is
25 amended by redesignating sections 705 and 706 as sections

1 708 and 709, respectively, and by inserting after section 704
2 two new sections as follows:

3 “GRANTS FOR PROVISION OF OPEN-SPACE LAND IN BUILT-
4 UP URBAN AREAS

5 “SEC. 705. (a) The Administrator is further authorized
6 to enter into contracts to make grants to States and local
7 public bodies to help finance the acquisition of title to, or
8 other permanent interests in, developed land in built-up
9 portions of urban areas to be cleared and used as permanent
10 open-space land. The Administrator shall make such grants
11 only where the local governing body determines that ade-
12 quate open-space land cannot effectively be provided through
13 the use of existing undeveloped or predominantly undevel-
14 oped land. Grants under this section shall not exceed 50
15 per centum of the cost of acquiring such interests and of
16 necessary demolition and removal of improvements.

17 “(b) Financial assistance extended to any project under
18 this title may include grants for relocation payments, as
19 herein defined. Such grants may be in addition to other
20 financial assistance under this title, and no part of the
21 amount of such relocation payments shall be required to be
22 contributed as a local grant. The term ‘relocation payments’
23 means payments by the applicant which are (1) made to
24 an individual, family, business concern, or nonprofit organi-
25 zation displaced, after March 4, 1965, by a project assisted

1 under this title; (2) not otherwise authorized under any
2 Federal law; and (3) made only on such terms and condi-
3 tions and subject to such limitations (to the extent appli-
4 cable, but not including the date of displacement) as are
5 provided for relocation payments, at the time such payments
6 are approved, by sections 114 (b) and (c) of the Housing
7 Act of 1949. Relocation payments authorized by this sub-
8 section shall be made subject to such rules and regulations
9 as may be prescribed by the Administrator.

10 "GRANTS FOR URBAN BEAUTIFICATION AND IMPROVEMENT

11 "SEC. 706. The Administrator is authorized to enter
12 into contracts to make grants, as herein provided, to
13 States and local public bodies to assist in carrying out
14 local programs for the greater use and enjoyment of
15 open-space and other public land in urban areas. The
16 Administrator shall establish criteria for such programs
17 to assure that each program (1) represents significant
18 and effective efforts, involving all available public and
19 private resources, for the beautification of such land and
20 its improvement for open-space uses; and (2) is important
21 to the comprehensively planned development of the locality.
22 Grants made under this section shall not exceed 50 per
23 centum of the amount by which the cost of the activities
24 carried on by an applicant during a fiscal year under an
25 approved program exceeds its usual expenditures for com-

1 *parable activities: Provided, That, notwithstanding any*
2 *other provision of this section, the Administrator may use*
3 *not to exceed \$5,000,000 of the sum authorized for contracts*
4 *under this section for the purpose of entering into contracts to*
5 *make grants in amounts not to exceed two-thirds of the cost*
6 *of activities which he determines have special value in devel-*
7 *oping and demonstrating new and improved methods and*
8 *materials for use in carrying out the purposes of this section."*

9 *LABOR STANDARDS*

10 *SEC. 807. Title VII of the Housing Act of 1961 is*
11 *further amended by inserting after section 706 (as added*
12 *by section 806 of this Act) the following new section:*

13 *"LABOR STANDARDS*

14 *"SEC. 707. (a) The Administrator shall take such action*
15 *as may be necessary to insure that all laborers and mechanics*
16 *employed by contractors or subcontractors in the performance*
17 *of construction work financed with the assistance of grants*
18 *under this title shall be paid wages at rates not less than those*
19 *prevailing on similar construction in the locality as deter-*
20 *mined by the Secretary of Labor in accordance with the*
21 *Davis-Bacon Act, as amended. The Administrator shall*
22 *not approve any such grant without first obtaining adequate*
23 *assurance that these labor standards will be maintained upon*
24 *the construction work.*

25 *"(b) The Secretary of Labor shall have, with respect*

1 to the labor standards specified in subsection (a), the author-
 2 ity and functions set forth in Reorganization Plan Numbered
 3 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C.
 4 133z-15), and section 2 of the Act of June 13, 1934, as
 5 amended (48 Stat. 948; 40 U.S.C. 276c)."

6 *USE OF FUNDS FOR STUDIES AND PUBLICATION*

7 *SEC. 808. The second sentence of section 708 of the*
 8 *Housing Act of 1961 (as redesignated by section 806 of*
 9 *this Act) is amended to read as follows: "The Administra-*
 10 *tor is authorized to use during any fiscal year not to exceed*
 11 *\$50,000 of the funds available for grants under this title to*
 12 *undertake such studies and publish such information."*

13 *CONFORMING AMENDMENTS*

14 *SEC. 809. (a) The heading of section 702 of the Hous-*
 15 *ing Act of 1961 is amended to read as follows: "GRANTS*
 16 *FOR PRESERVATION AND DEVELOPMENT OF OPEN-SPACE*
 17 *LAND"*.

18 *(b) Section 702(a) of such Act is amended by striking*
 19 *out "acceptable to the Administrator as capable of carrying*
 20 *out the provisions of this title"*.

21 *(c) Section 702(e) of such Act is amended by striking*
 22 *out in the second sentence "served by the open-space land*
 23 *acquired" and inserting in lieu thereof "assisted"*.

24 *(d) Section 704 of such Act is amended by striking*

1 out in the first sentence “for which” and inserting in lieu
2 thereof “for the acquisition of which”.

3 TITLE IX—RURAL HOUSING

4 LOANS FOR PREVIOUSLY OCCUPIED BUILDINGS AND

5 MINIMUM SITE ACQUISITION

6 SEC. 901. (a) Section 501(a) of the Housing Act of
7 1949 is amended by—

8 (1) inserting after “their farms” in clause (1)
9 the following: “and to purchase previously occupied
10 buildings and land constituting a minimum adequate
11 site, in order”; and

12 (2) inserting after “rural areas” in clause (2) the
13 following: “for the construction, improvement, altera-
14 tion, or repair of dwellings, related facilities, and farm
15 buildings and to rural residents for the same purposes
16 and for the purchase of previously occupied buildings
17 and the purchase of land constituting a minimum ade-
18 quate site, in order”.

19 (b) Section 501(c) of such Act is amended by insert-
20 ing after “rural area”, the first place it appears in clause
21 (1), the following: “or is a rural resident”.

22 INTEREST RATE ON DIRECT RURAL HOUSING LOANS

23 SEC. 902. Section 502(a) of the Housing Act of 1949
24 is amended by striking out “with interest at a rate not to

1 exceed 4 per centum per annum on the unpaid balance of
 2 principal” and inserting in lieu thereof the following: “with
 3 interest, in the case of applicants described in clauses (1)
 4 and (2) of section 501(a), at a rate not to exceed 5 per
 5 centum per annum on the unpaid balance of principal, and,
 6 in the case of applicants described in clause (3) of section
 7 501(a) and applicants under sections 503 and 504, at a
 8 rate not to exceed 4 per centum per annum on such unpaid
 9 balance. Loans made or insured under this title shall be
 10 conditioned on the borrower paying such fees and other
 11 charges as the Secretary may require”.

12 *INSURED RURAL HOUSING LOANS*

13 *SEC. 903. (a) Title V of the Housing Act of 1949 is*
 14 *amended by adding at the end thereof the following new*
 15 *sections:*

16 *“INSURED RURAL HOUSING LOANS*

17 *“SEC. 517. (a) The Secretary may insure loans meeting*
 18 *the requirements of section 502, and may make loans in*
 19 *accordance with the requirements of such section to be sold*
 20 *and insured; except that such loans shall—*

21 *“(1) if the borrowers are persons of low or mod-*
 22 *erate income (as defined by the Secretary), (A) not*
 23 *exceed amounts necessary to provide adequate housing,*
 24 *modest in size, design, and cost (as determined by the*
 25 *Secretary), (B) bear interest at a rate not to exceed*

1 *5 per centum per annum, and (C) not exceed in the*
2 *aggregate \$300,000,000 of new loans made or insured*
3 *in any one fiscal year; and*

4 *“(2) if the borrowers are persons other than those*
5 *described in clause (1), bear interest and provide for*
6 *insurance or service charges at rates comparable to the*
7 *combined rate of interest and premium charges in effect*
8 *under section 203 of the National Housing Act, as deter-*
9 *mined by the Secretary.*

10 *“(b) The Secretary may insure loans in accordance with*
11 *the requirements of sections 514 (exclusive of subsections*
12 *(a)(3), (a)(5), and (b)) and 515 (exclusive of subsec-*
13 *tions (a) and (b)(4)), and may make loans meeting such*
14 *requirements to be sold and insured. Upon the expiration of*
15 *ninety days after the original capitalization of the Rural*
16 *Housing Insurance Fund, created by subsection (e) of this*
17 *section, no new loans shall be made or insured under section*
18 *514 or 515(b), except in conformity with this section.*

19 *“(c) The Secretary may use the Rural Housing In-*
20 *surance Fund for the purpose of making loans to be sold*
21 *and insured under this section, but the aggregate of such*
22 *loans which are held by the Secretary at any one time shall*
23 *not exceed \$100,000,000.*

24 *“(d) The Secretary may, in conformity with subsec-*

1 *tions (a) and (b), insure the payment of principal and in-*
2 *terest as it becomes due on loans made by lenders other*
3 *than the United States, and on loans made from the Rural*
4 *Housing Insurance Fund which are sold by the Secretary.*
5 *Any contract of insurance executed by the Secretary here-*
6 *under shall be an obligation supported by the full faith and*
7 *credit of the United States, and shall be incontestable except*
8 *for fraud or misrepresentation of which the holder has actual*
9 *knowledge. In connection with loans insured under this sec-*
10 *tion, the Secretary may take liens running to the United*
11 *States notwithstanding the fact that the notes evidencing such*
12 *loans may be held by lenders other than the United States.*
13 *Notes evidencing such loans shall be freely assignable, but*
14 *the Secretary shall not be bound by any such assignment*
15 *until notice thereof is given to and acknowledged by him.*
16 *“(e) There is hereby created the Rural Housing In-*
17 *surance Fund (hereinafter referred to as the ‘Fund’) which*
18 *shall be used by the Secretary as a revolving fund for carry-*
19 *ing out the provisions of this section. There are authorized*
20 *to be appropriated to the Secretary such sums as may be*
21 *necessary for the purposes of the Fund.*
22 *“(f) Money in the Fund not needed for current opera-*
23 *tions shall be invested in direct obligations of the United*
24 *States or obligations guaranteed by the United States.*
25 *“(g) All funds, claims, notes, mortgages, contracts, and*

1 *property acquired by the Secretary under this section, and*
2 *all collections and proceeds therefrom, shall constitute assets*
3 *of the Fund; and all liabilities and obligations of such assets*
4 *shall be liabilities and obligations of the Fund. Loans may*
5 *be held in the Fund and collected in accordance with their*
6 *terms or may be sold by the Secretary with or without agree-*
7 *ments for insurance thereof. The Secretary is authorized to*
8 *make agreements with respect to servicing loans held or in-*
9 *sured by him under this section and purchasing such insured*
10 *loans on such terms and conditions as he may prescribe.*

11 “(h) *The Secretary is authorized to issue notes to the*
12 *Secretary of the Treasury to obtain funds necessary for*
13 *discharging obligations under this section and for author-*
14 *ized expenditures out of the Fund, but, except as may be*
15 *authorized in appropriation Acts, not for the original or*
16 *any additional capital of the Fund. Such notes shall be*
17 *in such form and denominations and have such maturities*
18 *and be subject to such terms and conditions as may be pre-*
19 *scribed by the Secretary with the approval of the Secretary*
20 *of the Treasury. Each note shall bear interest at the average*
21 *rate, as determined by the Secretary of the Treasury, pay-*
22 *able by the Treasury upon its marketable public obligations*
23 *outstanding at the beginning of the fiscal year in which such*
24 *note is issued, which are neither due nor callable for redemp-*
25 *tion for fifteen years from their date of issue. The Secretary*

1 of the Treasury is authorized and directed to purchase any
2 notes of the Secretary issued hereunder, and for that purpose
3 the Secretary of the Treasury is authorized to use as a public
4 debt transaction the proceeds from the sale of any securities
5 issued under the Second Liberty Bond Act, as amended, and
6 the purposes for which such securities may be issued under
7 such Act are extended to include purchases of notes issued by
8 the Secretary. All redemptions, purchases, and sales by the
9 Secretary of the Treasury of such notes shall be treated as
10 public debt transactions of the United States. The notes
11 issued by the Secretary to the Secretary of the Treasury
12 shall constitute obligations of the Fund.

13 “(i) The Secretary may retain out of interest payments
14 by the borrower an annual charge in an amount specified
15 in the insurance or sale agreement applicable to the loan.
16 Of the charges retained by the Secretary, if any, not to
17 exceed 1 per centum per annum of the unpaid balance of the
18 loan shall be deposited in the Fund. Any retained charges
19 not deposited in the Fund shall be available for administrative
20 expenses in carrying out the provisions of this title, to be
21 transferred annually and become merged with any appro-
22 priation for administrative expenses of the Farmers Home
23 Administration, when and in such amounts as may be
24 authorized in appropriation Acts.

25 “(j) The Secretary may also utilize the Fund—

1 “(1) to pay amounts to which the holder of the
 2 note is entitled in accordance with an insurance or sale
 3 agreement under this section accruing between the date
 4 of any prepayment by the borrower to the Secretary and
 5 the date of transmittal of any such prepayments to the
 6 holder of the note; and in the discretion of the Secretary,
 7 prepayments other than final payments need not be
 8 remitted to the holder until due;

9 “(2) to pay the holder of any note insured under
 10 this section any defaulted installment or, upon assign-
 11 ment of the note to the Secretary at the Secretary's
 12 request, or pursuant to a purchase agreement, the entire
 13 balance outstanding on the note; and

14 “(3) to pay taxes, insurance, prior liens, expenses
 15 necessary to make fiscal adjustments in connection with
 16 the application and transmittal of collections, and other
 17 expenses and advances to protect the security for loans
 18 which are insured under this section or held in the Fund,
 19 and to acquire such security property at foreclosure sale
 20 or otherwise.

21 “RURAL HOUSING DIRECT LOAN ACCOUNT

22 “SEC. 518. (a) There is hereby created the Rural Hous-
 23 ing Direct Loan Account (hereinafter referred to as the
 24 ‘Account’) which shall be used by the Secretary for carry-

1 ing out the provisions of this section. There are authorized
2 to be appropriated to the Secretary such sums as may be
3 necessary for the purposes of the Account.

4 “(b) There are transferred to the Account (1) all
5 funds, claims, notes, mortgages, contracts, and property,
6 and all collections and proceeds therefrom, held by the
7 Secretary under the direct loan provisions of this title, in-
8 cluding those securing notes issued by the Secretary to the
9 Secretary of the Treasury under section 511 and any un-
10 expended balance of amounts borrowed upon such notes,
11 and (2) all unexpended balances of appropriations for direct
12 loans under this title, including the fund authorized by sec-
13 tion 515(a). All amounts hereafter borrowed by the
14 Secretary from the Secretary of the Treasury under section
15 511 shall be deposited in the Account. All collections and
16 proceeds from assets acquired by the Account shall be
17 deposited in the Account.

18 “(c) When and in such amounts as may be authorized
19 in appropriation Acts, the Secretary may issue notes to the
20 Secretary of the Treasury to obtain funds to be deposited in
21 the Account. The form, denominations, maturities, and other
22 terms and conditions of such notes shall be prescribed by
23 the Secretary with the approval of the Secretary of the
24 Treasury. Each note shall bear interest at the average rate
25 determined by the Secretary of the Treasury, payable by the

1 *Treasury upon its marketable public obligations outstanding*
 2 *at the beginning of the fiscal year in which such note is is-*
 3 *sued, which are neither due nor callable for redemption for*
 4 *fifteen years from their date of issue. The Secretary of the*
 5 *Treasury is authorized and directed to purchase any notes of*
 6 *the Secretary issued hereunder, and for that purpose the*
 7 *Secretary of the Treasury is authorized to use as a public*
 8 *debt transaction the proceeds from the sale of any securities*
 9 *issued under the Second Liberty Bond Act, as amended, and*
 10 *the purposes for which such securities may be issued under*
 11 *such Act are extended to include the purchase of notes issued*
 12 *by the Secretary. All redemptions, purchases, and sales by*
 13 *the Secretary of the Treasury of such notes shall be treated*
 14 *as public debt transactions of the United States.*

15 “(d) *The Account shall remain available to the Secre-*
 16 *tary for the payment of interest and principal on notes issued*
 17 *by the Secretary to the Secretary of the Treasury under sec-*
 18 *tion 511 or this section, and for direct loans and related ad-*
 19 *vances under this title in such amounts as are now author-*
 20 *ized by law and in such further amounts as shall be authorized*
 21 *in appropriation Acts. Amounts so authorized for such loans*
 22 *and advances shall remain available until expended.”*

23 (b) *Section 511 of such Act is amended by—*

24 (1) *striking out the first sentence and inserting in*

1 *lieu thereof "The Secretary may issue notes and other*
 2 *obligations for purchase by the Secretary of the Treas-*
 3 *ury for the purpose of making direct loans under this*
 4 *title.";*

5 *(2) striking out the second sentence and inserting*
 6 *in lieu thereof "The total principal amount of such*
 7 *notes and obligations issued pursuant to this section dur-*
 8 *ing the period beginning July 1, 1956, and ending*
 9 *October 1, 1969, shall not exceed \$850,000,000.";* and

10 *(3) striking out the fifth sentence and inserting in*
 11 *lieu thereof the following "Each such note or other*
 12 *obligation shall bear interest at the average rate, as*
 13 *determined by the Secretary of the Treasury, payable*
 14 *by the Treasury upon its marketable public obligations*
 15 *outstanding at the beginning of the fiscal year in which*
 16 *such note or other obligation is issued, which are neither*
 17 *due nor callable for redemption for 15 years from their*
 18 *date of issue."*

19 PURCHASE OF RURAL HOUSING LOANS BY THE FEDERAL
 20 NATIONAL MORTGAGE ASSOCIATION

21 SEC. 904. Section 302(b) of the National Housing Act
 22 is amended by inserting in the last sentence before the

1 period the following: "or title V of the Housing Act of
2 1949".

3 EXTENSION OF RURAL HOUSING AUTHORIZATIONS

4 SEC. 905. (a) Section 512 of the Housing Act of 1949
5 is amended by striking out "September 30, 1965" and in-
6 serting in lieu thereof "October 1, 1969".

7 (b) Section 513 of such Act is amended by—

8 (1) striking out "September 30, 1965" in clause
9 (b) and inserting in lieu thereof "October 1, 1969";

10 (2) striking out "\$10,000,000" and "September
11 30, 1965" in clause (c) and inserting in lieu thereof
12 "\$50,000,000" and "October 1, 1969", respectively;
13 and

14 (3) striking out "September 30, 1965" in clause
15 (d) and inserting in lieu thereof "October 1, 1969".

16 (c) Section 515(b)(5) of such Act is amended by
17 striking out "September 30, 1965" and inserting in lieu
18 thereof "October 1, 1969".

19 (d) Section 506(a) of such Act is amended by strik-
20 ing out "sections 501 to 504, inclusive, and sections 514-
21 516", each place it occurs, and inserting in lieu thereof "this
22 title".

1 SUMS EXCESS TO THE NEEDS OF THE RURAL HOUSING
 2 INSURANCE FUND OR THE RURAL HOUSING DIRECT
 3 LOAN ACCOUNT

4 SEC. 906. Title V of the Housing Act of 1949 is
 5 amended by adding after section 518 (added by section 903
 6 of this Act) a new section as follows:

7 "SUMS EXCESS TO THE NEEDS OF THE RURAL HOUSING
 8 INSURANCE FUND OR THE RURAL HOUSING DIRECT
 9 LOAN ACCOUNT

10 "SEC. 519. Any sums in the Rural Housing Insurance
 11 Fund or the Rural Housing Direct Loan Account which the
 12 Secretary determines are in excess of amounts needed to
 13 meet the obligations and carry out the purposes of such Fund
 14 or Account shall be returned to miscellaneous receipts of the
 15 Treasury."

16 TITLE X—MISCELLANEOUS

17 URBAN PLANNING GRANTS

18 SEC. 1001. (a) The fifth sentence of section 701(b)
 19 of the Housing Act of 1954 is amended by striking out
 20 "\$105,000,000" and inserting in lieu thereof "\$230,000,-
 21 000".

22 (b) Section 701(b) of such Act is amended by striking
 23 out the period at the end and inserting in lieu thereof the
 24 following: " : Provided, That not to exceed 5 per centum
 25 of any funds so appropriated may be used by the Adminis-

1 *trator for studies, research, and demonstration projects for*
2 *the development and improvement of techniques and meth-*
3 *ods for comprehensive planning and for the advancement of*
4 *the purposes of this section."*

5 *(c)(1) Section 701 of such Act is amended by adding*
6 *at the end thereof a new subsection as follows:*

7 *"(g) In addition to the planning grants authorized by*
8 *subsection (a), the Administrator is further authorized to*
9 *make grants to organizations composed of elected officials*
10 *whom he finds to be representative of the political jurisdic-*
11 *tions within a metropolitan area or urban region for the*
12 *purpose of assisting such organizations to undertake studies,*
13 *collect data, develop regional plans and programs, and en-*
14 *gage in such other activities as the Administrator finds nec-*
15 *essary or desirable for the solution of the metropolitan or*
16 *regional problems in such areas or regions. To the maxi-*
17 *mum extent feasible, all grants under this subsection shall*
18 *be for activities relating to all the developmental aspects of*
19 *the total metropolitan area or urban region, including, but*
20 *not limited to, land use, transportation, housing, economic*
21 *development, natural resources development, community fa-*
22 *cilities, and the general improvement of living environments.*
23 *A grant under this subsection shall not exceed two-thirds of*
24 *the estimated cost of the work for which the grant is made."*

1 (2) Section 701(b) of such Act is amended by strik-
2 ing out “planning” in the fourth sentence.

3 *AUTHORIZATION FOR FEDERAL-STATE TRAINING*
4 *PROGRAMS*

5 *SEC. 1002. (a) Section 802(d) of the Housing Act of*
6 *1964 is amended by striking out “\$10,000,000” and insert-*
7 *ing in lieu thereof “\$30,000,000”.*

8 (b) The text of section 803 of such Act is amended to
9 read as follows: "Not more than 10 per centum of the total
10 amount appropriated for the purposes of this part may be
11 used for making grants to any one State."

12 *AUTHORIZATION FOR PUBLIC WORKS PLANNING*

13 *ADVANCES*

14 *SEC. 1003. The second sentence of section 702(e) of*
15 *the Housing Act of 1954 is amended by striking out*
16 *“\$20,000,000” and inserting in lieu thereof “\$70,000,000”.*

*AUTHORIZATION FOR HOUSING FOR THE ELDERLY OR
HANDICAPPED*

19 *SEC. 1004. Section 202(a)(4) of the Housing Act of*
20 *1959 is amended by striking out “\$350,000,000” and insert-*
21 *ing in lieu thereof “\$500,000,000”.*

22 *AUTHORIZATION FOR LOW-INCOME HOUSING*
23 *DEMONSTRATION PROGRAMS*

24 *SEC. 1005. Section 207 of the Housing Act of 1961 is*
25 *amended by striking out “\$10,000,000” and inserting in*
26 *lieu thereof “\$15,000,000”.*

1 *ADVISORY COMMITTEES—TECHNICAL PROVISION*

2 *SEC. 1006. Section 601 of the Housing Act of 1949*
 3 *is amended by striking out the second sentence.*

4 *PUBLIC FACILITY LOANS*

5 *SEC. 1007. (a) Section 202(c) of the Housing Amend-*
 6 *ments of 1955 is amended by adding at the end thereof the*
 7 *following new sentence: "Notwithstanding any other pro-*
 8 *vision of this title, the Administrator may extend financial*
 9 *assistance, as otherwise authorized by clause (1) of subsec-*
 10 *tion (a) of this section, to any private nonprofit corporation*
 11 *to finance the construction of works for the storage, treat-*
 12 *ment, purification, or distribution of water or the construc-*
 13 *tion of sewage, sewage treatment, and sewer facilities, if*
 14 *such works or facilities are needed to serve a smaller munici-*
 15 *pality or rural area, and there is no existing public body able*
 16 *to construct and operate such works or facilities."*

17 *(b) Section 202(b)(4) of such Amendments is*
 18 *amended—*

19 *(1) by striking out the parenthetical phrase in*
 20 *clause (A) and inserting in lieu thereof the following:*
 21 *"(one hundred and fifty thousand or more in the case of*
 22 *a community situated in an area designated as a redevel-*
 23 *opment area under the Area Redevelopment Act or any*
 24 *Act supplementary thereto)"; and*

25 *(2) by inserting after "public works or facilities"*
 26 *in the second sentence the following: "(i) in a com-*

1 *munity in or near which is located a research or develop-*
2 *ment installation of the National Aeronautics and Space*
3 *Administration, or (ii)''.*

4 *LEASE GUARANTEES FOR CERTAIN SMALL BUSINESS*
5 *CONCERNS*

6 *SEC. 1008. (a) The Small Business Investment Act of*
7 *1958 is amended by adding after title III a new title as*
8 *follows:*

9 “*TITLE IV—LEASE GUARANTEES*”

10 "AUTHORITY OF THE ADMINISTRATION

11 “SEC. 401. (a) The Administration may, whenever it
12 determines such action to be necessary or desirable, and upon
13 such terms and conditions as it may prescribe, guarantee
14 the payment of rentals under leases of commercial and in-
15 dustrial property entered into by small business concerns
16 that are (1) eligible for loans under section 7(b)(3) of
17 the Small Business Act, or (2) eligible for loans under title
18 IV of the Economic Opportunity Act of 1964, to enable such
19 concerns to obtain such leases. Any such guarantee may be
20 made or effected either directly or in cooperation with any
21 qualified surety company or other qualified company through
22 a participation agreement with such company. The fore-
23 going powers shall be subject, however, to the following
24 restrictions and limitations:

25 “(1) No guarantee shall be issued by the Adminis-
26 tration (A) if a guarantee meeting the requirements

1 of the applicant is otherwise available on reasonable
2 terms, and (B) unless the Administration determines
3 that there exists a reasonable expectation that the small
4 business concern in behalf of which the guarantee is
5 issued will perform the covenants and conditions of the
6 lease.

7 “(2) The Administration shall, to the greatest ex-
8 tent practicable, exercise the powers conferred by this
9 section in cooperation with qualified surety or other
10 companies on a participation basis.

11 “(b) The Administration shall fix a uniform annual fee
12 for its share of any guarantee under this section which shall
13 be payable in advance at such time as may be prescribed by
14 the Administrator. The amount of any such fee shall be
15 determined in accordance with sound actuarial practices and
16 procedures, to the extent practicable, but in no case shall
17 such amount exceed, on the Administration's share of any
18 guarantee made under this title, $2\frac{1}{2}$ per centum per annum of
19 the minimum annual guaranteed rental payable under any
20 guaranteed lease: Provided, That the Administration shall
21 fix the lowest fee that experience under the program estab-
22 lished hereby has shown to be justified. The Administration
23 may also fix such uniform fees for the processing of applica-
24 tions for guarantees under this section as the Administrator
25 determines are reasonable and necessary to pay the adminis-
26 trative expenses that are incurred in connection therewith.

1 “(c) In connection with the guarantee of rentals under
2 any lease pursuant to authority conferred by this section, the
3 Administrator may require, in order to minimize the finan-
4 cial risk assumed under such guarantee—

5 “(1) that the lessee pay an amount, not to exceed
6 one-fourth of the minimum guaranteed annual rental
7 required under the lease, which shall be held in escrow
8 and shall be available (A) to meet rental charges accru-
9 ing in any month for which the lessee is in default, or
10 (B) if no default occurs during the term of the lease, for
11 application (with accrued interest) toward final pay-
12 ments of rental charges under the lease;

13 “(2) that upon occurrence of a default under the
14 lease, the lessor shall, as a condition precedent to enforc-
15 ing any claim under the lease guarantee, utilize the
16 entire period, for which there are funds available in
17 escrow for payment of rentals, in reasonably diligent
18 efforts to eliminate or minimize losses, by releasing the
19 commercial or industrial property covered by the lease
20 to another qualified tenant, and no claim shall be made
21 or paid under the guarantee until such effort has been
22 made and such escrow funds have been exhausted;

23 “(3) that any guarantor of the lease will become a
24 successor of the lessor for the purpose of collecting from
25 a lessee in default rentals which are in arrears and with

1 *respect to which the lessor has received payment under*
2 *a guarantee made pursuant to this section; and*

3 *“(4) such other provisions, not inconsistent with*
4 *the purposes of this title, as the Administrator may in*
5 *his discretion require.*

6 **“POWERS**

7 **“SEC. 402.** *Without limiting the authority conferred*
8 *upon the Administrator and the Administration by section*
9 *201 of this Act, the Administrator and the Administration*
10 *shall have, in the performance of and with respect to the*
11 *functions, powers, and duties conferred by this title, all the*
12 *authority and be subject to the same conditions prescribed*
13 *in section 5(b) of the Small Business Act with respect to*
14 *loans, including the authority to execute subleases, assign-*
15 *ments of lease and new leases with any person, firm, orga-*
16 *nization, or other entity, in order to aid in the liquidation of*
17 *obligations of the Administration hereunder.*

18 **“FUND**

19 **“SEC. 403.** *There is hereby established a revolving fund*
20 *for use by the Administration in carrying out the provisions*
21 *of this title. Initial capital for such fund shall consist of not*
22 *to exceed \$5,000,000 transferred from the fund established*
23 *under section 4(c) of the Small Business Act: Provided,*
24 *That the last sentence of such section 4(c) shall not apply*

1 to any amounts so transferred. Into the fund established by
2 this section there shall be deposited all receipts from the guar-
3 antee program authorized by this title. Moneys in such
4 fund not needed for the payment of current operating ex-
5 penses or for the payment of claims arising under such pro-
6 gram may be invested in bonds or other obligations of, or
7 bonds or other obligations guaranteed as to principal and in-
8 terest by, the United States; except that moneys provided as
9 initial capital for such fund shall be returned to the fund
10 established by section 4(c) of the Small Business Act, in
11 such amounts and at such times as the Administration deter-
12 mines to be appropriate, whenever the level of the fund
13 herein established is sufficiently high to permit the return of
14 such moneys without danger to the solvency of the program
15 under this title."

16 (b) Section 201 of such Act is amended by striking
17 out the third sentence and inserting in lieu thereof the fol-
18 lowing: "The powers conferred by this Act upon the Ad-
19 ministration and upon the Administrator, with the exception
20 of those conferred by titles IV and V hereof, shall be exer-
21 cised through the Small Business Investment Division and
22 through the Deputy Administrator appointed hereunder.
23 The powers conferred by this Act upon the Administration
24 and upon the Administrator by titles IV and V hereof shall

1 *be exercised through such division, section, or other personnel*
 2 *as the Administrator in his discretion shall determine."*

3 *(c) The table of contents of such Act is amended by*
 4 *inserting after the analysis of title III the following:*

"TITLE IV—LEASE GUARANTEES

"Sec. 401. Authority of the Administration.

"Sec. 402. Powers.

"Sec. 403. Fund."

5 *(d) Section 4(c) of the Small Business Act is*
 6 *amended—*

7 *(1) by striking out "\$1,666,000,000" and insert-*
 8 *ing in lieu thereof "\$1,671,000,000,"; and*

9 *(2) by striking out the period at the end of the*
 10 *fifth sentence and inserting in lieu thereof the following:*
 11 *"∴ Provided, That such limitation shall not apply to*
 12 *functions under title IV thereof."*

13 *FHA CONFORMING AMENDMENTS*

14 *SEC. 1009. (a) Section 2(f) of the National Housing*
 15 *Act is amended by striking out all that follows the first*
 16 *sentence.*

17 *(b) Section 8 of such Act is amended by—*

18 *(1) striking out in subsection (g) "Title I Housing*
 19 *Insurance Fund" and inserting in lieu thereof "General*
 20 *Insurance Fund"; and*

1 (2) striking out subsections (h) and (i).

2 (c) Section 203(k) of such Act is amended by—

3 (1) striking out in clause (3) of the first sentence
4 “a separate Section 203 Home Improvement Account
5 to be maintained as hereinafter provided under the
6 Mutual Mortgage Insurance Fund” and inserting in
7 lieu thereof “the General Insurance Fund”;

8 (2) striking out in clause (4) of the first sentence
9 “the Section 203 Home Improvement Account or in
10 debentures executed in the name of such Account” and
11 inserting in lieu thereof “the General Insurance Fund or
12 in debentures executed in the name of such Fund”;

13 (3) striking out in the third sentence all that follows
14 “203(k)” and inserting in lieu thereof a period; and

15 (4) striking out the fourth, fifth, and sixth sentences.

16 (d) Section 204 of such Act is amended by—

17 (1) striking out in the first sentence of subsection

18 (a) “or section 210”;

19 (2) striking out that part of the second sentence of
20 subsection (c) which follows “the mortgagee” and
21 inserting in lieu thereof “from the Mutual Mortgage
22 Insurance Fund.”;

23 (3) striking out in the first sentence of subsection

24 (d) all that follows “negotiable”, the first place it
25 appears, and inserting in lieu thereof a period.

(4) striking out in subsection (d) “the Fund”,
each place it appears, and inserting in lieu thereof “the
Mutual Mortgage Insurance Fund”;

(5) striking out in the fifth sentence of subsection
(d) “or the Housing Fund, as the case may be,”;

(6) striking out in the sixth sentence of subsection
(d) “or the Housing Fund”; and

(7) striking out that part of subsection (f)(1)(i)
which follows “203” and precedes the colon.

(e) Section 207 of such Act is amended by—

(1) striking out in the first sentence of subsection
(d) “and section 210”;

(2) striking out in the first sentence of subsection
(d) “of the Housing Insurance Fund issued by the
Commissioner under this title” and inserting in lieu
thereof “issued by the Commissioner under any title
and section of this Act, except debentures of the Mutual
Mortgage Insurance Fund”;

(3) striking out subsections (f), (m), and (p);
and

(4) striking out “the Housing Insurance Fund”
and “the Housing Fund”, each place they appear in
subsections (b), (h), (i), (j), (k), and (l), and in-
serting in lieu thereof “the General Insurance Fund”.

1 (f) Section 209 of such Act is amended by striking out
2 in the second sentence “or account or accounts,”.

3 (g) Section 213 of such Act is amended by—

4 (1) striking out in subsection (a)(3) “the Hous-
5 ing Fund” and inserting in lieu thereof “the General
6 Insurance Fund”; and

7 (2) striking out “(l), (m), (n), and (p)” in
8 subsection (e) and inserting in lieu thereof “(l), and
9 (n)”.

10 (h) Section 220 of such Act is amended by—

11 (1) striking out “the Section 220 Housing Insur-
12 ance Fund”, each place it appears in subsections (d)(2)
13 and (f), and inserting in lieu thereof “the General
14 Insurance Fund”;

15 (2) inserting “and” immediately before clause (B)
16 in the second full sentence of subsection (f)(3), and
17 striking out the comma and the remainder of the sen-
18 tence following such clause (B) and inserting in lieu
19 thereof a period;

20 (3) striking out subsections (g) and (h)(4); and

21 (4) striking out “the Section 220 Home Improve-
22 ment Account”, each place it appears in subsections
23 (h)(5) and (h)(7), and inserting in lieu thereof “the
24 General Insurance Fund”.

25 (i) Section 221 of such Act is amended by—

(1) striking out “the Section 221 Housing Insurance Fund”, each place it appears in subsections (d)(4), (f), (g)(1), and (g)(3), and inserting in lieu thereof “the General Insurance Fund”;

(2) striking out that part of subsection (g)(2) which follows “insured under this section” and precedes the semicolon;

(3) inserting “and” immediately before clause (B) in the first full sentence of subsection (g)(3), and striking out the comma and the remainder of the sentence following such clause (B) and inserting in lieu thereof a period; and

(4) striking out subsection (h).

(j) Section 222 of such Act is amended by—

(1) striking out in subsection (e) “Servicemen’s Mortgage Insurance Fund” and inserting in lieu thereof “General Insurance Fund”; and

(2) striking out subsection (f).

(k) Section 229 of such Act is amended by striking out “and Accounts” in the first sentence.

(l) Section 231 of such Act is amended by—

(1) striking out in subsection (c)(4) “the Section 207 Housing Insurance Fund” and inserting in lieu thereof “the General Insurance Fund”; and

(2) striking out “(f), (g), (h), (i), (j), (k),

1 ~~(l), (m), (n), and (p))~~ in subsection (e) and insert-
 2 ing in lieu thereof “(g), (h), (i), (j), (k), (l),
 3 and (n)”.

4 (m) Section 232 of such Act is amended by—

5 (1) striking out in subsection (d)(1) “the Section
 6 207 Housing Insurance Fund” and inserting in lieu
 7 thereof “the General Insurance Fund”; and

8 (2) striking out “(f), (g), (h), (i), (j), (k),
 9 (l), (m), (n), and (p))” in subsection (f) and insert-
 10 ing in lieu thereof “(g), (h), (i), (j), (k), (l), and
 11 (n)”.

12 (n) Section 233 of such Act is amended by—

13 (1) striking out “the Experimental Housing Insur-
 14 ance Fund” in clause (1) of the third sentence of
 15 subsection (f) and inserting in lieu thereof “the General
 16 Insurance Fund”;

17 (2) inserting “and” immediately before clause (2)
 18 in the third sentence of subsection (f), and striking out
 19 the comma and the remainder of the sentence following
 20 such clause (2) and inserting in lieu thereof a period;
 21 and

22 (3) striking out subsection (g).

23 (o) Section 234 of such Act is amended by—

24 (1) striking out “the Apartment Unit Insurance
 25 Fund”, each place it appears in subsections (d)(2)

1 and (g), and inserting in lieu thereof “the General
2 Insurance Fund”;

3 (2) striking out subsection (h) and inserting in
4 lieu thereof the following:

5 “(h) The provisions of subsections (d), (e), (g), (h),
6 (i), (j), (k), (l), and (n) of section 207 shall be applicable
7 to mortgages insured under subsection (d) of this section.”;

8 and

9 (3) striking out subsection (i) and redesignating
10 subsection (j) as subsection (i).

11 (p) Section 604 of such Act is amended by striking out
12 “the War Housing Insurance Fund, each place it appears in
13 subsections (c), (d), and (f)(1)(i), and inserting in lieu
14 thereof “the General Insurance Fund”.

15 (q) Section 608 of such Act is amended by—

16 (1) striking out “the War Housing Insurance
17 Fund”, each place it appears in subsections (b)(1) and
18 (d), and inserting in lieu thereof “the General Insur-
19 ance Fund”; and

20 (2) striking out subsection (f) and inserting in
21 lieu thereof the following:

22 “(f) The provisions of section 207(k) of this Act shall
23 be applicable to mortgages insured under this section, except
24 that, as applied to such mortgages, the reference therein to

1 subsection (g) shall be construed to refer to subsection (c)
2 of this section.”.

3 (r) Section 609(f) of such Act is amended by striking
4 out clause (1) and redesignating clauses (2), (3), and
5 (4) as clauses (1), (2), and (3), respectively.

6 (s) Section 707 of such Act is amended by striking
7 out “the Housing Investment Insurance Fund” and insert-
8 ing in lieu thereof “the General Insurance Fund”.

9 (t) Section 708 of such Act is amended by striking out
10 “the Housing Investment Insurance Fund”, each place it
11 appears in subsections (c), (e), (g), and (h), and inserting
12 in lieu thereof “the General Insurance Fund”.

13 (u) Section 803 of such Act is amended by—

14 (1) striking out “the Armed Services Housing
15 Mortgage Insurance Fund”, each place it appears in
16 subsections (b)(1), (b)(2), (e), (f), and (g), and
17 inserting in lieu thereof “the General Insurance Fund”;
18 and

19 (2) striking out subsection (h) and inserting in
20 lieu thereof the following:

21 “(h) The provisions of section 207(k) and section 207
22 (l) of this Act shall be applicable to mortgages insured un-
23 der this title and to property acquired by the Commissioner
24 hereunder, except that, as applied to such mortgages and

1 property, the reference in section 207(k) to subsection (g)
 2 shall be construed to refer to subsection (d) of this section."

3 (v) Section 809 of such Act is amended by striking out
 4 "the Armed Services Housing Mortgage Insurance Fund",
 5 each place it appears in subsections (b), (e), and (g),
 6 and inserting in lieu thereof "the General Insurance Fund".

7 (w) Section 810 of such Act is amended by—

8 (1) striking out "the Armed Services Housing
 9 Mortgage Insurance Fund" in subsection (e) and in-
 10 serting in lieu thereof "General Insurance Fund";

11 (2) striking out "(l), (m), (n), and (p)" in
 12 subsection (j) and inserting in lieu thereof "(l), and
 13 (n)"; and

14 (3) striking out the proviso in subsection (j) and
 15 inserting in lieu thereof the following: " : Provided, That
 16 wherever the words 'Fund' or 'Mutual Mortgage Insur-
 17 ance Fund' appear in section 204, such reference shall
 18 refer to the General Insurance Fund with respect to
 19 mortgages insured under this section".

20 (x) Section 903 of such Act is amended by striking
 21 out "the National Defense Housing Insurance Fund", each
 22 place it appears in subsection (a), and inserting in lieu
 23 thereof "the General Insurance Fund".

24 (y) Section 904 of such Act is amended by—

1 (1) striking out “the National Defense Housing
2 Insurance Fund”, each place it appears in subsections
3 (c) and (d), and inserting in lieu thereof “the General
4 Insurance Fund”; and

5 (2) striking out that part of subsection (e) which
6 follows “Act” and inserting in lieu thereof a period.
7 (z) Section 908 of such Act is amended by —

8 (1) striking out “the National Defense Housing
9 Insurance Fund” in subsection (b)(1) and inserting
10 in lieu thereof “the General Insurance Fund”;

11 (2) striking out that part of subsection (d) which
12 follows “Act” and inserting in lieu thereof a period; and

13 (3) striking out subsection (f) and inserting in lieu
14 thereof the following:

15 “(f) The provisions of section 207(k) and section
16 207(l) of this Act shall be applicable to mortgages insured
17 under this section and to property acquired by the Com-
18 missioner hereunder, except that as applied to such mortgages
19 and property, the reference therein to subsection (g) shall
20 be construed to refer to subsection (c) of this section.”

21 (aa) Sections 219, 602, 605, 710, 802, 804, 902, and
22 905 of such Act are repealed.

23 (bb) Section 1 of such Act is amended by striking out
24 “titles II, III, VI, VII, VIII, and IX”, each place it ap-

1 *pears, and inserting in lieu thereof "titles II, III, V, VI,*
 2 *VII, VIII, IX, and X".*

3 *REPEAL OF SPECIAL PROVISION IN URBAN MASS*

4 *TRANSPORTATION ACT*

5 *SEC. 1010. Section 9 of the Urban Mass Transportation*
 6 *Act of 1964 is amended by striking out subsection (c) and*
 7 *redesignating subsections (d), (e), and (f) as subsections*
 8 *(c), (d), and (e), respectively.*

9 *REDEVELOPMENT AREAS—TECHNICAL PROVISION*

10 *SEC. 1011. Section 701(b) of the Housing Act of 1954*
 11 *is amended by inserting after "Area Redevelopment Act" the*
 12 *following: "(or under any Act supplementary thereto)".*

13 *FEDERAL RESERVE ACT*

14 *SEC. 1012. Section 24 of the Federal Reserve Act is*
 15 *amended—*

16 (1) *by striking out in the second sentence "when*
 17 *the entire amount of such obligation is sold to the asso-*
 18 *ciation" and inserting in lieu thereof "in its entirety,*
 19 *or it may purchase participations in any such obliga-*
 20 *tion"; and*

21 (2) *by striking out "eighteen months", wherever*
 22 *it appears in the third paragraph, and inserting in lieu*
 23 *thereof "thirty months".*

1 SAVINGS AND LOAN ASSOCIATIONS

2 *SEC. 1013. (a) Section 5(c) of the Home Owners'*
3 *Loan Act of 1933 is amended by adding at the end of the*
4 *first paragraph a new sentence as follows: "Structures or*
5 *parts thereof designed or used as fraternity or sorority houses*
6 *which include sleeping accommodations for students of a*
7 *college or university, or designed or used principally for the*
8 *provision of living accommodations for persons who are stu-*
9 *dents, employees, or members of the staff of a college, uni-*
10 *versity, or hospital, shall be considered, subject to such*
11 *regulations as the Board may prescribe, 'other dwelling*
12 *units' for the purposes of this subsection."*

13 *(b) Section 404 of the National Housing Act is amended*
14 *by adding at the end thereof the following new subsection:*

15 *"(h) (1) Each insured institution shall make such de-*
16 *posits in the Corporation as may from time to time be re-*
17 *quired by call of the Federal Home Loan Bank Board.*
18 *Any such call shall be calculated by applying a specified*
19 *percentage, which shall be the same for all insured institu-*
20 *tions, to the total amount of all withdrawable or repurchas-*
21 *able shares, investment certificates, and deposits in each*
22 *insured institution. No such call shall be made unless such*
23 *Board determines that the total amount of such call, plus*
24 *the outstanding deposits previously made pursuant to such*

1 calls, does not exceed 1 per centum of the total amount of
2 all withdrawable or repurchasable shares, investment cer-
3 tificates, and deposits in all insured institutions. For the
4 purposes of this subsection, the total amounts hereinabove
5 referred to shall be determined or estimated by such Board
6 or in such manner as it may prescribe.

7 “(2) The Corporation, in accordance with such regula-
8 tions as it may prescribe, shall credit as of the close of each
9 calendar year, to each deposit outstanding at such close, a
10 return on the outstanding balance, as determined by the
11 Corporation, of such deposit during such calendar year, at
12 a rate equal to the average annual rate of return, as deter-
13 mined by the Corporation, to the Corporation during the
14 year ending at the close of November 30 of such calendar
15 year, on the investments held by the Corporation in obliga-
16 tions of, or guaranteed as to principal and interest by, the
17 United States.

18 “(3) The Corporation in its discretion may at any time
19 repay all such deposits, or repay pro rata a portion of each
20 of such deposits, in such manner and under such procedure
21 as the Corporation may prescribe by regulation or other-
22 wise. Any procedure for such pro rata repayment may pro-
23 vide for total repayment of any deposit, if total repayment

1 of any and all deposits of equal or smaller amount is like-
2 wise provided for.

3 “(4) The provisions of subsection (f) of this section
4 and of the last sentence of subsection (e) of this section
5 shall be applicable to deposits under this subsection, and
6 for the purposes of this subsection the references in such sub-
7 section (f) and such last sentence to the prepayments and
8 the pro rata shares therein mentioned shall be deemed instead
9 to be references respectively to the deposits under this sub-
10 section and the pro rata shares of the holders thereof, and
11 the references in such subsection (f) to that subsection (ex-
12 cept the last such reference) and to subsection (d) of this
13 section shall be deemed instead to be references to this sub-
14 section.”

15 REPAYMENT OF CERTAIN PLANNING GRANTS

16 SEC. 1014. Notwithstanding any other provision of law,
17 no advance made under section 501 of Public Law 458,
18 Seventy-eighth Congress; Public Law 352, Eighty-first Con-
19 gress; or section 702, Housing Act of 1954, Public Law 560,
20 Eighty-third Congress, for the planning of any public works
21 project shall be required to be repaid if construction of such
22 project has been heretofore or is hereafter initiated as a result

1 of a grant-in-aid made from an allocation made by the Presi-
2 dent under the Public Works Acceleration Act.

Passed the House of Representatives June 30, 1965.

Attest: RALPH R. ROBERTS,
Clerk.

Passed the Senate with an amendment July 15 (legislative day, July 14), 1965.

Attest: FELTON M. JOHNSTON,
Secretary.

AN ACT

To assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities.

IN THE SENATE OF THE UNITED STATES

JULY 16, 1965

Ordered to be printed with the amendment of the
Senate

DIGEST of Congressional Proceedings

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HIGHLIGHTS: Sen. Harris criticized fees established under Land and Water Conservation Fund. Sen. Kuchel urged increased production of "quality" cotton to compete with synthetics. Rep. Ashbrook criticized alleged "partisan policies" to promote passage of farm bill. Rep. Purcell urged passage of farm bill.

SENATE

1. FORESTRY. The Interior and Insular Affairs Committee reported with amendments S. 1764, to authorize the acquisition of certain lands within the boundaries of the Unita National Forest, Utah (S. Rept. 467). p. 16743
2. VETERANS' BENEFITS. By a vote of 69 to 17, passed as reported S. 9, to give cold war veterans educational and home-loan benefits similar to those of World War II and Korean conflict veterans, including institutional on-farm training and home and farm loan assistance by the Veterans Administration. pp. 16672-4, 16676-7, 16679-82, 16684-724

3. LANDS. The Interior and Insular Affairs Committee voted to report (but did not actually report) S. 625, with amendment, to authorize the sale of certain or disconnected tracts of land, and S. 1190, to provide that certain limitations shall not apply to certain land patented to Alaska for the use of the University of Alaska. p. D665
 4. RECLAMATION. The Interior and Insular Affairs Committee voted to report (but did not actually report) S. 34, with amendment, to make certain provisions in connection with construction of the Garrison diversion unit, Missouri River Basin project. p. D665
 5. RESEARCH. Passed as reported S. 949, to authorize a 5-year program of matching grants to the States by the Commerce Department in a cooperative effort to promote the wider diffusion and more effective application of the findings of science and technology throughout commerce and industry. pp. 16728-32
 6. HEALTH. Conferees were appointed on S. 510, to extend and amend certain expiring provisions of the Public Health Service Act relating to community health services (p. 16672). House conferees have already been appointed.
 7. USER CHARGES; CONSERVATION. Sen. Harris criticized user charges established under the Land and Water Conservation Fund, urged enactment of legislation to give Congress veto power over any fees established by Federal agencies, and inserted an Okla. Legislature resolution in support of his position. p. 16645
 8. COTTON. Sen. Kuchel urged increased production of "quality" cotton to compete more effectively with synthetics, expressed opposition to payment of price supports "on cotton that is not of sufficiently high quality to be used in our high-speed and efficient modern textile mills," and inserted a letter from the president of the Western Cotton Growers Assoc. in support of his position. p. 16657
 9. HOUSING LOANS. Conferees were appointed by both Houses on H. R. 7984, the housing and urban development bill. pp. 16555, 16700
Sen. Byrd, W. Va., inserted an article by Vice President Humphrey reviewing and commending the housing and urban development bill. pp. 16660-1
 10. PUBLIC WORKS; FLOOD CONTROL. The Public Works Committee reported an original bill, S. 2300, to authorize the construction, repair, and preservation of certain public works on rivers and harbors for navigation, flood control, and other purposes (S. Rept. 464). p. 16646
 11. DISASTER RELIEF. Passed over, at the request of Sen. Inouye, S. 1861, to provide additional assistance for areas suffering a major disaster. p. 16644
- HOUSE
12. LEGISLATIVE BRANCH APPROPRIATION BILL, 1966. Conferees were appointed on this bill, H. R. 8775, which includes items for the Government Printing Office and the Library of Congress (pp. 16553-5). Senate conferees have already been appointed.
 13. SALINE-WATER; RESEARCH. Conferees were appointed on S. 24, to expand, extend, and accelerate the saline water conversion program conducted by Interior (p. 16555). Senate conferees have already been appointed.

There are one or two others. They are all set out in the bill and explained in the committee report.

Mr. REIFEL. Mr. Speaker, will the gentleman yield for an observation?

Mr. GEORGE W. ANDREWS. I yield to the gentleman.

Mr. REIFEL. Under the rule of comity, the other body may decide what its expenditures will be and propose them in this bill, and we are also permitted to do the same thing here in the House. Is that correct?

Mr. GEORGE W. ANDREWS. That has been the practice in these annual legislative appropriation bills, I might say to the gentleman.

Mr. REIFEL. Mr. Speaker, I withdraw my reservation.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

Mr. GROSS. Mr. Speaker, further reserving the right to object, there is one significant difference in the procedure of handling the so-called housekeeping bill on the part of the other body and the House. The House lays before the other body its requests and asks them to approve, but we seldom on this side have an opportunity to know what the other body is doing. Yet we are called upon to put our stamp of approval upon what they do. Insofar as the House is concerned and what we do, they have this laid out before them.

While I appreciate the fact that the gentleman from Alabama has given us some insight into what the other body is doing, I still hope that somehow or other, at some distant day in the future, we may have the opportunity really to go into what the other body presents to us and which they ask us to approve.

Insofar as the rule of comity is concerned, I have looked long and hard in the rule book to find the rule of comity, and I do not believe it exists, certainly not under that title.

Mr. GEORGE W. ANDREWS. Mr. Speaker, I thank the gentleman.

Mr. GROSS. Mr. Speaker, I withdraw my reservation.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The Senate amendments referred to were concurred in.

A motion to reconsider was laid on the table.

Mr. GEORGE W. ANDREWS. Mr. Speaker, I ask unanimous consent that the House disagree to the remainder of the amendments of the Senate to the bill H.R. 8775 and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Alabama? The Chair hears none and appoints the following conferees: Messrs. GEORGE W. ANDREWS, STEED, KIRWAN, SLACK, FLYNT, MAHON, LANGEN, REIFEL, and JONAS.

PERMISSION TO FILE CONFERENCE REPORT ON H.R. 8775

Mr. GEORGE W. ANDREWS. Mr. Speaker, I ask unanimous consent that

the managers on the part of the House on the conference on the disagreeing votes of the two Houses on the bill (H.R. 8775) making appropriations for the legislative branch for the fiscal year ending June 30, 1966, and for other purposes, may have until midnight tomorrow night to file a conference report.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

SALINE WATER CONSERVATION PROGRAM

Mr. ASPINALL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill S. 24, to expand, extend, and accelerate the saline water conversion program conducted by the Secretary of the Interior, and for other purposes, with a House amendment thereto, insist on the House amendment, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Colorado? The Chair hears none, and appoints the following conferees: Messrs. ASPINALL, O'BRIEN, ROGERS of Texas, SAYLOR, and REINECKE.

HOUSING AND URBAN DEVELOPMENT ACT OF 1965

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H.R. 7984, to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities, with Senate amendments thereto, disagree to the Senate amendments, and request a conference with the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

The Chair hears none and appoints the following conferees: Messrs. PATMAN, MULTER, BARRETT, Mrs. SULLIVAN, and Messrs. REUSS, ASHLEY, WIDNALL, FINO, and Mrs. DWYER.

SUBCOMMITTEE NO. 4 OF SMALL BUSINESS COMMITTEE

Mr. EVINS of Tennessee. Mr. Speaker, I ask unanimous consent that Subcommittee No. 4 of the Small Business Committee have permission to sit during general debate this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There is no objection.

SUBCOMMITTEE NO. 1 OF COMMITTEE ON THE JUDICIARY

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that Subcommittee No. 1 of the Committee on the Judiciary have permission to sit during general debate today.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

Mr. HALL. Mr. Speaker, reserving the right to object, is that the Committee on Immigration?

Mr. ALBERT. The gentleman is correct.

Mr. HALL. Mr. Speaker, I object.

CONSENT CALENDAR

The SPEAKER. This is Consent Calendar Day. The Clerk will call the first bill on the Consent Calendar.

AMENDING TITLES 10 AND 14, UNITED STATES CODE, AND THE MILITARY PERSONNEL AND CIVILIAN EMPLOYEES' CLAIMS ACT OF 1964, WITH RESPECT TO THE SETTLEMENT OF CLAIMS AGAINST THE UNITED STATES BY MEMBERS OF THE UNIFORMED SERVICES AND CIVILIAN OFFICERS AND EMPLOYEES OF THE UNITED STATES FOR DAMAGE TO, OR LOSS OF, PERSONAL PROPERTY INCIDENT TO THEIR SERVICE, AND FOR OTHER PURPOSES

The Clerk called the bill (H.R. 5024) to amend titles 10 and 14, United States Code, and the Military Personnel and Civilian Employees' Claims Act of 1964, with respect to the settlement of claims against the United States by members of the uniformed services and civilian officers and employees of the United States for damage to, or loss of, personal property incident to their service, and for other purposes.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

PROVIDING THAT THE SECRETARY OF THE INTERIOR SHALL CONVEY CERTAIN REAL PROPERTY TO THE COMMONWEALTH OF PUERTO RICO

The Clerk called the bill (H.R. 3433) to provide that the Secretary of the Interior shall convey certain real property to the Commonwealth of Puerto Rico.

Mr. HALL. Mr. Speaker, in view of the colloquy last week, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

AUTHORIZING LANGUAGE TRAINING FOR MEMBERS OF THE ARMED FORCES

The Clerk called the bill (H.R. 5519) to amend title 10, United States Code, to authorize language training to be given to a dependent of a member of the Army, Navy, Air Force, or Marine Corps under certain circumstances.

There being no objection, the Clerk read the bill, as follows:

H.R. 5519

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That chapter 101 of title 10, United States Code, is amended as follows:

(1) By adding the following new section:

"§ 2002. Dependents of members of Army, Navy, Air Force, or Marine Corps: language training

"(a) Notwithstanding section 1041 of title 22 or any other provision of law, and under regulations to be prescribed by the Secretary of Defense, language training may be provided in—

"(1) a facility of the Department of Defense;

"(2) a facility of the Foreign Service Institute established under section 1041 of title 22; or

"(3) a civilian educational institution; to a dependent of a member of the Army, Navy, Air Force, or Marine Corps in anticipation of the member's assignment to permanent duty outside the United States or while the dependent is accompanying the member outside the United States as a result of the member's assignment to that duty.

"(b) For the purposes of this section, the word 'dependent' has the same meaning that it has under section 401 of title 37".

(2) By inserting the following item in the analysis:

"2002. Dependents of members of Army, Navy, Air Force, or Marine Corps: language training."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. PHILBIN. Mr. Speaker, this bill authorizes language training to the dependents of members of the Army, Navy, Air Force, and Marine Corps in anticipation of their sponsors' assignment to permanent duty outside the United States, or while they are accompanying members outside the United States as a result of the members' assignment to such duty.

NEED FOR LEGISLATION

Dependents of members of our military forces perform an important role in projecting a true image of the United States abroad. Their ability to speak the language of the country increases the effectiveness of their military sponsors and generates inestimable good will for the United States.

Congress recognized the contributions wives can make when it amended section 701 of the Foreign Service Act of 1946 (22 U.S.C. 1041) to permit the Secretary of State to provide appropriate orientation and language training to members of the families of officers and employees of the Government in anticipation of their sponsors' assignment abroad or while abroad.

Although section 701 of the Foreign Service Act of 1946 specifically established the Foreign Service Institute and as amended authorizes language training for dependents of military personnel, it limits such training to that which is accomplished at the Foreign Service Institute of the Department of State. The facilities of the Foreign Service Institute, in the United States, are located only in Washington, D.C. On the other hand, facilities of the Department of Defense are located in various places in the

United States including the Defense Language Institute West Coast Branch at Monterey, Calif., and at other Department of Defense education centers. These facilities provide language training to members of the Army, Navy, Air Force, and Marine Corps in anticipation of their assignment to duty outside the United States. So far as the Department of Defense is concerned, the requirement that dependents may be provided training only at the Foreign Service Institute would cause greater transportation costs than those resulting from having a number of locations, including the Foreign Service Institute, to which members and their dependents may go for training.

In those instances in which it may not be possible to provide language training to dependents in the United States, but in which such training is desirable, the proposed legislation would authorize the training to be given outside of the United States.

COST

In providing foreign language training under the proposed legislation, priority will be accorded to the wives of attaches, military assistance advisory group and mission personnel, and the personnel of international headquarters. It is estimated that the average annual input into this program will be 750 trainees. The first year cost of operation will be approximately \$200,000, and it is considered that the annual recurring cost will not exceed this amount.

DEPARTMENTAL POSITION

The Department of Defense recommends enactment of this legislation.

COMMITTEE POSITION

The House Armed Services Committee unanimously approved this legislation.

I am pleased that the House has enacted this measure.

SALE OF UNIFORM CLOTHING TO THE NAVAL SEA CADET CORPS AND STATE AND FEDERAL MARITIME ACADEMIES

The Clerk called the bill (S. 1856) to authorize the Secretary of the Navy to sell uniform clothing to the Naval Sea Cadet Corps.

There being no objection, the Clerk read the bill, as follows:

S. 1856

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That chapter 647 of title 10, United States Code, is amended—

(1) by inserting the following new section after section 7541:

"§ 7541a. Uniform clothing: sale to Naval Sea Cadet Corps

"Subject to regulations under section 486 of title 40, the Secretary of the Navy, under regulations prescribed by him, may sell any item of enlisted naval uniform clothing that may be spared, at a price representing its fair value, to the Naval Sea Cadet Corps for the sea cadets. The cost of transportation and delivery of items sold under this section shall be charged to the Naval Sea Cadet Corps."; and

(2) by inserting the following new item in the analysis:

"7541a. Uniform clothing: sale to Naval Sea Cadet Corps."

With the following committee amendments:

Page 2, line 1, insert after the word "cadets" the following words: "and to any Federal or State maritime academy having a department of naval science for the maritime cadets and midshipmen".

Page 2, line 3, insert after the word "Corps" the following words: "and to such Federal and State maritime academies".

The amendments were agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CITY OF CLINTON BRIDGE COMMISSION

The Clerk called the bill (H.R. 3788) to revive and reenact as amended the act entitled "An act creating the City of Clinton Bridge Commission and authorizing said commission and its successors to acquire by purchase or condemnation and to construct, maintain, and operate a bridge or bridges across the Mississippi River at or near Clinton, Iowa, and at or near Fulton, Ill.," approved December 21, 1944.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. HALL. Mr. Speaker, reserving the right to object, I should like to inquire if this is the customary commission agreed to on any navigable stream between the two States involved?

Mr. BLATNIK. Mr. Speaker, will the gentleman yield?

Mr. HALL. I yield to the gentleman from Minnesota.

Mr. BLATNIK. The gentleman from Missouri asks if this is customary?

Mr. HALL. Is this the regular and established precedent for such commissions, which must be established?

Mr. BLATNIK. In this instance it is. This bill is identical with the bill passed by this body last year. This is necessary. The original authorization was back in 1944, and a subsequent bill was passed in 1946, the General Bridge Act of 1946.

Mr. HALL. This will merely continue the same Commission?

Mr. BLATNIK. That is correct.

Mr. HALL. It is without any authorization or appropriation or expense to the Government, but merely authorizes this and establishes the Commission therefor?

Mr. BLATNIK. That is correct. It extends the life of the Commission.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. HALL. I am glad to yield to the gentleman from Iowa.

Mr. GROSS. This likely will be a toll bridge, is that not correct?

Mr. BLATNIK. That is correct.

Mr. HALL. Mr. Speaker, I withdraw my reservation.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill as follows:

Be it enacted by the Senate and House of Representatives of the United States of

culty of administration would be insuperable. Practically all who participated in the colloquy agreed.

Mr. LAUSCHE. Mr. President, will the Senator yield for a question?

Mr. YARBOROUGH. Mr. President, I have yielded myself only 3 minutes. I shall yield in a moment.

The amendment which has been offered is indeed an anomaly, for, on the one hand, it admits to the need for readjustment benefits, but, on the other it sets up a standard that indeed has absolutely no causal connection, rational relation, or bearing at all on the reason why these readjustment benefits should be provided to our cold war veterans.

If a need for readjustment benefits exists for a veteran who has to go into hazardous areas, then it also exists for any veteran.

Were I to vote for this amendment that was offered today, I would be saying to those men who are victims of frostbite in the polar regions, to those soldiers who so valiantly patrol the 38th parallel in Korea, and the valiant men in Berlin—yes, a vote for this amendment tells all these veterans that they just did not do enough for their country because they were not shot at.

I cannot believe that any of us here today are going to tell a veteran who has given of his time to defend our security that he did not do enough because he was not facing the right peril, or perhaps the right rifle was not pointed at him. It has always been my feeling—and, indeed, I think the Department of Defense views it this way—that our entire defense system was a team effort. All of our soldiers had a place in our defense, and we did not set up standards whereby a soldier was not as good as another. Especially when it is based on such unsound reasons that one veteran was not shot at and, therefore, he does not need to fulfill his intellectual capacities. I fail to see the reasoning for such a view. We have not been presented with a sound reason why this bill should be so limited.

Nor did we see such a fallacious proposal adopted in the past under other GI bills. Not once did we tell the veterans of World War II and Korea that they could not have the GI bill benefits because they just did not do enough in our war effort.

In further corroboration of what was stated, there has never been a distinction between veterans who have served overseas and those who have served at home. During the Korean war, a great majority of our men in the military services never went overseas. Thirty-four percent of the Army never went overseas in the Korean conflict. Seventy-nine percent of the Navy never went into the combat zone in Korea. Sixty-one percent of the Marine Corps never went there. Sixty-one percent of the Air Force never went there. A majority of all our armed services during the Korean conflict never went to Korea from any branch of the service. Yet we realize that our defense effort was a team effort. We did not cut it in two and say to the half that did not participate in Korea, "You were not a part of this effort." It was a team effort. We did not discriminate on such

an artificial basis in relation to the veterans of the Korean war as we would under the proposal of the senior Senator from Massachusetts.

In addition, the actual hostilities in Korea ceased on July 7, 1953, and yet any veteran who entered the service up to and through the 31st of January 1955 was eligible for readjustment benefits—almost a year and a half later. It was not a case of limiting readjustment benefits either to hostile areas, or even to periods of hostility. For about a year and a half after the so-called Korean conflict was absolutely over people who entered the service still drew benefits. It is a misnomer to say that there has been no cold war period in our history when readjustment benefits were granted.

The need for readjustment benefits has no relation to the type of military duty that a man performs. Rising costs of education do not bear a lighter burden on a veteran who has walked beside the Berlin wall than on one who is in Saigon. The bill is not a combat soldiers' pay bill; it is a veterans' readjustment bill. It provides benefits to the veteran after he leaves the armed services.

The purpose of the bill, as is the purpose of all other GI bills, is to allow servicemen to readjust to civilian life, not to reward them for their military duty. It is more than short sighted to say that only veterans who served in areas of hostility need education; it is a complete avoidance of the purposes of the bill and of our national interest.

The correct way to reward combat is through advantages enjoyed while in the military service. This is being done to a limited extent through extra combat pay and by exempting those men from the income tax. Also, a bill is now pending to give soldiers serving in combat zones special indemnity insurance and to provide them with educational and readjustment benefits, too. But such benefits should not be refused to all other veterans.

What possible logic can be used to say that only veterans of hostile areas need readjustment benefits? If it is the mental strain, why not give benefits to those in military service who have stood guard all night? The argument is no more ludicrous than that offered by this amendment today.

Unless the purpose of the amendment is to cripple readjustment benefits entirely, I suggest that its proponents re-examine the purpose of previous GI bills.

Section 1610(c) of title 38 of the United States Code states:

(c) The Congress of the United States hereby declares that the veterans' education and training program created by this chapter is for the purpose of providing vocational readjustment and restoring lost educational opportunities to those service men and women whose educational or vocational ambitions have been interrupted or impeded by reason of active duty.

This was the purpose of the World War II GI bill; it was the purpose of the Korean war GI bill. It is the purpose of the bill now being considered. "Interruption or impeded" educational or vocational ambitions do not bear relation to where a soldier serves, but to the fact that he or she does serve.

The bill follows our experience with 16 million veterans of World War II and 4,750,000 veterans of the Korean war.

The amendment offered by the Senator from Massachusetts is indeed not a minor change in the bill, but a complete reversal of purpose. Its proponents are trying to use the bill to reward certain soldiers. I agree that they should be rewarded for their risks, but that should be done in a manner consistent with our defense policies of the past, by combat pay or other means, but not discriminating against other members of our defense team.

The basis of the bill is education; and the American view is that any person should be afforded an opportunity to accomplish his educational goals if he has the capacity. The basis of the amendment is reward—the idea that something extra should be given to soldiers who are engaged in hazardous duties. But the reasoning of the amendment bears no relation to education, for education affects every veteran.

I strongly urge the rejection of the amendment as being inconsistent with the purposes of the bill, which is a veterans' readjustment bill. The amendment would result in the perpetuation of injustice on the majority of veterans. It is not in the national interest to discriminate against veterans who are drafted and who serve where they are sent. Soldiers have no control over where they are ordered to duty.

In answer to the proponents of the amendment, who say that only 10 percent of such veterans were considered drafted, I ask, Where are the draftees in the front lines this morning? Sixty percent of the first division unit under fire were draftees. Every veteran ought to receive benefits, whether he served in a hostile area or not. Many veterans of World War II and the Korean war did not serve in hostile areas; yet readjustment benefits are provided to all those veterans, wherever they served, whether in America or overseas, whether they were shot at or not. The company records do not disclose whether a man was shot at or not. Readjustment benefits should be provided on a basis of the period of service. The pending bill is based on the period of service.

I submit that the amendment offered by the distinguished Senator from Massachusetts should be rejected.

Mr. GRUENING. Mr. President, will the Senator from Texas yield?

Mr. YARBOROUGH. Mr. President, I yield 2 minutes to the distinguished Senator from Alaska.

Mr. GRUENING. Mr. President, I share the view of the distinguished sponsor of the bill, which I have supported from the very beginning, that the amendment offered by the distinguished Senator from Massachusetts would nullify the purpose of the bill. We cannot afford to have two or more classes of veterans, which is precisely what the amendment would create. Once a man is called to the colors, and goes where he is sent, there is no justification whatever for making arbitrary classifications which, as has been pointed out, would

be almost impossible to enforce. What would be a combat zone today would cease to be such a zone tomorrow, and vice versa. Therefore, I hope the amendment will be rejected.

Mr. YARBOROUGH. Mr. President, I congratulate the distinguished Senator from Alaska for his powers of analysis and for so clearly pointing out the administrative difficulties and the basic unfairness of the amendment.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. SALTONSTALL. Mr. President, I yield 2 minutes to the distinguished Senator from Ohio.

Mr. LAUSCHE. May I have 3 minutes?

Mr. SALTONSTALL. I yield 3 minutes to the Senator from Ohio.

Mr. LAUSCHE. Mr. President, I shall support the amendment offered by the distinguished senior Senator from Massachusetts. I shall do so because I believe that the principle upon which the amendment is built is sound.

I cannot dismiss from my mind the fact that the President, the Department of Defense, and the Veterans' Administration do not support the proposal offered by the Senator from Texas. The President and his Cabinet have uniformly supported practically every measure that has come before this body contemplating the promotion of educational opportunity. I should like to enumerate those programs, but I do not have them immediately at my command. However, I do not know of a single one that has not had the ardent support of the President.

No one can make me believe that if the argument of the proponents of the bill were sound, the bill would not have the support of the White House, the Veterans' Administration, and the Department of Defense.

I am a veteran of World War I. I join in the expressions made on the floor of the Senate that the training received in the military cannot be dismissed as an idle piece of work. I know of no training that I ever had in my life that was of greater help to me than that which I received in the military service. I learned to appreciate the attribute of punctiliousness. I knew what it meant, as a member of the military, to apply myself to my work. I do not want to join those who say that service under the flag of our country is the rendition of something that one ought not to give except upon the receipt of extraordinary compensation. In my judgment, if that were the attitude back in 1776, this country would not exist today.

Moreover, I point out that nations have suffered demise when they reached the point where their youth were unwilling to serve except upon the granting of liberal extraordinary compensation. Take whatever country we will, and we will find that the beginning of the collapse was when it was no longer possible to induce the youth, on a voluntary basis, to stand up in support of the banner of their country.

I am glad to support the amendment. I shall support the granting of every type of aid to those who are engaged in what

are called the perilous problems of war. But the bill is intended to give to 2.6 million awards supposedly connected with the rendition of dangerous service, when in fact there are only two areas where such real peril exists.

Mr. SALTONSTALL. Mr. President, on my amendment, I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. SALTONSTALL. I suggest the absence of a quorum. I ask unanimous consent, together with the Senator from Texas, that the time consumed for the quorum call not be charged to either side.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

HOUSING ACT OF 1965

Mr. MANSFIELD. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 7984.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H.R. 7984) to assist in the provision of housing for low and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. MANSFIELD. I move that the Senate insist upon its amendment and agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. SPARKMAN, Mr. DOUGLAS, Mr. PROXMIRE, Mr. WILLIAMS of New Jersey, Mr. MUSKIE, Mr. BENNETT, and Mr. TOWER conferees on the part of the Senate.

COLD WAR VETERANS' READJUSTMENT ASSISTANCE ACT

The Senate resumed the consideration of the bill (S. 9) to provide readjustment assistance to veterans who serve in the Armed Forces during the induction period.

Mr. SALTONSTALL. Mr. President, I yield myself such time as remains.

Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. SALTONSTALL. Mr. President, we are all proud of our servicemen. We are proud of the men who are giving their time today in the Armed Forces. However, especially do we need to give special benefits to those who are actively risking their lives.

The situation today is that our service-

men who are serving under warlike conditions are not receiving wartime benefits.

I and my colleagues who join me in sponsoring the substitute measure believe that the situation should be corrected. The fact that members of the armed services are subject to special risks and dangers should be recognized by the law as it is beginning to be recognized by this administration, which recently granted special tax exemption for the men serving in Vietnam and which, by a declaration of the Department of Defense, declared that an area of hostilities existed in that area of the world.

The distinction between my substitute measure and the bill of the Senator from Texas is that the men who are serving in an area of hostilities receive the same benefits as do the men who served in Korea, and almost the same benefits as did the men who served in World War II—not quite the same as the World War II veterans, but the same as the Korean veterans.

In my judgment, the men who serve in an area of hostilities are entitled to those benefits.

That is the simple difference between the two measures.

I hope that my substitute amendment will be agreed to.

Mr. YARBOROUGH. Mr. President, I yield 1 minute to the junior Senator from Oklahoma.

Mr. HARRIS. Mr. President, I am honored to support the bill introduced and so ably handled by the distinguished Senator from Texas [Mr. YARBOROUGH]. I am against the pending amendment.

In this chaotic day in which we live, how can it be said that the lives and the bodies of some servicemen in any part of the world are any less in jeopardy than those who are actually engaged in what has been termed hostilities in this amendment? All can be called on a moment's notice to a crisis area.

I believe the United States of America owes the same kind and character of responsibility to all its servicemen, wherever they serve.

I hope that the bill of the Senator from Texas will be passed and that the amendment offered by the Senator from Massachusetts will not be agreed to.

Mr. YARBOROUGH. Mr. President, I yield back the remainder of my time.

Mr. SALTONSTALL. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment offered by the Senator from Massachusetts. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Maryland [Mr. BREWSTER], the Senator from North Carolina [Mr. ERVIN], the Senator from North Carolina [Mr. JORDAN], and the Senator from Oregon [Mrs. NEUBERGER], are absent on official business.

I also announce that the Senator from Virginia [Mr. BYRD], the Senator from Illinois [Mr. DOUGLAS], the Senator from

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HIGHLIGHTS: Senate committee reported the following bills: rural water facilities; diversion payments on acreage affected by disaster; implementation of International Wheat Agreement; Spruce Knob-Seneca Rocks recreation area; lease of tobacco allotments; and USDA administrative omnibus bill. Senate passed disaster relief bill. House passed bill to expand poverty program. Rep. Purcell defended wheat provisions of farm bill. Rep. Cooley praised USDA cotton and wool research programs.

HOUSE

1. POVERTY. Passed with amendments, 245 to 158, H. R. 8283, to expand the war on poverty and enhance the effectiveness of programs under the Economic Opportunity Act of 1964 (pp. 17270-321, 17345-6). Rejected, 176 to 227, a motion by Rep. Quie to recommit the bill to committee (pp. 17319-20). The bill amends title III (Special Programs to Combat Poverty in Rural Areas) of the Economic Opportunity Act so as to make clear that the prohibition against loans to cooperatives organized for manufacturing purposes does not prevent loans to cooperatives processing dairy products or similar edible farm products; to clarify the

authority granted with respect to the types and scope of assistance and the institutions through which assistance may be extended to migrant workers and their families; and to authorize the appropriation of \$70 million for fiscal year 1966 for carrying out the purposes of title III.

Rejected the following amendments:

By Rep. Quie, to provide that all functions under title III (relating to rural areas) shall be transferred to the Secretary of Agriculture.

p. 17318

By Rep. Ayres, 150 to 155, which he stated would retain the existing veto power of State Governors over work-training projects and community action projects. pp. 17272-81

By Rep. Andrews, to bar political activity, threats, or favoritism from the community action programs. pp. 17289-91

By Rep. Quie, to provide that the Director of the Office of Economic Opportunity shall hold no other Federal position concurrently.

pp. 17300-1

A point of order was sustained against a proposed amendment by Rep. Sickles to extend from June 30, 1965 to June 30, 1967, authorization for indemnity payments to dairy farmers whose milk has been barred from the market because of residues of pesticides which had been approved by the Government.

pp. 17298-9

2. HOUSING. The "Daily Digest" states that conferees agreed to file a report on H. R. 7984, the housing and urban development bill (p. D689). At the request of Rep. Patman, unanimous consent was granted to file the conference report by midnight, July 23 (p. 17269).
3. FARM PROGRAM. Rep. Purcell defended the wheat provisions of the farm bill, and stated that increased wheat prices to farmers would permit them to purchase additional farm machinery and equipment which would benefit U. S. industry. pp. 17351-2
4. FOREIGN AID; PUBLIC LAW 480. Rep. Halpern stated that he has "called upon the President to rescind his authorization to renew the remaining portion of our agricultural assistance program to the United Arab Republic." p. 17323
5. CCC. Both Houses received from the President the report of the Commodity Credit Corporation in which he reviewed accomplishments of CCC during the past 30 years. pp. 17269-70, 17163
6. RESEARCH. At the request of Rep. Harris, H. R. 9743, to authorize the Secretary of Agriculture to regulate the transportation, sale, and handling of dogs and cats intended to be used for purposes of research or experimentation, was re-referred from the Interstate and Foreign Commerce Committee to the Agriculture Committee. p. 17325
7. LAND REVIEW COMMISSION. Rep. Aspinall resigned from, and Rep. Rogers, Tex., was appointed a member of, the Public Land Law Review Commission. p. 17269
8. LEGISLATIVE PROGRAM. Rep. Albert announced that the conference reports on the housing bill and the medicare bill will be considered on Tues., and a continuing appropriations resolution will be considered on Wed. p. 17324
9. ADJOURNED until Mon., July 26. p. 17359

by Congressman ARENDS. I know that my brother and my family still feel deep gratitude for his consideration.

I am pleased to say that my experience with him since it has been my privilege to serve in the Congress has been a happy one. I am very grateful for the help he has rendered, as a former constituent of his on this side of the aisle.

His long and distinguished tenure in this body might be accepted by some unkind person as a major reason why I left Bloomington, Ind., and moved to Oregon, but I assure you that is not so, and I assure you that my parents are grateful for the distinguished service he has rendered to my former district over the years.

Mr. HAYS. Mr. Speaker, will the gentleman yield?

Mr. SPRINGER. I yield to the gentleman from Ohio.

Mr. HAYS. I should like to join the tributes to LES ARENDS. He has been a member of the NATO Parliamentarians Committee, of which I have had the honor to be chairman for a number of years. He has made a signal contribution to better understanding with our NATO allies. He is always genial and gracious on the floor. I am proud to have him for a friend.

I believe that a good part of his success in life he can attribute to his beautiful, gracious, and lovely wife, who came originally from my district. I am proud that we in eastern Ohio have been able to make that contribution to LES ARENDS.

GENERAL LEAVE TO EXTEND

Mr. SPRINGER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks in the RECORD respecting LES ARENDS.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

CORRECTION OF ROLLCALL

Mr. DUNCAN of Tennessee. Mr. Speaker, on rollcall No. 144 and rollcall No. 170, quorum calls, I have just learned from the Clerk of the House of Representatives that I am recorded as absent.

I was present for these rollcalls, and in fact I am recorded on these same dates as being present and voting on other legislative matters.

I ask unanimous consent that the permanent RECORD and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

SUBCOMMITTEE ON IMMIGRATION AND NATIONALITY

Mr. FEIGHAN. Mr. Speaker, I ask unanimous consent that the Subcommittee on Immigration and Nationality of the Committee on the Judiciary have permission to sit in executive session today during general debate.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

Mr. HALL. Mr. Speaker, I object.

ECONOMIC OPPORTUNITY AMENDMENTS OF 1965

Mr. GIBBONS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 8283) to expand the war on poverty and enhance the effectiveness of programs under the Economic Opportunity Act of 1964.

The SPEAKER. The question is on the motion.

CALL OF THE HOUSE

Mr. PELLY. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 195]

Arends	Mailliard	Rumsfeld
Ashley	Martin, Mass.	Scott
Bonner	Murray	Shipley
Bow	Pepper	Teague, Tex.
Evins, Tenn.	Pool	Toll
Halleck	Powell	Waggonner
Harvey, Ind.	Reid, N.Y.	White, Idaho
Karth	Rivers, Alaska	
Keogh	Roncalio	

The SPEAKER. On this rollcall 407 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

THE HOUSING BILL

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that the conferees on H.R. 7984, the housing bill, have until midnight to file a report thereon.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

SUBCOMMITTEE ON IMMIGRATION AND NATIONALITY

Mr. FEIGHAN. Mr. Speaker, I ask unanimous consent that the Subcommittee on Immigration and Nationality of the Committee on the Judiciary have permission to sit this afternoon during general debate.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

RESIGNATION OF MEMBER OF PUBLIC LAND REVIEW COMMISSION

The SPEAKER laid before the House the following resignation from the Public Land Law Review Commission:

COMMITTEE ON INTERIOR
AND INSULAR AFFAIRS,
HOUSE OF REPRESENTATIVES,
Washington, D.C., July 22, 1965.

HON. JOHN W. MCCORMACK,
Speaker,
House of Representatives.

DEAR MR. SPEAKER: I have been elected as Chairman of the Public Land Law Review Commission. Under the provisions of Pub-

lic Law 88-606, the Chairman is the 19th member, selected by the 18 members whose composition is set forth in section 3(b), paragraphs (i), (ii), and (iii) of the law. I am therefore resigning as a member of the Commission from the House of Representatives appointed by you, effective July 22, 1965.

Sincerely yours,
WAYNE N. ASPINALL,
Chairman.

The SPEAKER. Without objection, the resignation will be accepted.
There was no objection.

APPOINTMENT OF MEMBER TO PUBLIC LAND LAW REVIEW COMMISSION

The SPEAKER. Pursuant to the provisions of section 3, Public Law 88-606, the Chair appoints as a member of the Public Land Law Review Commission the gentleman from Texas [Mr. ROGERS] to fill an existing vacancy thereon.

REPORT OF THE COMMODITY CREDIT CORPORATION FOR THE FISCAL YEAR ENDED JUNE 30, 1964—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, was referred to the Committee on Banking and Currency:

To the Congress of the United States:

Thirty years ago, the Congress brought into being the Commodity Credit Corporation. In transmitting the report of this agency for the fiscal year ended June 30, 1964, as provided by section 13 of Public Law 806, 80th Congress, I feel it is appropriate to view, in summary, the three decades of the Corporation operations.

Over the past 30 years, the Commodity Credit Corporation has:

First. Enabled farmers to hold their crops for fair market prices.

Second. Minimized the depressing effect of surpluses by holding them off the market.

Third. Assured a stable flow of food to consumers, deterring inflationary pressures.

Fourth. Created a sound base for banks and other lending institutions which supply the credit needs of farmers.

Fifth. Provided in wartime the means of supplying our allies with food and fiber, and in the postwar period became the instrument which insured that food could also help keep the peace.

Sixth. Acted as the mechanism for executing the food-for-peace program, the International Wheat Agreement, and other similar international programs.

Seventh. Supported the rapid expansion of agricultural exports.

During fiscal 1964, the Commodity Credit Corporation reduced its investment in farm commodity inventories by more than \$380 million. The wheat inventory was reduced by about 275 million bushels, and the supplies of dairy products were brought down to manageable levels.

The Commodity Credit Corporation is a creature of legislation. Its ability to fulfill our objectives for the future is no greater than the strength of legislation enacted by the Congress. It can function best when farm commodity programs are responsive to the conditions which exist in the agricultural economy. If these programs are in tune with the times, the Commodity Credit Corporation can perform its proper functions for farmers and for the public.

The legislation which I proposed this year, and which is now before the Congress, will help the Corporation to carry forward the objectives it should fulfill in the coming decade. These objectives are:

To continue the financial progress of our farmers;

To further reduce the Corporation's costs by bringing stocks of farm commodities down to more manageable levels;

To assure an abundant supply of high-quality, reasonably priced foods without fear of severe price fluctuations for our consumers;

To cushion the forces of the revolution in farm productivity which enable output to far exceed our capacity for use by balancing the growth in farm output with our ever-expanding food and fiber requirements;

To use our abundance as a force for peace and progress;

To rely more upon the marketplace as the primary source of fair farm returns.

Instruments of public policy can weight the scales of economic justice on the side of those who are disadvantaged, but they should enhance—not supplant—the equal opportunity for each person to obtain a decent livelihood from our economic system.

The Commodity Credit Corporation has an important place among the instruments of public policy:

Without the programs for which it acts as fiscal agent, the income netted by farmers would decline by half.

Without adequate income, the family farm system which dominates our agriculture would die.

Without family farms, the vast abundance of food and fiber we all have come to expect as a natural condition of a highly productive economy would no longer be assured.

The Commodity Credit Corporation, as a visible expression of our commitment to abundance, continues to be a servant of all people. What began 30 years ago as an experiment to provide economic justice for the farmer has now become a tested instrument in the continuing experiment each generation performs to demonstrate the vitality of our democracy.

LYNDON B. JOHNSON.

THE WHITE HOUSE, July 22, 1965.

ECONOMIC OPPORTUNITY AMENDMENTS OF 1965

The SPEAKER. The question is on the motion.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 8283 with Mr. ROONEY of New York in the Chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday, the Clerk had read through section 7 under line 18, page 4 of the bill.

Mr. ALBERT. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. ALBERT. Mr. Chairman, I rise in support of this bill. Before commenting on the bill, I think it is appropriate to recognize the fine job that the great Committee on Education and Labor has performed in managing this bill and bringing it to the floor. I congratulate its distinguished chairman and other members. Mr. Chairman, we who have served in the House a long time are always reassured by the fact that whenever the occasion arises and duty calls, new Members rise to responsibilities of leadership in tune with the highest tradition of the House. I think all Members will join me in commending the distinguished gentleman from Florida [Mr. GIBBONS], for the competent and dedicated management he has given to this legislation.

Mr. Chairman, in my opinion, the debate on this bill has been good. For the most part it has been constructive.

I do feel, however, that most of the criticism has related either to exceptional cases or to mistakes in administration.

We have heard that at one center a number of women got drunk and were dismissed. Of course, we did not hear about the thousands of young women who are using this program to further their education and to give themselves an additional chance in life. We heard, probably with some degree of humor, that someone was told, when calling somebody in the administration, that he or she should relax. Such an answer was perhaps uncalled for, but it certainly does not go to the question of the merits of this important legislation. I think my good friend from Minnesota talked yesterday about a telephone directory, whether the administration had one and if it had one, whether it was a good one. I am for telephone directories, I am for good telephone directories, but I really do not think that goes to the merits of this issue.

In my opinion, from what I know of this program, and I have examined it in my district and in my State, no program has done more in less time for humanity than the antipoverty program which we passed only a few months ago. This program is under the direction of one of the greatest and finest administrators in the Federal Government. He has proved that in his administration of the

Peace Corps program. He had to put this program on the track before he had set up his office establishment. Before he had organized his staff, he was receiving calls from thousands of people, from hundreds of communities across the land. That has been inevitable because it is a human relations program.

It is a program that goes to every part of the country and in which many, many citizens are interested. Give the Honorable Sargeant Shriver a chance, and I sincerely believe that when we come back here next year we will find this one of the best administered programs in the country. I think the affirmative side of this issue completely overshadows any mistakes that may have been made in administration.

The big thing about this program is that in the first year of its operation, several millions of our most unfortunate fellow citizens have been touched and have been given new hope—3,000 American communities have responded to the challenge to assist their poor.

Over 300,000 boys and girls have sought a new chance through the Job Corps and the job centers. Over 10,000 Americans have already been given this chance.

Over 1 million teenagers are already working through neighborhood youth centers.

Over 20,000 Americans have applied to participate in VISTA which is the American home variety of the Peace Corps. Hundreds of thousands of low income children are already enrolled in the Head Start program.

Over 10,000 American groups and individuals under the auspices of this program are creating new jobs and new businesses for the American poor.

In 9 months of operation, I have been advised that this program has helped nearly 6 million Americans in some aspect of their lives—and this is only the beginning.

I do not believe, Mr. Chairman, that I am speaking in pious platitudes when I say that this issue has a moral origin. I think the work that can be done through this bill, even if we attain only half of our goals, will be worth twice the money. I think it will strengthen American homes and American family life. I think it will help us to lift up individual American citizens. I think it is in line with the highest traditions and practices of our country. Certainly, it was that spirit—that emphasis on the individual and his dignity, that caused our forefathers to write the Declaration of Independence, the Bill of Rights and the Emancipation Proclamation. It was in that same spirit that we enacted last year the Civil Rights Act of 1964. It is in the same spirit that we come here today. We believe that the great educational programs sponsored by President Johnson and supported in many instances on both sides of the aisle will help uplift individual Americans and will help to give dignity to the individual man. This it seems to me is the great thrust of the 89th Congress. If we do nothing more than to help those who need help the most to become self-respecting and self-support-

ASSATEAGUE ISLAND

Committee on Interior and Insular Affairs: Subcommittee on National Parks and Recreation held a hearing on H.R. 1730, and related bills, to provide for the establishment of the Assateague Island National Seashore.

Heard testimony from Stuart L. Udall, Secretary of the Interior; Senator Brewster; Representatives Morton, Friedel, Fallon, Downing, and Long of Maryland; and public witnesses.

PUBLIC HEALTH SERVICE ACT

Committee on Interstate and Foreign Commerce: Held a hearing on H.R. 3140, and related bills, to amend the Public Health Service Act to assist in combating heart disease, cancer, stroke, and other major diseases. Testimony was heard from public witnesses.

PUBLIC IMMIGRATION

Committee on the Judiciary: Subcommittee No. 1 met in executive session and ordered reported favorably to the full committee H.R. 2580 (amended), the Immigration and Nationality Act.

REHABILITATION—TRAINING

Committee on the Judiciary: Subcommittee No. 3 met in executive session to reconsider H.R. 6964 (amended), facilitating the rehabilitation of persons convicted of Federal offenses by authorizing the Attorney General to allow prisoners greater mobility while under sentence, and ordered the same reported favorably to the full committee; also ordered reported favorably to the full committee H.R. 8027 (amended), to provide assistance in training State and local law enforcement officers and other personnel, and in improving capabilities, techniques, and practices in State and local law enforcement and prevention and control of crime.

TOWING VESSELS—OFFICERS

Committee on Merchant Marine and Fisheries: Subcommittee on Coast Guard, Coast and Geodetic Survey, and Navigation held a hearing on H.R. 723 and H.R. 156 (identical bills), to require the inspection of certain towing vessels; and H.R. 7491, to provide for the licensing and certifying of officers on certain vessels. Testimony was heard from public witnesses.

COST-OF-LIVING ALLOWANCE

Committee on Post Office and Civil Service: Subcommittee on Compensation heard testimony from public witnesses on H.R. 8390, to terminate cost-of-living

allowances for statutory-salaried Federal civilian employees in nonforeign countries.

FEDERAL PAY RAISE

Committee on Post Office and Civil Service: Subcommittee on Compensation met in executive session on the proposed Federal and postal pay raise.

HIGHWAY BEAUTIFICATION

Committee on Public Works: Subcommittee on Roads held a hearing regarding highway beautification legislation. Testimony was heard from public witnesses. Adjourned subject to call of the Chair.

NATIONAL SCIENCE FOUNDATION

Committee on Science and Astronautics: Subcommittee on Science, Research, and Development held a hearing regarding the future of the National Science Foundation. Testimony was heard from D. Dillon Ripley, Secretary of the Smithsonian Institution, and public witnesses.

FIREARMS

Committee on Ways and Means: Continued hearings on the administration's proposal to amend the Federal Firearms Act with regard to Federal firearms controls. Testimony was heard from Representative Dingell; and public witnesses.

Joint Committee Meetings

FISCAL POLICY

Joint Economic Committee: Subcommittee on Fiscal Policy continued its hearings on the major issues in fiscal policy which will confront the Nation during the coming decade, receiving testimony from Charles L. Schultze, Director, Bureau of the Budget.

Hearings were recessed subject to call.

BALANCE OF PAYMENTS STATISTICS

Joint Economic Committee: Subcommittee on Economic Statistics met in executive session to consider draft of report resulting from its series of hearings held this year on balance of payments statistics. Subcommittee made no announcement and recessed subject to call.

HOUSING

Conferees, in executive session, agreed to file a conference report on the differences between the Senate- and House-passed versions of H.R. 7984, proposed Housing and Urban Development Act of 1965.

Next meeting of the SENATE
12:00 noon, Friday, July 23

Next meeting of the HOUSE OF REPRESENTATIVES
12:00 noon, Monday, July 26

VOTING RIGHTS

Conferees met in executive session to resolve the differences between the Senate- and House-passed versions of S. 1564, proposed Voting Rights Act of 1965, but did not reach final agreement, and will meet again on Tuesday, July 27.

BILLS SIGNED BY THE PRESIDENT

New Laws

(For last listing of public laws, see DIGEST, p. D683, July 21, 1965)

H.R. 7847, to increase the revolving fund of the Small Business Administration. Signed July 21, 1965 (P.L. 89-78).

H.R. 5306, continuing authority of domestic banks to pay interest on time deposits of foreign governments at rates differing from those applicable to domestic depositors. Signed July 21, 1965 (P.L. 89-79).

S. 21, Water Resources Planning Act. Signed July 22, 1965 (P.L. 89-80).

COMMITTEE MEETINGS FOR FRIDAY, JULY 23

(All meetings are open unless otherwise designated)

Senate

Committee on Banking and Currency, executive, on five pending banking bills (S. 1508, 1509, 1556-1558), 10 a.m., 5302 New Senate Office Building.

Committee on the District of Columbia, on H.R. 4822 and S. 1117, D.C. rapid transit bill, to hear O. Roy Chalk, 10 a.m., 6226 New Senate Office Building.

Committee on Foreign Relations, on the nomination of Arthur Goldberg, to be Ambassador to the U.N., 10 a.m., 4221 New Senate Office Building.

Executive, to hear former Gov. Luis Muñoz Marín with regard to the situation in the Dominican Republic, 2:30 p.m., room S-116, Capitol.

Committee on the Judiciary, subcommittee, on the nomination of William B. Bryant, to be U.S. district judge for the D.C., 9:30 a.m., 2228 New Senate Office Building.

Subcommittee, on S. 1792 and 1825, proposed Law Enforcement Assistant Act, 10:30 a.m., 2228 New Senate Office Building.

Committee on Post Office and Civil Service, executive, on the nomination of A. Ross Eckler, to be Director of the Census, and on H.R. 6622, Whitten amendment, and H.R. 1771, 5-day work-week for postmasters, 9:30 a.m., 6202 New Senate Office Building.

House

Committee on Agriculture, Subcommittee on Forests, on H.R. 8344, relating to Uintah National Forest, Utah; and H.R. 6833, relating to forest service rentals, 10 a.m., 1302 Longworth House Office Building.

Subcommittee on Conservation and Credit, executive, on pending watershed projects, 10 a.m., 1301 Longworth House Office Building.

Committee on Banking and Currency, Subcommittee on Domestic Finance to continue hearings on infiltration of banks and financial institutions by undesirable elements, 10 a.m., 2128 Rayburn House Office Building.

Committee on Government Operations, Subcommittee on Intergovernmental Relations, executive, on pending business, 10 a.m., 2247 Rayburn House Office Building.

Committee on Interior and Insular Affairs, Subcommittee on National Parks and Recreation will hold a hearing on H.R. 1730, and related bills, to provide for the establishment of the Assateague Island National Seashore, 9:45 a.m., 1324 Longworth House Office Building.

Committee on Interstate and Foreign Commerce, to continue on H.R. 3140, and related bills, to amend the Public Health Service Act to assist in combating heart disease, cancer, stroke, and other major diseases, 10 a.m., 2123 Rayburn House Office Building.

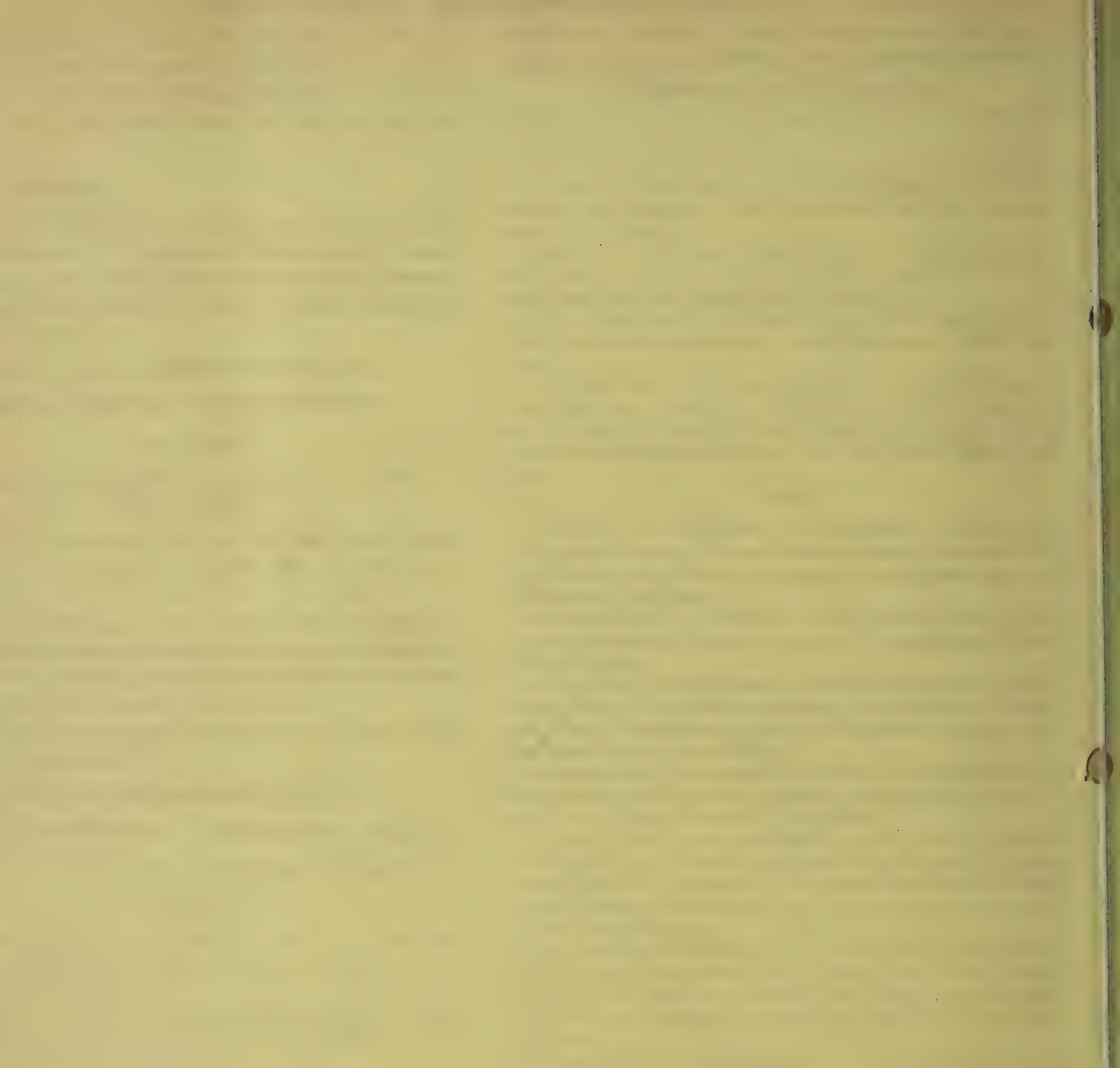
Committee on Ways and Means, to continue hearings on amendments to the Federal Firearms and National Firearms Acts, 10 a.m., committee room, Longworth House Office Building.



Congressional Record

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The public proceedings of each House of Congress, as reported by the Official Reporters thereof, are printed pursuant to directions of the Joint Committee on Printing as authorized by



July 23, 1965

15. HOUSING LOANS. Received the conference report on H. R. 7984, the housing and urban development bill (H. Rept. 679) (pp. 17415-37). Title X of the bill would provide a new \$300,000,000-per-year program of insured housing loans under the Farmers Home Administration in rural areas.
16. FORESTRY. The Subcommittee on Forests of the Agriculture Committee voted to report to the full committee H. R. 9161, with amendment, to authorize the acquisition of certain lands within the Uinta National Forest, Utah; and S. 1689, with amendment, to provide additional authority for the Forest Service to rent property from its employees at isolated locations. p. D693
17. WATERSHEDS. The "Daily Digest" states that the Subcommittee on Conservation and Credit of the Agriculture Committee "approved several pending watershed projects." p. D693
18. HEALTH. Received the conference report on S. 510, to extend and amend certain expiring provisions of the Public Health Service Act relating to community health services (H. Rept. 676) (pp. 17413-4). As reported the bill extends for three years, until June 30, 1968, the program of health services to domestic agricultural migratory workers, and includes specific authorization for necessary short-term hospital care for such workers and their families.

ITEMS IN APPENDIX

19. FARM LABOR. Rep. Leggett inserted an agreement by the Tomato Growing Industry Council designed to produce \$1.75 per hour for qualified tomato pickers. p. A4018
20. SMALL BUSINESS. Sen. Randolph inserted Eugene P. Foley's speech emphasizing varied contributions of the Small Business Administration programs in strengthening the national economy. pp. A4019-21
21. PATENTS. Extension of remarks of Rep. Reuss stressing the need for revision of copyright laws and inserting excerpts of statements made by witnesses on the opening day of hearings before the House Judiciary Committee. pp. A4021-2
22. WATER SUPPLY. Extension of remarks of Rep. Roybal stressing the need for long-range planning to provide an adequate supply of water and inserting an article announcing the possible feasibility of constructing what would be the largest nuclear-fueled combination sea water conservation and power-producing plant in the world. pp. A4023-4
Rep. Roybal inserted the introductory chapter of the 1965 report on the Calif. State water project. pp. A4030-2
23. BREAD. Rep. Moss inserted an article, "High Bread Cost Laid to Processing." pp. A4028-9

BILLS INTRODUCED

24. LANDS. S. 2321 by Sen. Jackson, to amend the act of August 31, 1964 (78 Stat. 751), relating to the satisfaction of scrip and similar rights to Interior and Insular Affairs Committee. Remarks of author 17368-9

25. RESEARCH ANIMALS. S. 2322 by Sen. Magnuson, to authorize the Secretary of Agriculture to regulate the transportation, sale, and handling of dogs and cats intended to be used for purposes of research or experimentation; to Commerce Committee.
26. PATENTS. S. 2326 by Sen. Dirksen, to establish a uniform national policy concerning proprietary rights in inventions made through the expenditure of public funds; to Judiciary Committee. Remarks of author p. 17369

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COMMITTEE HEARINGS:

- July 26: Marketing order for table eggs, H. Agriculture.
Sale of Colville Indian lands, Wash., H. Interior.
Retirement of capital in Federal intermediate credit banks, S. Agriculture (exec).
- July 28: Proposed Spruce Knob-Seneca Rocks recreation area, W. Va., H. Agriculture (Nelson, FS, to testify).

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HOUSING AND URBAN DEVELOPMENT ACT OF 1965

July 23, 1965.—Ordered to be printed

MR. PATMAN, from the committee of conference, submitted
the following

CONFERENCE REPORT

[To accompany H.R. 7984]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7984) to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *That this Act may be cited as the "Housing and Urban Development Act of 1965"*.

TITLE I—SPECIAL PROVISIONS FOR DISADVANTAGED PERSONS

FINANCIAL ASSISTANCE TO ENABLE CERTAIN PRIVATE HOUSING TO BE AVAILABLE FOR LOWER INCOME FAMILIES WHO ARE ELDERLY, HANDICAPPED, DISPLACED, VICTIMS OF A NATURAL DISASTER, OR OCCUPANTS OF SUBSTANDARD HOUSING

SEC. 101. (a) *The Housing and Home Finance Administrator (hereinafter referred to as the "Administrator") is authorized to make, and contract to make, annual payments to a "housing owner" on behalf of "qualified tenants", as those terms are defined herein, in such amounts and under such circumstances as are prescribed in or pursuant to this section. In no case shall a contract provide for such payments with respect to any housing for a period exceeding forty years. The aggregate amount of the contracts to make such payments shall not exceed amounts*

approved in appropriation Acts, and payments pursuant to such contracts shall not exceed \$30,000,000 per annum prior to July 1, 1966, which maximum dollar amount shall be increased by \$35,000,000 on July 1, 1966, by \$40,000,000 on July 1, 1967, and by \$45,000,000 on July 1, 1968.

(b) As used in this section, the term "housing owner" means a private nonprofit corporation or other private nonprofit legal entity, a limited dividend corporation or other limited dividend legal entity, or a cooperative housing corporation, which is a mortgagor under section 221(d)(3) of the National Housing Act and which, after the enactment of this section, has been approved for mortgage insurance thereunder and has been approved for receiving the benefits of this section: *Provided, That, except as provided in subsection (j), no payments under this section may be made with respect to any property financed with a mortgage receiving the benefits of the interest rate provided for in the proviso in section 221(d)(5) of that Act. Subject to the limitations provided in subsection (j), the term "housing owner" also has the meaning prescribed in such subsection.*

(c) As used in this section, the term "qualified tenant" means any individual or family who has, pursuant to criteria and procedures established by the Administrator, been determined—

(1) to have an income below the maximum amount which can be established in the area, pursuant to the limitations prescribed in sections 2(2) and 15(7)(b)(ii) of the United States Housing Act of 1937, for occupancy in public housing dwellings; and

(2) to be one of the following—

(A) displaced by governmental action;

(B) sixty-two years of age or older (or, in the case of a family to have a head who is, or whose spouse is, sixty-two years of age or over);

(C) physically handicapped (or, in the case of a family, to have a head who is, or whose spouse is, physically handicapped);

(D) occupying substandard housing; or

(E) an occupant or former occupant of a dwelling which is (or was) situated in an area determined by the Small Business Administration, subsequent to April 1, 1965, to have been affected by a natural disaster, and which has been extensively damaged or destroyed as the result of such disaster.

The terms "qualified tenant" and "tenant" include a member of a cooperative who satisfies the foregoing requirements and who, upon resale of his membership to the cooperative, will not be reimbursed for any equity increment accumulated through payments under this section. With respect to members of a cooperative, the terms "rental" and "rental charges" mean the charges under the occupancy agreements between such members and the cooperative.

(d) The amount of the annual payment with respect to any dwelling unit shall not exceed the amount by which the fair market rental for such unit exceeds one-fourth of the tenant's income as determined by the Administrator pursuant to procedures and regulations established by him.

(e)(1) For purposes of carrying out the provisions of this section, the Administrator shall establish criteria and procedures for determining the eligibility of occupants and rental charges, including criteria and procedures with respect to periodic review of tenant incomes and periodic adjustment of rental charges. The Administrator shall issue, upon the request of a housing owner, certificates as to the following facts concerning

the individuals and families applying for admission to, or residing in, dwellings of such owner:

(A) the income of the individual or family; and

(B) whether the individual or family was displaced by governmental action, is elderly, is physically handicapped, or is (or was) occupying substandard housing or housing extensively damaged or destroyed as the result of a natural disaster.

(2) Procedures adopted by the Administrator hereunder shall provide for recertifications of the incomes of occupants, except the elderly, at intervals of two years (or at shorter intervals in cases where the Administrator may deem it desirable) for the purpose of adjusting rental charges and annual payments on the basis of occupants' incomes, but in no event shall rental charges adjusted under this section for any dwelling exceed the fair market rental of the dwelling.

(3) The Administrator may enter into agreements, or authorize housing owners to enter into agreements, with public or private agencies for services required in the selection of qualified tenants, including those who may be approved, on the basis of the probability of future increases in their incomes, as lessees under an option to purchase (which will give such approved qualified tenants an exclusive right to purchase at a price established or determined as provided in the option) dwellings, and in the establishment of rentals. The Administrator is authorized (without limiting his authority under any other provision of law) to delegate to any such public or private agency his authority to issue certificates pursuant to this subsection.

(4) No payments under this section may be made with respect to any property for which the costs of operation (including wages and salaries) are determined by the Administrator to be greater than similar costs of operation of similar housing in the community where the property is situated.

(f) Section 101(c) of the Housing Act of 1949 is amended by inserting "(i)" after "a mortgage under" in the first proviso and by inserting immediately before the colon at the end of such proviso the following: ", or (ii) section 221(d)(3) of the National Housing Act if payments with respect to the mortgaged property are made or are to be made under section 101 of the Housing and Urban Development Act of 1965, except that no such mortgage shall be insured, and no commitment to insure such a mortgage shall be issued, with respect to property in any community for which a workable program for community improvement was required and in effect at the time a contract for a loan or capital grant was entered into under this title, or a contract for annual contributions or capital grants was entered into pursuant to the United States Housing Act of 1937, unless there is a workable program for community improvement which meets the requirements of this subsection in effect in such community at the time of such insurance or commitment".

(g) The Administrator is authorized to make such rules and regulations, to enter into such agreements, and to adopt such procedures as he may deem necessary or desirable to carry out the provisions of this section. Nothing contained in this section shall affect the authority of (1) the Federal Housing Commissioner with respect to any housing assisted under this section and under sections 221(d)(3) and 231(c)(3) of the National Housing Act, or (2) the Housing and Home Finance Administrator with respect to any housing assisted under this section and under section 202 of the Housing Act of 1959, including the authority to prescribe occupancy

requirements under other provisions of law or to determine the portion of any such housing which may be occupied by qualified tenants.

(h) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section, including, but not limited to, such sums as may be necessary to make annual payments as prescribed in this section, pay for services provided under (or pursuant to agreements entered into under) subsection (e), and provide administrative expenses.

(i) Section 114(c)(2) of the Housing Act of 1949 is amended by inserting before the colon at the end of the first proviso the following: “, or a dwelling unit assisted under section 101 of the Housing and Urban Development Act of 1965”.

(j)(1) For the purpose of assisting housing under this section on an experimental basis, subject to the limitations of this subsection, the term “housing owner” (in addition to the meaning prescribed in subsection

(b)) includes—

(A) a private nonprofit corporation or other private nonprofit legal entity, a limited dividend corporation or other limited dividend legal entity, or a cooperative housing corporation, which is a mortgagor under a mortgage which receives the benefits of the interest rate provided for in the proviso in section 221(d)(5) of the National Housing Act and which, after the date of the enactment of this Act, has been approved for mortgage insurance under section 221(d)(3) of the National Housing Act and has been approved for receiving the benefits of this section;

(B) a private nonprofit corporation or other private nonprofit legal entity which is a mortgagor under a mortgage insured under section 231(c)(3) of the National Housing Act and which, after the date of the enactment of this Act, has obtained final endorsement of such mortgage for mortgage insurance and has been approved for receiving the benefits of this section; and

(C) a private nonprofit corporation, a public body or agency, or a cooperative housing corporation, which is a borrower under section 202 of the Housing Act of 1959 and has been approved for receiving the benefits of this section: Provided, That, with respect to properties financed with loans under such section made on or before the date of the enactment of this Act, payments shall not be made with respect to more than 20 per centum of the dwelling units in any property so financed.

(2) Of the amounts approved in appropriation Acts pursuant to subsection (a) for payments under this section in any year, not more than 5 per centum in the aggregate shall be paid with respect to properties of housing owners as defined in paragraph (1)(A) of this subsection, and not more than 5 per centum in the aggregate shall be paid with respect to properties of housing owners as defined in paragraphs (1)(B) and (1)(C) of this subsection.

EXTENSION OF FHA SECTION 221 PROGRAMS; MODIFICATION OF INTEREST RATE; POOLING OF MORTGAGES FOR SALE

SEC. 102. (a) The fifth sentence of section 221(f) of the National Housing Act is amended by striking out “subsection (d)(2) or (d)(4) after September 30, 1965, or under subsection (d)(3) after September 30, 1965,” and inserting in lieu thereof “this section after October 1, 1969,”.

(b) The proviso in section 221(d)(5) of such Act is amended by

striking out "not less than the annual rate of interest determined" and inserting in lieu thereof "not less than the lower of (A) 3 per centum per annum, or (B) the annual rate of interest determined".

(c) The third sentence of section 212(a) of such Act is amended by striking out "described in subsection (d)(3)" and all that follows and inserting in lieu thereof "described in subsection (d)(3) or (d)(4)."

(d) Section 302(c) of such Act is amended by inserting before the last sentence thereof the following: "If there shall be included within one or more of the trusts or other agencies created pursuant to the authority of this subsection any mortgages bearing a below-market interest rate and insured under section 221(d)(3) after the date of the enactment of the Housing and Urban Development Act of 1965, there are authorized to be appropriated from time to time such amounts as may be necessary to reimburse the Association for the amount of the differential (including interest, other costs, and a fair proportion of administrative expense) between (1) the total outlay with respect to outstanding participations or other instruments which, at the time of issuance, were predicated upon or otherwise related to such below-market interest rate mortgages, and (2) the total receipts from such mortgages."

LOW-RENT HOUSING IN PRIVATE ACCOMMODATIONS

SEC. 103. (a) The United States Housing Act of 1937 is amended by redesignating section 23 as section 24, and by adding after section 22 the following new section:

"LOW-RENT HOUSING IN PRIVATE ACCOMMODATIONS

"SEC. 23. (a)(1) For the purpose of providing a supplementary form of low-rent housing which will aid in assuring a decent place to live for every citizen and promote efficiency and economy in the program under this Act by taking full advantage of vacancies or potential vacancies in the private housing market, each public housing agency shall, to the maximum extent consistent with the achievement of the objectives of this Act, provide low-rent housing under this Act in the form of low-rent housing in private accommodations in accordance with this section where such housing in private accommodations can be provided at a cost equal to or less than housing in projects assisted under other provisions of this Act.

"(2) The provisions of this section shall not apply to any locality unless the governing body of the locality has by resolution approved the application of such provisions to such locality.

"(3) As used in this section, the term 'low-rent housing in private accommodations' means dwelling units in an existing structure, leased from a private owner, which provide decent, safe, and sanitary dwelling accommodations and related facilities effectively supplementing the accommodations and facilities in low-rent housing assisted under the other provisions of this Act in a manner calculated to meet the total housing needs of the community in which they are located; and the term 'owner' means any person or entity having the legal right to lease or sublease property containing one or more dwelling units as described in this section.

"(b) Beginning as soon as practicable after the date of the enactment of this section, each public housing agency shall conduct a continuing survey and listing of the available dwelling units within the community

or communities under its jurisdiction which provide decent, safe, and sanitary dwelling accommodations and related facilities and are, or may be made, suitable for use as low-rent housing in private accommodations under this section.

“(c) Each public housing agency, by notification to the owners of housing listed under subsection (b), or by publication or advertisement, or otherwise, shall from time to time make known to the public in the community or communities under its jurisdiction the anticipated need for dwelling units in such community or communities to be used as low-rent housing in private accommodations under this section, inviting the owners of such dwelling units to make available for purposes of this section one or more of such units (not exceeding 10 per centum of the units in any single structure except to the extent that the agency, because of the limited number of units in the structure or for any other reason, determines that such limit should not be applied). The public housing agency shall conduct appropriate inspections of the units offered to be made available in any residential structure by the owner thereof in response to such invitation, and if—

“(1) it finds that such units are, or may be made, suitable for use as low-rent housing in private accommodations within the meaning of subsection (a)(3), and

“(2) the rentals to be charged for such units, as negotiated and agreed to by the agency and the owner of the structure in a manner consistent with subsection (d)(2), are within the financial range of families of low income,

such agency may approve such units for use as low-rent housing in private accommodations in accordance with (and subject to the applicable limitations contained in) this section. Each public housing agency shall maintain and keep current a list of units approved by it under this subsection, including such information with respect to each such unit as it may consider necessary or appropriate.

“(d) To the extent of contracts for annual contributions entered into by the Authority with a public housing agency under section 10(e), such agency may enter into contracts with the owners of structures containing dwelling units approved under subsection (c) for the use of such units in accordance with this section. Each such contract with an owner shall provide (with respect to any unit) that—

“(1) the selection of tenants for such unit shall be the function of the owner, subject to the provisions of the contract between the Authority and the agency;

“(2) the rental and other charges to be received by the owner shall be negotiated and agreed to by the agency and the owner, and the rental and other charges to be paid by the tenant shall be determined in accordance with the standards applicable to units in low-rent housing projects assisted under the other provisions of this Act;

“(3) the agency shall have the sole right to give notice to vacate, with the owner having the right to make representations to the agency for termination of a tenancy;

“(4) maintenance and replacements (including redecoration) shall be in accordance with the standard practice for the building concerned, as established by the owner and agreed to by the agency; and

“(5) the agency and the owner shall carry out such other appropriate terms and conditions as may be mutually agreed to by them. Each contract between a public housing agency and an owner entered into under this subsection shall be for a term of not less than twelve

months nor more than thirty-six months, and shall be renewable by such agency and owner at the expiration of such term.

“(e) The annual contribution under this Act for a project of a public housing agency for low-rent housing in private accommodations under this section in lieu of any other guaranteed contribution authorized by section 10 shall not exceed the amount of the fixed annual contribution which would be established under this Act for a newly constructed project by such public housing agency designed to accommodate the comparable number, sizes, and kinds of families. The period over which payments will be made to a public housing agency for a project of low-rent housing in private accommodations under this section, and the aggregate amount of such payments, under a contract for annual contributions, shall be determined on the basis of the number of units in the community or communities under the jurisdiction of such agency which are in use (or can reasonably be expected to be placed in use) as low-rent housing in private accommodations under this section, taking into account the terms of the leases under which such units are (or will be) so used. In addition, contracts for financial assistance entered into by the Authority with a public housing agency pursuant to this section shall provide for reimbursement of reasonable and necessary expenses incurred by such agency in conducting surveys, listings, and inspections described in subsections (b) and (c).

“(f) The provisions of sections 10(h) and 15(7) of this Act, and the workable program requirement in section 10(e) of this Act and section 101(c) of the Housing Act of 1949, shall not apply to low-rent housing in private accommodations provided under this section.”

(b) The last sentence of section 2(1) of such Act is amended by striking out “Income limits for occupancy and rents” and inserting in lieu thereof “Except as otherwise provided in section 23, income limits for occupancy and rents”.

PARITY OF TREATMENT FOR THE HANDICAPPED AND ELDERLY IN PUBLIC HOUSING

SEC. 104. Section 2(2) of the United States Housing Act of 1937 is amended to read as follows:

“(2) The term ‘families of low income’ means families (including elderly and displaced families) who are in the lowest income group and who cannot afford to pay enough to cause private enterprise in their locality or metropolitan area to build an adequate supply of decent, safe, and sanitary dwellings for their use. The term ‘families’ includes families consisting of a single person in the case of elderly families and displaced families, and includes the remaining member of a tenant family. The term ‘elderly families’ means families whose heads (or their spouses), or whose sole members, have attained the age at which an individual may elect to receive an old-age benefit under title II of the Social Security Act, or are under a disability as defined in section 223 of that Act, or are handicapped within the meaning of section 202 of the Housing Act of 1959. The term ‘displaced families’ means families displaced by urban renewal or other governmental action, or families whose present or former dwellings are situated in areas determined by the Small Business Administration, subsequent to April 1, 1965, to have been affected by a natural disaster, and which have been extensively damaged or destroyed as the result of such disaster.”

DIRECT LOANS TO PROVIDE HOUSING FOR THE ELDERLY OR HANDICAPPED

SEC. 105. (a) Section 202(a)(4) of the Housing Act of 1959 is amended by striking out "\$350,000,000" and inserting in lieu thereof "\$500,000,000".

(b) Effective with respect to loans made on or after the date of the enactment of this Act, section 202(a)(3) of such Act is amended by striking out "the higher of (A) $2\frac{3}{4}$ per centum per annum, or" and inserting in lieu thereof "the lower of (A) 3 per centum per annum, or".

REHABILITATION GRANTS TO HOMEOWNERS IN URBAN RENEWAL AREAS

SEC. 106. (a) Title I of the Housing Act of 1949 is amended by adding at the end thereof the following new section:

"REHABILITATION GRANTS

"SEC. 115. (a) Notwithstanding any other provision of this title, the Administrator may authorize a local public agency to make grants (and the urban renewal project may include the making of such grants) as prescribed in this section. Any such grant may be made only to an individual or family, as described in subsection (b), who owns and occupies a structure in an urban renewal area, and only for the purpose of covering the cost of repairs and improvements necessary to make such structure conform to public standards for decent, safe, and sanitary housing as required by applicable codes or other requirements of the urban renewal plan for the area. Any contract for financial assistance under this title shall provide that the capital grant otherwise payable for the project shall be increased by an amount equal to the total amount of the grants under this section and that no part of the total amount of such grants shall be required to be contributed as part of the local grant-in-aid.

"(b) A grant authorized by this section may be made to an individual or family whose income does not exceed \$3,000 a year, and such grant may be in the amount which does not exceed the lesser of (1) the actual (and approved) cost of the repairs and improvements involved, or (2) \$1,500. In case the income of the individual or family exceeds \$3,000 a year, a grant may be made under this section, subject to the limitations specified in clauses (1) and (2) of the preceding sentence, but only in an amount not to exceed that portion of the cost of the repairs and improvements which cannot be paid for with any available loan that can be amortized as part of such individual's or family's monthly housing expense without requiring such monthly housing expense to exceed 25 per centum of such individual's or family's monthly income."

(b) Any contract with a local public agency which was executed under title I of the Housing Act of 1949 before the date of enactment of this Act may be amended to provide for grants authorized by section 115 of the Housing Act of 1949.

MORTGAGE RELIEF FOR HOMEOWNERS WHO ARE UNEMPLOYED AS THE RESULT OF THE CLOSING OF A FEDERAL INSTALLATION

SEC. 107. (a) For the purposes of this section—

(1) The term "mortgage" means a mortgage which (A) is insured under the National Housing Act, or (B) secures a home loan guaranteed or insured under the Servicemen's Readjustment Act of 1944 or chapter 37 of title 38, United States Code.

(2) The term "Federal mortgage agency" means—

(A) the Federal Housing Commissioner when used in connection with mortgages insured under the National Housing Act, and

(B) the Administrator of Veterans' Affairs when used in connection with mortgages securing home loans guaranteed or insured under the Servicemen's Readjustment Act of 1944 or chapter 37 of title 38, United States Code.

(3) The term "distressed mortgagor" means an individual who—

(A) is unemployed, although willing to work, as the result of the closing (in whole or in part) of a Federal installation, and

(B) is the owner-occupant of a dwelling upon which there is a mortgage securing a loan which is in default because of the inability of such individual to make payments of principal and/or interest under such mortgage.

(b)(1) Any distressed mortgagor, for the purpose of avoiding foreclosure of his mortgage, may apply to the appropriate Federal mortgage agency for a determination that suspension of his obligation to make payments of principal and/or interest under such mortgage during a temporary period is necessary in order to avoid such foreclosure.

(2) Upon receipt of an application made under this subsection by a distressed mortgagor, the Federal mortgage agency shall issue to such mortgagor a certificate of moratorium if it determines, after consultation with the interested mortgagee, that—

(A) the mortgagor is not in default with respect to any condition or covenant of the mortgage other than that requiring the payment of installments of principal and/or interest under the mortgage, and

(B) such action is the only available means whereby a foreclosure of such mortgage can be avoided.

(3) Prior to the issuance to any distressed mortgagor of a certificate of moratorium under paragraph (2), the Federal mortgage agency shall require such mortgagor to enter into a binding agreement under which he will be required to make payments to such agency, after the expiration of such certificate, in an aggregate amount equal to the amount paid by such agency on behalf of such mortgagor as provided in subsection (c). The manner and time in which such payments shall be made shall be determined by the Federal mortgage agency having due regard to the purposes sought to be achieved by this section.

(4) Any certificate of moratorium issued under this subsection shall expire on whichever of the following dates is the earliest—

(A) one year from the date on which such certificate is issued;

(B) thirty days after the date on which the mortgagor to whom such certificate is issued ceases to be a distressed mortgagor as defined in subsection (a); or

(C) the date on which such mortgagor becomes in default with respect to any condition or covenant in his mortgage other than that requiring the payment by him of installments of principal and/or interest under the mortgage.

(c)(1) Whenever a Federal mortgage agency issues a certificate of moratorium to any distressed mortgagor with respect to any mortgage, it shall transmit to the mortgagee a copy of such certificate, together with a notice stating that, while such certificate is in effect, such agency will assume the obligation of such mortgagor to make payments of principal, and, if so specified in the certificate, of interest, under the mortgage.

(2) Payments made by any Federal mortgage agency pursuant to a certificate of moratorium issued under this section with respect to the mortgage of any distressed mortgagor shall include, in addition to the payments referred to in paragraph (1), an amount equal to the unpaid principal and interest charges which had accrued under such mortgage prior to the issuance of such certificate and subsequent to the date on which such mortgagor became a distressed mortgagor as defined in subsection (a).

(3) While any certificate of moratorium issued under this section is in effect with respect to the mortgage of any distressed mortgagor, no further payments of principal, and, if so specified in the certificate, of interest, under the mortgage shall be required of such mortgagor, and no action (legal or otherwise) shall be taken or maintained by the mortgagee to enforce or collect such payments. Upon the expiration of such certificate, the mortgagor shall again be liable for the payment of all amounts due under the mortgage in accordance with its terms.

(4) Each Federal mortgage agency shall give prompt notice in writing to the interested mortgagor and mortgagee of the expiration of any certificate of moratorium issued by it under this section.

(d) The Federal mortgage agencies are authorized to issue such individual and joint regulations as may be necessary to carry out this section and to insure the uniform administration thereof.

(e) There shall be in the Treasury (1) a fund which shall be available to the Federal Housing Commissioner for the purpose of extending financial assistance in behalf of distressed mortgagors as provided in subsection (c), and (2) a fund which shall be available to the Administrator of Veterans' Affairs for the same purpose. The capital of each such fund shall consist of such sums as may, from time to time, be appropriated thereto, and any sums so appropriated shall remain available until expended. Receipts arising from the programs of assistance under subsection (c) shall be credited to the fund from which such assistance was extended. Moneys in either of such funds not needed for current operations, as determined by the Federal Housing Commissioner, or the Administrator of Veterans' Affairs, as the case may be, shall be invested in bonds or other obligations of the United States, or paid into the Treasury as miscellaneous receipts.

(f) Section 1816 of title 38, United States Code, is amended by inserting "(a)" before the text of such section, and by adding at the end thereof a new subsection as follows:

"(b) With respect to any loan made under section 1811 which has not been sold as provided in subsection (g) of such section, if the Administrator finds, after there has been a default in the payment of any installment of principal or interest owing on such loan, that the default was due to the fact that the veteran who is obligated under the loan has become unemployed as the result of the closing (in whole or in part) of a Federal installation, he shall (1) extend the time for curing the default to such time as he determines is necessary and desirable to enable such veteran to complete payments on such loan, including an extension of time beyond the stated maturity thereof, or (2) modify the terms of such loan for the purpose of changing the amortization provisions thereof by recasting, over the remaining term of the loan, or over such longer period as he may determine, the total unpaid amount then due with the modification to become effective currently or upon the termination of an agreed-upon extension of the period for curing the default."

ACQUISITION OF CERTAIN PROPERTIES SITUATED AT OR NEAR MILITARY BASES WHICH HAVE BEEN ORDERED TO BE CLOSED

SEC. 108. (a) The Secretary of Defense is authorized to acquire title to any property, improved with a one- or two-family dwelling, which is situated at or near a military base or installation which the Department of Defense has, subsequent to November 1, 1964, ordered to be closed in whole or in part, if he determines—

(1) that the owner of such property is, or has been, employed or performing military service at such base or installation;

(2) that the closing of such base or installation, in whole or in part, has required or will require the termination of such owner's employment or service at such base or installation; and

(3) that as the result of the actual or pending closing of such base or installation there is no present market for the sale of such property upon reasonable terms and conditions.

(b) The purchase price of any property which is situated at or near a military base or installation and is acquired under this section shall be equal to an amount determined by the Secretary of Defense to be the average price at which properties, similar in size, construction, condition, and location to that of the property to be acquired, were sold during a representative period, as determined by the Secretary, prior to the announcement of the intention of the Department of Defense to close all or part of such base or installation.

(c) The title to any property acquired under this section shall be free and clear of any outstanding liens or encumbrances and shall conform to such requirements as the Secretary of Defense shall by regulation require. Such regulations shall also prescribe the terms and conditions under which payments may be made under this section, and decisions by the Secretary regarding such payments, and the terms and conditions under which the same are approved or disapproved, shall be final and conclusive and shall not be subject to judicial review.

(d) Properties acquired under this section shall be transferred to the Federal Housing Commissioner, and the Federal Housing Commissioner shall have power to deal with, rent, renovate, or sell for cash or credit any properties so transferred. Receipts from the management or sale of any such properties may be utilized by the Commissioner to defray expenses arising in connection with the management of such properties, and any part of such receipts not required for such expenses shall be covered into the Treasury as miscellaneous receipts.

(e) Section 223(a) of the National Housing Act is amended—

(1) by striking out the period at the end of paragraph (7) and inserting in lieu thereof “; or”; and

(2) by inserting after paragraph (7) a new paragraph as follows:

“(8) executed in connection with the sale by the Commissioner of any housing acquired pursuant to section 108 of the Housing and Urban Development Act of 1965.”

(f) Such sums as may be necessary to carry out the provisions of this section are hereby authorized to be appropriated, and any sums so appropriated shall remain available until expended.

TITLE II—FHA INSURANCE OPERATIONS

LAND DEVELOPMENT

SEC. 201. (a) *The National Housing Act is amended by adding at the end thereof the following new title:*

"TITLE X—MORTGAGE INSURANCE FOR LAND DEVELOPMENT

"DEFINITIONS

"SEC. 1001. *As used in this title—*

"(a) *the term 'mortgage' means a lien or liens on real estate in fee simple, or on a leasehold (1) under a lease for not less than ninety-nine years which is renewable, or (2) under a lease having a period of not less than fifty years to run from the date the mortgage was executed;*

"(b) *the term 'first mortgage' includes such classes of first liens as are commonly given to secure advances (including but not limited to advances during construction) on, or the unpaid purchase price of, real estate under the laws of the State in which the real estate is located, together with the credit instrument or instruments, if any, secured thereby, and may be in the form of trust mortgages or mortgage indentures or deeds of trusts securing notes, bonds, or other credit instruments;*

"(c) *the terms 'mortgage', 'mortgagor', and 'State' have the same meaning as in section 207 of this Act;*

"(d) *the term 'improvements' means waterlines and water supply installations, sewerlines and sewerage disposal installations, roads, streets, curbs, gutters, sidewalks, storm drainage facilities, and other installations or work, whether on or off the site, which the Commissioner deems necessary or desirable to prepare land primarily for residential and related uses or to provide facilities for public or common use; but such term shall not include any building unless it is (1) a building which is needed in connection with a water supply or sewage disposal installation, or (2) a building, other than a school, which is to be owned and maintained jointly by the property owners; and*

"(e) *the term 'land development' means the process of making, installing, or constructing improvements.*

"BASIC CONDITIONS FOR INSURANCE

"SEC. 1002. (a) *The Commissioner is authorized (1) to insure, upon such terms and conditions as he may prescribe, any first mortgage (including advances on such mortgage) in accordance with the provisions of this title, and (2) to make a commitment for the insurance of such mortgage prior to the date of execution of such mortgage or prior to the date of disbursement of the mortgage proceeds. No mortgage shall be insured under this title after October 1, 1969, except pursuant to a commitment to insure issued before such date.*

"(b) *The mortgage shall—*

"(1) *be executed by a mortgagor, other than a public body, approved by the Commissioner;*

"(2) be made to and held by a mortgagee approved by the Commissioner; and

"(3) cover the land to be developed and the improvements to be made with the assistance of the mortgage insurance under this title, except facilities intended for public use and in public ownership.

"(c) The principal obligation of the mortgage shall (1) not exceed 75 per centum of the Commissioner's estimate of the value of the property upon completion of the land development, and (2) not exceed the sum of 50 per centum of the Commissioner's estimate of the value of the land before development and 90 per centum of his estimate of the cost of such development. The outstanding principal obligations of mortgages involving a single land development undertaking, as defined by the Commissioner, shall at no time exceed \$10,000,000.

"(d) The mortgage shall—

"(1) have a maturity not to exceed seven years or such longer maturity as the Commissioner deems reasonable in the case of a privately owned system for water or sewerage, and contain repayment provisions satisfactory to the Commissioner;

"(2) bear interest at a rate satisfactory to the Commissioner, and such interest shall be exclusive of premium charges for mortgage insurance and such service charges and fees as may be approved by the Commissioner; and

"(3) contain such terms and provisions with respect to protection of the security, payment of taxes, delinquency charges, prepayment, additional and secondary liens, and other matters as the Commissioner may in his discretion prescribe.

"(e) A property or project to be financed by a mortgage insured under this title shall—

"(1) represent a good mortgage insurance risk; and

"(2) involve improvements that comply with all applicable State and local governmental requirements and with minimum standards approved by the Commissioner.

"LAND PLANNING

"SEC. 1003. (a) The land development covered by a mortgage insured under this title shall be undertaken pursuant to a schedule, conforming to such requirements and procedures as the Commissioner may prescribe, that will assure the use of the land for the purposes for which it is to be developed within the shortest reasonable period consistent with the objectives of sound and economic community growth or urban development.

"(b) The land development shall be undertaken in accordance with an overall development plan, appropriate to the scope and character of the undertaking, which—

"(1) has received all governmental approvals required by State or local law or by the Commissioner;

"(2) is acceptable to the Commissioner as providing reasonable assurance that the land development will contribute to good living conditions in the area being developed, which area (A) will have a sound economic base and a long economic life, (B) will be characterized by sound land-use patterns, and (C) will include or be served by such shopping, school, recreational, transportation, and other facilities as the Commissioner deems adequate or necessary; and

"(3) is consistent with a comprehensive plan which covers, or with comprehensive planning being carried on for, the area in which

the land is situated, and which meets criteria established by the Housing and Home Finance Administrator for such plans or planning.

"ENCOURAGEMENT OF SMALL BUILDERS AND MODERATE COST HOUSING

"SEC. 1004. The Commissioner shall adopt such requirements as he deems necessary in land development covered by mortgages insured under this title to encourage the maintenance of a diversified local homebuilding industry, broad participation by builders, and the inclusion of a proper balance of housing for families of moderate or low income.

"WATER AND SEWERAGE FACILITIES

"SEC. 1005. After development of the land it shall be served by public systems for water and sewerage which are consistent with other existing or prospective systems within the area, except that the Commissioner may approve an adequate privately or cooperatively owned system which will be regulated in a manner acceptable to him with respect to user rates and charges, capital structure, methods of operation, rate of return, and conditions and terms of any sale or transfer.

"RELEASES

"SEC. 1006. The Commissioner may, on such terms and conditions as he may prescribe, consent to the release or subordination of a part or parts of the mortgaged property from the lien of the mortgage.

"PREMIUMS AND FEES

"SEC. 1007. The Commissioner shall collect reasonable premiums for the insurance of any mortgage under this title and make such charges as he determines are reasonable for the analysis of the land development plan and the appraisal and inspection of the property and improvements. On or before January 1, 1967, the Commissioner shall make a report to the Congress concerning the premium rates and other charges under this title that he estimates will be adequate to provide income sufficient for a self-supporting program.

"INSURANCE BENEFITS

"SEC. 1008. The provisions of subsections (e), (g), (h), (i), (j), (k), (l), and (n) of section 207 of this Act shall be applicable to mortgages insured under this title, except that as applied to such mortgages (1) any reference therein to section 207 shall be deemed to refer to this title, and (2) any reference to an annual premium shall be deemed to refer to such premiums as the Commissioner may designate under this title.

"INCONTESTABILITY PROVISIONS

"SEC. 1009. Any contract of insurance executed by the Commissioner under this title shall be conclusive evidence of the eligibility of the mortgage for insurance, and the validity of any contract of insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of such contract, except for fraud or material misrepresentation on the part of such approved mortgagee.

"RULES AND REGULATIONS

"SEC. 1010. The Commissioner is authorized to make such rules and regulations and to require such agreements as he may deem necessary or desirable to carry out the provisions of this title.

"TAXATION PROVISIONS

"SEC. 1011. Nothing in this title shall be construed to exempt any real property acquired and held by the Commissioner under this title from taxation by any State or political subdivision thereof to the same extent, according to its value, as other real property is taxed.

"COST CERTIFICATION

"SEC. 1012. (a) The Commissioner shall adopt such requirements as he determines necessary to assure, at reasonable intervals of time during land development and upon completion of such development, that the amount of the mortgage loan outstanding at each such interval does not exceed with respect to that portion of the land remaining under the lien of the mortgage (1) 50 per centum of the Commissioner's estimate of the value of such remaining land before development, plus (2) 90 per centum of the actual costs of the development allocated by the Commissioner to such remaining land.

"(b) From time to time during, and upon completion of, the development, the Commissioner shall require the mortgagor to certify as to the actual costs of development of the land.

"(c) Certifications required pursuant to this section shall be accompanied by such data and records as the Commissioner shall prescribe.

"(d) A mortgagor's certification approved by the Commissioner shall be final and incontestable except for fraud or material misrepresentation on the part of the mortgagor.

"(e) As used in this section, the term 'actual costs' means the costs (exclusive of kickbacks, rebates, or trade discounts) to the mortgagor of the improvements involved. These costs may include amounts paid for labor, materials, construction contracts, land planning, engineers' and architect's fees, surveys, taxes, and interest during development, organizational and legal expenses, such allocation of general overhead expenses as are acceptable to the Commissioner, and other items of expense incidental to development which may be approved by the Commissioner. If the Commissioner determines there is an identity of interest between the mortgagor and the contractor, there may be included an allowance for contractor's profit in an amount deemed reasonable by the Commissioner."

(b)(1) Section 302(b) of the National Housing Act is amended by striking out "the term 'mortgages' " in the last sentence and inserting in lieu thereof "the terms 'mortgages' and 'home mortgages' ".

(2) The first paragraph of section 24 of the Federal Reserve Act is amended by inserting before the next to last sentence the following new sentence: "Notwithstanding the foregoing limitations and restrictions in this section, any national banking association may make loans for land development which are secured by mortgages insured under title X of the National Housing Act."

(3) Section 5(c) of the Home Owners Loan Act of 1933 is amended by adding at the end thereof the following new paragraph:

"Without regard to any other provision of this subsection, any such association may, to such extent as the Federal Home Loan Bank Board may by regulation permit, invest in loans, and interests in loans, (1) secured by mortgages as to which the association has the benefit of insurance under title X of the National Housing Act or of a commitment or agreement for such insurance, or (2) guaranteed by the President under section 224 of the Foreign Assistance Act of 1961, as amended. Investments under clause (1) of this paragraph shall not be included in any percentage of assets or other percentage referred to in this subsection. Investments under clause (2) of this paragraph shall not exceed, in the case of any association, 1 per centum of the assets of such association."

(4) Section 212(a) of the National Housing Act is amended by inserting at the end thereof the following new sentence: "The provisions of this section shall also apply to insurance under title X with respect to laborers and mechanics employed in land development financed with the proceeds of any mortgage insured under that title."

EXTENSION OF INSURANCE AUTHORIZATIONS

SEC. 202. (a) Section 2(a) of the National Housing Act is amended by striking out "October 1, 1965" and inserting in lieu thereof "October 1, 1969".

(b) Section 217 of such Act is amended—

(1) by striking out "title VIII" and inserting in lieu thereof "title VIII, or title X", and

(2) by striking out "October 1, 1965" and inserting in lieu thereof "October 1, 1969".

(c) The second sentences of sections 809(f) and 810(k) of such Act are each amended by striking out "October 1, 1965" and inserting in lieu thereof "October 1, 1969".

MORTGAGE LIMITS FOR HOMES UNDER SECTION 203(b)

SEC. 203. Clause (iii) of section 203(b)(2) of the National Housing Act is amended by striking out "75 per centum" and inserting in lieu thereof "80 per centum".

DOWNPAYMENT REQUIREMENT IN CASE OF LOW-INCOME HOUSING DEMONSTRATION HOMES

SEC. 204. Section 203(b)(9) of the National Housing Act is amended by inserting after "a mortgage meeting the requirements of subsection (i) of this section," the following: "or with respect to a mortgage covering a single-family home being purchased under the low-income housing demonstration project assisted pursuant to section 207 of the Housing Act of 1961,".

MORTGAGE LIMIT FOR HOMES IN OUTLYING AREAS UNDER FHA SECTION 203(i) PROGRAM

SEC. 205. Section 203(i) of the National Housing Act is amended by striking out "\$11,000" and inserting in lieu thereof "\$12,500".

FHA MORTGAGE FINANCING FOR VETERANS

SEC. 206. (a) Section 203(b)(2) of the National Housing Act is amended—

(1) by striking out “and not to exceed” and inserting in lieu thereof “and (except as provided in the next to the last sentence of this paragraph) not to exceed”; and

(2) by adding at the end thereof the following new sentences: “If the mortgagor is a veteran who has not received any direct, guaranteed, or insured loan under laws administered by the Veterans’ Administration for the purchase, construction, or repair of a dwelling (including a farm dwelling) which was to be owned and occupied by him as his home, and the mortgage to be insured under this section covers property upon which there is located a dwelling designed principally for a one-family residence, the principal obligation may be in an amount equal to the sum of (i) 100 per centum of \$15,000 of the appraised value of the property as of the date the mortgage is accepted for insurance, (ii) 90 per centum of such value in excess of \$15,000 but not in excess of \$20,000, and (iii) 85 per centum of such value in excess of \$20,000. As used herein, the term ‘veteran’ means any person who served on active duty in the armed forces of the United States for a period of not less than ninety days (or is certified by the Secretary of Defense as having performed extra-hazardous service), and who was discharged or released therefrom under conditions other than dishonorable.”

(b) Section 203(b)(9) of such Act is amended by inserting after “on account of the property” the following: “(except in a case to which the next to the last sentence of paragraph (2) applies)”.

MULTIFAMILY MORTGAGE LIMITS FOR FOUR OR MORE BEDROOM UNITS

SEC. 207. (a) Section 207(c)(3) of the National Housing Act is amended—

(1) by striking out “and \$18,500 per family unit with three or more bedrooms” and inserting in lieu thereof “\$18,500 per family unit with three bedrooms, and \$21,000 per family unit with four or more bedrooms,”; and

(2) by striking out “and \$22,500 per family unit with three or more bedrooms” and inserting in lieu thereof “\$22,500 per family unit with three bedrooms, and \$25,500 per family unit with four or more bedrooms”.

(b) (1) Section 213(b)(2) of such Act is amended—

(A) by striking out “and \$18,500 per family unit with three or more bedrooms” and inserting in lieu thereof “\$18,500 per family unit with three bedrooms, and \$21,000 per family unit with four or more bedrooms”; and

(B) by striking out “and \$22,500 per family unit with three or more bedrooms” and inserting in lieu thereof “\$22,500 per family unit with three bedrooms, and \$25,500 per family unit with four or more bedrooms”.

(2) Section 213(c) of such Act is amended by striking out “and not to exceed” and all that follows and inserting in lieu thereof the following: “and not to exceed a sum computed on the basis of a separate mortgage for each single-family dwelling (irrespective of whether such dwelling has

a party wall or is otherwise physically connected with another dwelling or dwellings) comprising the property or project, equal to the total of each of the maximum principal obligations of such mortgages which would meet the requirements of section 203(b)(2) if the mortgagor were the owner and occupant who had made any required payment on account of the property prescribed in such paragraph."

(c) Section 220(d)(3)(B)(iii) of such Act is amended—

(1) by striking out "and \$18,500 per family unit with three or more bedrooms" and inserting in lieu thereof "\$18,500 per family unit with three bedrooms, and \$21,000 per family unit with four or more bedrooms"; and

(2) by striking out "and \$22,500 per family unit with three or more bedrooms" and inserting in lieu thereof "\$22,500 per family unit with three bedrooms, and \$25,500 per family unit with four or more bedrooms".

(d) Section 221(d) of such Act is amended—

(1) by striking out "and \$17,000 per family unit with three or more bedrooms" in paragraphs (3)(ii) and (4)(ii) and inserting in lieu thereof "\$17,000 per family unit with three bedrooms, and \$19,250 per family unit with four or more bedrooms"; and

(2) by striking out "and \$20,000 per family unit with three or more bedrooms" in paragraphs (3)(ii) and (4)(ii) and inserting in lieu thereof "\$20,000 per family unit with three bedrooms, and \$22,750 per family unit with four or more bedrooms".

(e) Section 231(c)(2) of such Act is amended—

(1) by striking out "and \$17,000 per family unit with three or more bedrooms" and inserting in lieu thereof "\$17,000 per family unit with three bedrooms, and \$19,250 per family unit with four or more bedrooms"; and

(2) by striking out "and \$20,000 per family unit with three or more bedrooms" and inserting in lieu thereof "\$20,000 per family unit with three bedrooms, and \$22,750 per family unit with four or more bedrooms".

(f) Section 234(e)(3) of such Act is amended—

(1) by striking out "and \$18,500 per family unit with three or more bedrooms" and inserting in lieu thereof "\$18,500 per family unit with three bedrooms, and \$21,000 per family unit with four or more bedrooms"; and

(2) by striking out "and \$22,500 per family unit with three or more bedrooms" and inserting in lieu thereof "\$22,500 per family unit with three bedrooms, and \$25,500 per family unit with four or more bedrooms".

MUTUALITY FOR MANAGEMENT-TYPE COOPERATIVES

SEC. 208. (a) Section 213 of the National Housing Act is amended by adding at the end thereof the following new subsections:

"(k) There is hereby created a Cooperative Management Housing Insurance Fund (hereinafter referred to as the 'Management Fund'). The Management Fund shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section with respect to mortgages or loans insured, on or after the date of the enactment of this subsection, under subsections (a)(1), (a)(3) (if the project is acquired by a cooperative corporation), (i), and (j). The Management Fund shall also be used as a revolving fund for mortgages, loans, and commitments trans-

ferred to it pursuant to subsection (m). The Commissioner is directed to transfer to the Management Fund from the General Insurance Fund established pursuant to section 519 such amount as the Commissioner determines to be necessary and appropriate. General expenses of operation of the Federal Housing Administration relating to mortgages or loans which are the obligation of the Management Fund may be charged to the Management Fund.

"(l) The Commissioner shall establish in the Management Fund, as of the date of the enactment of this subsection, a General Surplus Account and a Participating Reserve Account. The aggregate net income thereafter received or any net loss thereafter sustained by the Management Fund, in any semiannual period, shall be credited or charged to the General Surplus Account or the Participating Reserve Account or both in such manner and amounts as the Commissioner may determine to be in accord with sound actuarial and accounting practice. Upon termination of the insurance obligation of the Management Fund by payment of any mortgage or loan insured under this section, and at such time or times prior to such termination as the Commissioner may determine, the Commissioner is authorized to distribute to the mortgagor or borrower a share of the Participating Reserve Account in such manner and amount as the Commissioner shall determine to be equitable and in accordance with sound actuarial and accounting practice: Provided, That in no event shall the amount of the distributable share exceed the aggregate scheduled annual premiums of the mortgagor or borrower to the year of payment of the share less the total amount of any share or shares previously distributed by the Commissioner to the mortgagor or borrower: And provided further, That in no event may a distributable share be distributed until any funds transferred from the General Insurance Fund to the Management Fund pursuant to subsection (k) or (o) have been repaid in full to the General Insurance Fund. No mortgagor, mortgagee, borrower, or lender shall have any vested right in a credit balance in any such account or be subject to any liability arising out of the mutuality of the Management Fund. The determination of the Commissioner as to the amount to be paid by him to any mortgagor or borrower shall be final and conclusive.

"(m) The Commissioner is authorized to transfer to the Management Fund commitments for insurance issued under subsections (a)(1), (i), and (j) prior to the date of the enactment of this subsection, and to transfer to the Management Fund the insurance of any mortgage or loan insured prior to the date of the enactment of this subsection under subsection (a)(1), (a)(3) (if the project is acquired by a cooperative corporation), (i), or (j), but only in cases where the consent of the mortgagee or lender to the transfer is obtained or a request by the mortgagee or lender for the transfer is received by the Commissioner within such period of time after the date of the enactment of this subsection as the Commissioner shall prescribe: Provided, That the insurance of any mortgage or loan shall not be transferred under the provisions of this subsection if on the date of the enactment of this subsection the mortgage or loan is in default and the mortgagee or lender has notified the Commissioner in writing of its intention to file an insurance claim. Any insurance or commitment not so transferred shall continue to be an obligation of the General Insurance Fund.

"(n) Notwithstanding the limitations contained in other provisions of this Act, premium charges for mortgages or loans insured under this

section and sections 207, 231, and 232 may be payable in debentures issued in connection with mortgages or loans transferred to the Management Fund or in connection with mortgages or loans insured pursuant to commitments transferred to the Management Fund, as provided in subsection (m) of this section.

“(o) Notwithstanding any other provision of this Act, the Commissioner is authorized to transfer funds between the Cooperative Management Housing Insurance Fund and the General Insurance Fund in such amounts and at such times as he may determine, taking into consideration the requirements of each such Fund, to assist in carrying out effectively the insurance programs for which such Funds were respectively established.”

(b) Section 213 of such Act is further amended—

(1) by inserting before the period at the end of subsection (a) the following: “: Provided, That as applied to mortgages the mortgage insurance for which is the obligation of the Management Fund, the reference to the General Insurance Fund in section 207(b) (2) shall be construed to refer to the Management Fund”; and

(2) by inserting before the period at the end of subsection (e) the following: “: Provided, That as applied to mortgages or loans the insurance for which is the obligation of the Management Fund (1) all references to the General Insurance Fund shall be construed to refer to the Management Fund, and (2) all references to section 207 shall be construed to refer to subsections (a) (1), (a) (3) (if the project involved is acquired by a cooperative corporation), (i), and (j) of this section”.

REHABILITATION IN URBAN RENEWAL AREAS

SEC. 209. Section 220(d)(3)(A) of the National Housing Act is amended—

(1) by striking out the second proviso in clause (i); and

(2) by striking out clause (ii) and inserting in lieu thereof the following:

“(ii) in a case where the mortgagor is not the occupant of the property and intends to hold the property for rental purposes, have a principal obligation in an amount not to exceed 93 per centum of the amount computed under the provisions of clause (i);

“(iii) in a case where the mortgagor is not the occupant of the property and intends to hold the property for the purpose of sale, have a principal obligation in an amount not to exceed 85 per centum of the amount computed under the provisions of clause (i), or in the alternative, in an amount equal to the amount computed under the provisions of clause (i) if the mortgagor and mortgagee assume responsibility in a manner satisfactory to the Commissioner for the reduction of the mortgage by an amount not less than 15 per centum of the outstanding principal amount thereof, or by such greater amount as may be required to meet the limitations of clause (iv), in the event the mortgaged property is not, prior to the due date of the eighteenth amortization payment of the mortgage, sold to a purchaser acceptable to the Commissioner who is the occupant of the property and who assumes and agrees to pay the mortgage indebtedness; and

“(iv) in no case involving refinancing (except as provided in clause (iii)) have a principal obligation in an amount exceeding the

sum of the estimated cost of repair and rehabilitation and the amount (as determined by the Commissioner) required to refinance existing indebtedness secured by the property or project, plus any existing indebtedness incurred in connection with improving, repairing, or rehabilitating the property; or”.

NONDWELLING FACILITIES FOR URBAN RENEWAL HOUSING

SEC. 210. Section 220(d)(3)(B) of the National Housing Act is amended by striking out clause (iv) and inserting in lieu thereof the following:

“(iv) include such nondwelling facilities as the Commissioner deems desirable and consistent with the urban renewal plan: Provided, That the project shall be predominantly residential and any nondwelling facility included in the mortgage shall be found by the Commissioner to contribute to the economic feasibility of the project, and the Commissioner shall give due consideration to the possible effect of the project on other business enterprises in the community.”

LARGER HOME IMPROVEMENT LOANS IN HIGH COST AREAS

SEC. 211. (a) Section 220(h)(2)(i) of the National Housing Act is amended by inserting before the semicolon at the end thereof “: Provided, That the Commissioner may, by regulation, increase such amount by not to exceed 45 per centum in any geographical area where he finds that cost levels so require”.

(b) Section 220(h)(11) of such Act is amended by inserting before the period at the end thereof “or such additional amount as the Commissioner has by regulation prescribed in any geographical area where he finds cost levels so require pursuant to the authority vested in him by the proviso in paragraph (2)(i) of this subsection”.

LARGER INSURED MORTGAGES FOR SERVICEMEN

SEC. 212. Section 222(b) of the National Housing Act is amended—

(1) by striking out “\$20,000” in paragraph (2) and inserting in lieu thereof “\$30,000”; and

(2) by striking out paragraph (3) and inserting in lieu thereof the following:

“(3) have a principal obligation not in excess of the sum of (i) 97 per centum of \$15,000 of the appraised value of the property as of the date the mortgage is accepted for insurance, (ii) 90 per centum of such value in excess of \$15,000 but not in excess of \$20,000, and (iii) 85 per centum of such value in excess of \$20,000; and”.

REFINANCING OF INSURED MORTGAGES

SEC. 213. Section 223(a)(7) of the National Housing Act is amended by striking out “section 608 of title VI prior to the effective date of the Housing Act of 1954 or under section 220, 221, 903, or section 908” and inserting in lieu thereof “this Act”.

CONSOLIDATION OF FHA INSURANCE FUNDS

SEC. 214. Title V of the National Housing Act is amended by adding at the end thereof the following new section:

“ESTABLISHMENT OF GENERAL INSURANCE FUND

“SEC. 519. (a) There is hereby created a General Insurance Fund which shall be used by the Commissioner, on and after the date of the enactment of the Housing and Urban Development Act of 1965, as a revolving fund for carrying out all the insurance provisions of this Act with the exception of those specified in subsection (e). All mortgages or loans insured under this Act pursuant to commitments issued on or after the date of the enactment of the Housing and Urban Development Act of 1965, except those specified in subsection (e), and all loans reported for insurance under section 2 on or after the date of the enactment of the Housing and Urban Development Act of 1965, shall be insured under the General Insurance Fund. The Commissioner shall transfer to the General Insurance Fund—

“(1) the assets and liabilities of all insurance accounts and funds, except the Mutual Mortgage Insurance Fund, existing under this Act immediately prior to the enactment of the Housing and Urban Development Act of 1965;

“(2) all outstanding commitments for insurance issued prior to the date of the enactment of the Housing and Urban Development Act of 1965, except those specified in subsection (e);

“(3) the insurance on all mortgages and loans insured prior to the date of the enactment of the Housing and Urban Development Act of 1965, except insurance specified in subsection (e); and

“(4) the insurance of all loans made by approved financial institutions pursuant to section 2 prior to the date of the enactment of the Housing and Urban Development Act of 1965.

“(b) The general expenses of the operations of the Federal Housing Administration relating to mortgages and loans which are the obligation of the General Insurance Fund may be charged to the General Insurance Fund.

“(c) Moneys in the General Insurance Fund not needed for the current operations of the Federal Housing Administration with respect to mortgages and loans which are the obligation of the General Insurance Fund shall be deposited with the Treasurer of the United States to the credit of such Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued as obligations of the General Insurance Fund or issued prior to the enactment of the Housing and Urban Development Act of 1965 under other provisions of this Act, except debentures issued under the Mutual Mortgage Insurance Fund. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

“(d) Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage or loan which is the obligation of the General Insurance Fund, the receipts derived from the property covered by such mortgages and loans and from the claims, debts, contracts, property, and security assigned to the Commissioner in connection therewith, and all earnings on the assets of the Fund shall be credited to the General Insurance Fund. The principal of, and interest paid and to be paid on, debentures which are the obligation of such Fund, cash insurance payments and adjustments, and expenses

incurred in the handling, management, renovation, and disposal of properties acquired, in connection with mortgages and loans which are the obligation of such Fund, shall be charged to such Fund.

"(e) The General Insurance Fund shall not be used for carrying out the provisions of sections 203(b), 203(h), and 203(i), or the provisions of section 213 to the extent that they involve mortgages the insurance for which is the obligation of the Cooperative Management Housing Insurance Fund created by section 213(k); and nothing in this section shall apply to or affect any mortgages, loans, commitments, or insurance under such provisions."

OPTIONAL CASH PAYMENT OF INSURANCE BENEFITS

SEC. 215. Title V of the National Housing Act is amended by adding at the end thereof (after the new section added by section 214 of this Act) the following new section:

"OPTIONAL CASH PAYMENT OF INSURANCE BENEFITS

"SEC. 520. (a) Notwithstanding any other provisions of this Act with respect to the payment of insurance benefits, the Commissioner is authorized, in his discretion, to pay in cash or in debentures any insurance claim or part thereof which is paid on or after the date of the enactment of the Housing and Urban Development Act of 1965 on a mortgage or a loan which was insured under any section of this Act either before or after such date. If payment is made in cash, it shall be in an amount equivalent to the face amount of the debentures that would otherwise be issued plus an amount equivalent to the interest which the debentures would have earned, computed to a date to be established pursuant to regulations issued by the Commissioner.

"(b) The Commissioner is authorized to borrow from the Treasury from time to time such amounts as the Commissioner shall determine are necessary to make payments in cash (in lieu of issuing debentures guaranteed by the United States, as provided in this Act) pursuant to the provisions of this section. Notes or other obligations issued by the Commissioner in borrowing under this subsection shall be subject to such terms and conditions as the Secretary of the Treasury may prescribe. Each sum borrowed pursuant to this subsection shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of such notes or other obligations."

APPROVAL OF TECHNICALLY SUITABLE MATERIALS

SEC. 216. Title V of the National Housing Act is amended by inserting after section 520 (added by section 215 of this Act) a new section as follows:

"APPROVAL OF TECHNICALLY SUITABLE MATERIALS

"SEC. 521. The Commissioner shall adopt a uniform procedure for the acceptance of materials and products to be used in structures approved for mortgages or loans insured under this Act. Under such procedure any material or product which the Commissioner finds is technically suitable for the use proposed shall be accepted. Acceptance of a material

or product as technically suitable shall not be deemed to restrict the discretion of the Commissioner to determine that a structure, with respect to which a mortgage is executed, is economically sound or an acceptable risk."

WATER AND SEWER FACILITIES IN CONNECTION WITH CERTAIN FED-
ERALLY ASSISTED HOUSING

SEC. 217. (a) *Title V of the National Housing Act is amended by inserting after section 521 (added by section 216 of this Act) a new section as follows:*

"WATER AND SEWER FACILITIES

"SEC. 522. *Notwithstanding any other provision of this Act, no mortgage which covers new construction shall be approved for insurance under this Act (except pursuant to a commitment made prior to the date of the enactment of the Housing and Urban Development Act of 1965) if the mortgaged property includes housing which is not served by a public or adequate community water and sewerage system: Provided, That this limitation shall be applicable only to property which is not served by a system approved by the Commissioner pursuant to title X of this Act and which is situated in an area certified by appropriate local officials to be an area where the establishment of public or adequate community water and sewerage systems is economically feasible: Provided further, That for purposes of this section the economic feasibility of establishing such public or adequate community water and sewerage systems shall be determined without regard to whether such establishment is authorized by law or is subject to approval by one or more local governments or public bodies."*

(b) *Section 1804 of title 38, United States Code, is amended by adding at the end thereof a new subsection as follows:*

"(e) *No loan for the purchase or construction of new residential property (other than property served by a water and sewerage system approved by the Federal Housing Commissioner pursuant to title X of the National Housing Act) shall be financed through the assistance of this chapter, except pursuant to a commitment made prior to the date of the enactment of the Housing and Urban Development Act of 1965, if such property is not served by a public or adequate community water and sewerage system and is located in an area where the appropriate local officials certify that the establishment of such systems is economically feasible. For purposes of this subsection, the economic feasibility of establishing public or adequate community water and sewerage systems shall be determined without regard to whether such establishment is authorized by law or is subject to approval by one or more local governments or public bodies."*

TITLE III—URBAN RENEWAL

STUDY OF HOUSING AND BUILDING CODES, ZONING, TAX POLICIES, AND
DEVELOPMENT STANDARDS

SEC. 301. (a) *The Congress finds that the general welfare of the Nation requires that local authorities be encouraged and aided to prevent slums, blight, and sprawl, preserve natural beauty, and provide for decent, dur-*

able housing so that the goal of a decent home and a suitable living environment for every American family may be realized as soon as feasible. The Congress further finds that there is a need to study housing and building codes, zoning, tax policies, and development standards in order to determine how (1) local property owners and private enterprise can be encouraged to serve as large a part as they can of the total housing and building need, and (2) Federal, State, and local governmental assistance can be so directed as to place greater reliance on local property owners and private enterprise and enable them to serve a greater share of the total housing and building need. The Housing and Home Finance Administrator is therefore directed to study the structure of (1) State and local urban and suburban housing and building laws, standards, codes, and regulations and their impact on housing and building costs, how they can be simplified, improved, and enforced, at the local level, and what methods might be adopted to promote more uniform building codes and the acceptance of technical innovations including new building practices and materials; (2) State and local zoning and land use laws, codes, and regulations, to find ways by which States and localities may improve and utilize them in order to obtain further growth and development; and (3) Federal, State, and local tax policies with respect to their effect on land and property cost and on incentives to build housing and make improvements in existing structures.

(b) The Administrator shall submit a report based on such study to the President and to the Congress within 18 months after the date of the enactment of the Housing and Urban Development Act of 1965 or the appropriation of funds for the study, whichever is later.

(c) There are authorized to be appropriated such funds as may be necessary to carry out the purposes of this section. Any funds so appropriated shall remain available until expended.

WORKABLE PROGRAM REQUIREMENT

SEC. 302. (a)(1) Section 101 of the Housing Act of 1949 is amended by adding at the end thereof the following new subsection:

“(e) No loan or grant contract may be entered into by the Administrator for an urban renewal project unless he determines that (1) the workable program for community improvement presented by the locality pursuant to subsection (c) is of sufficient scope and content to furnish a basis for evaluation of the need for the urban renewal project; and (2) such project is in accord with the program.”

(2) The requirements imposed by the amendment made by paragraph (1) shall not be applicable to any project which received Federal recognition prior to the date of the enactment of this Act.

(b) Section 101(c) of such Act is amended by adding at the end thereof the following new sentence: “Notwithstanding any other provision of law, in the case of a contract with an Indian tribe, band, or nation (or a public housing or other public agency for such tribe, band, or nation established under State or tribal law), the workable program and minimum standards housing code, referred to in the preceding sentence, may be presented to the Administrator by such tribe, band, or nation, and it shall be subject to the requirements of law with respect to such program and code only to the extent that such tribe, band, or nation has the legal jurisdiction and power to carry out such requirements.”

GENERAL NEIGHBORHOOD RENEWAL PLANS

SEC. 303. Section 102(d) of the Housing Act of 1949 is amended—

(1) by striking out the first sentence of the second paragraph and inserting in lieu thereof the following:

“In order to facilitate proper preliminary planning for the attainment of the urban renewal objectives of this title, the Administrator may also make advances of funds (in addition to those authorized above) to local public agencies for the preparation of General Neighborhood Renewal Plans (as herein defined). A General Neighborhood Renewal Plan may be prepared for an area consisting of an urban renewal area or areas, together with any adjoining areas having specially related problems, and which is of such size that the urban renewal activities in the urban renewal area or areas may have to be initiated in stages, consistent with the capacity and resources of the respective local public agency or agencies, over an estimated period of not more than eight years.”; and

(2) by striking out the first numbered paragraph and inserting in lieu thereof the following:

“(1) in the interest of sound community planning, it is desirable that the urban renewal activities proposed for the area be planned in their entirety.”.

INCREASE IN AUTHORIZATION FOR CAPITAL GRANTS

SEC. 304. (a) The first sentence of section 103(b) of the Housing Act of 1949 is amended by striking out “\$4,725,000,000” and inserting in lieu thereof “\$4,700,000,000, which amount shall be increased by \$675,000,000 on the date of the enactment of the Housing and Urban Development Act of 1965, by \$725,000,000 on July 1, 1966, and by \$750,000,000 on July 1 in each of the years 1967 and 1968”.

(b) The proviso in the first sentence of section 103(b) of such Act, and the second sentence of section 6(b) of the Urban Mass Transportation Act of 1964, are repealed.

RELOCATION OF DISPLACED FROM URBAN RENEWAL AREAS

SEC. 305. (a) Section 105(c) of the Housing Act of 1949 is amended to read as follows:

“(c)(1) There shall be a feasible method for the temporary relocation of individuals and families displaced from the urban renewal area, and there are or are being provided, in the urban renewal area or in other areas not generally less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the individuals and families displaced from the urban renewal area, decent, safe, and sanitary dwellings equal in number to the number of and available to such displaced individuals and families and reasonably accessible to their places of employment. The Administrator shall issue rules and regulations to aid in implementing the requirements of this subsection and in otherwise achieving the objectives of this title. Such rules and regulations shall require that there be established, at the earliest practicable time, for each urban renewal project involving the displacement of individuals, families, and business concerns occupying property in the urban renewal area, a relocation assistance program which shall include such measures, facilities, and services as may be necessary or appropriate in order (A) to determine the needs of such individuals,

families, and business concerns for relocation assistance; (B) to provide information and assistance to aid in relocation and otherwise minimize the hardships of displacement, including information as to real estate agencies, brokers, and boards in or near the urban renewal area which deal in residential or business property that might be appropriate for the relocating of displaced individuals, families, and business concerns; and (C) to assure the necessary coordination of relocation activities with other project activities and other planned or proposed governmental actions in the community which may affect the carrying out of the relocation program, particularly planned or proposed low-rent housing projects to be constructed in or near the urban renewal area.

"(2) As a condition to further assistance after the enactment of this paragraph with respect to each urban renewal project involving the displacement of individuals and families, the Administrator shall require, within a reasonable time prior to actual displacement, satisfactory assurance by the local public agency that decent, safe, and sanitary dwellings as required by the first sentence of this subsection are available for the relocation of each such individual or family."

(b) Clause (iii) in the second proviso of section 101(c) of such Act is amended by striking out "section 105(c)" and inserting in lieu thereof "section 105(c)(1)".

(c) The requirements imposed by the amendment made by subsection (a) of this section shall not be applicable to any project which received Federal recognition prior to the date of the enactment of this Act.

REDEVELOPMENT IN ACCORDANCE WITH URBAN RENEWAL PLAN

SEC. 306. Section 106 of the Housing Act of 1949 is amended by adding at the end thereof the following new subsection:

"(h) Notwithstanding any other provision of this title, no contract shall be entered into for any loan or capital grant under this title with any local public agency unless the local public agency establishes, by evidence satisfactory to the Administrator, that any urban renewal project with respect to which such local public agency has received a loan or capital grant under this title has been, or will be, undertaken and carried out in substantial accordance with the urban renewal plan, and any amendments thereto, approved with respect to such project, and the terms of the contract for loan or capital grant covering such project."

USE OF GRANT OR LOAN FUNDS IN CODE ENFORCEMENT AND REHABILITATION PROJECTS

SEC. 307. The first unnumbered paragraph following the numbered paragraphs in section 110(c) of the Housing Act of 1949 is amended—

(1) by inserting "(A)" before "no contract"; and

(2) by inserting before the period at the end of the paragraph the following: ", and (B) not less than 10 per centum of the aggregate amount of (i) grants authorized to be contracted for under this title by the Housing and Urban Development Act of 1965 and subsequent Acts, and (ii) loans authorized to be made under section 312 of the Housing Act of 1964, shall be available for projects assisted with such grants or loans which involve primarily code enforcement and rehabilitation".

INCREASE IN NONRESIDENTIAL EXCEPTION

SEC. 308. The third unnumbered paragraph following the numbered paragraphs in section 110(c) of the Housing Act of 1949 is amended by striking out the period and inserting in lieu thereof the following: "And provided further, That the aggregate amount of capital grants made available under this title with respect to such projects after the date of the enactment of the Housing and Urban Development Act of 1965 may be in an amount not to exceed (in addition to amounts previously available for such projects) 35 per centum of the amount of additional capital grants authorized under this title by such Act."

PRESERVATION OF HISTORIC STRUCTURES

SEC. 309. (a) Section 110(c) of the Housing Act of 1949 is amended—

- (1) by striking out "and" at the end of paragraph (7);
- (2) by striking out the period at the end of paragraph (8) and inserting in lieu thereof "; and";

- (3) by inserting a new paragraph (9) as follows:

"(9) relocating within the project area a structure which the local public agency determines to be of historic value and which will be disposed of to a public body or a private nonprofit organization which will renovate and maintain such structure for historic purposes."; and

- (4) by striking out "paragraphs (7) and (8)" in the second unnumbered paragraph following the numbered paragraphs and inserting in lieu thereof "paragraphs (7), (8), and (9)".

(b) Section 110(e) of such Act is amended by striking out "and (8)" in clause (i) and inserting in lieu thereof "(8), and (9)".

ELIGIBILITY OF CERTAIN EXPENSES OF PROJECTS FINANCED ON THREE-FOURTHS GRANT BASIS

SEC. 310. (a) Clause (i) of the third sentence of section 110(e) of the Housing Act of 1949 is amended by (1) inserting "staff services in connection with programs of code enforcement and voluntary rehabilitation and repair (including community organization)," after "disposition of land,"; and (2) inserting "(5)," after "(4),".

(b) Any contract for a capital grant under title I of the Housing Act of 1949, executed prior to the date of the enactment of this Act, may be amended to incorporate the provisions of subsection (a) as to costs incurred on or after the date of the enactment of this Act.

DEMOLITION OF UNSAFE STRUCTURES; CODE ENFORCEMENT

SEC. 311. (a) Title I of the Housing Act of 1949 is amended by inserting after section 115 (added by section 106 of this Act) two new sections as follows:

"DEMOLITION

"SEC. 116. (a) Notwithstanding any other provision of this title, the Administrator is authorized to enter into contracts to make, and to make, grants as provided in this section (payable from any grant funds provided under section 103(b)) to cities, other municipalities, and counties to assist in financing the cost of demolishing structures which under State or local

law have been determined to be structurally unsound or unfit for human habitation, and which such city, municipality, or county has authority to demolish. The amount of any grant under this section shall not exceed two-thirds of the cost of the demolition of such structures.

"(b) No grant shall be made under this section unless the structures to be demolished are located in an urban renewal area, or, in the case of structures outside an urban renewal area, (1) the locality involved has an approved workable program for community improvement in accordance with the requirements of section 101(c), as determined by the Administrator, (2) the demolition to be assisted will be on a planned neighborhood basis and will further the over-all renewal objectives of such locality, (3) there is in such locality a program of enforcement of existing local housing and related codes, (4) the structures to be demolished constitute a public nuisance and a serious hazard to the public health or welfare, and (5) the governing body of such locality has determined that other available legal procedures have been exhausted to secure remedial action by the owner of the structures involved and that demolition by governmental action is required.

"CODE ENFORCEMENT

"SEC. 117. Notwithstanding any other provision of this title, the Administrator is authorized to enter into contracts to make, and to make, grants as provided in this section (payable from any grant funds provided under section 103(b)) to cities, other municipalities, and counties for the purpose of assisting such localities in carrying out programs of concentrated code enforcement in deteriorated or deteriorating areas in which such enforcement, together with those public improvements to be provided by the locality, may be expected to arrest the decline of the area. Such grants shall not exceed two-thirds (or three-fourths in the case of any city, other municipality, or county having a population of 50,000 or less according to the most recent decennial census) of the cost of planning and carrying out such programs which may include the provision and repair of necessary streets, curbs, sidewalks, street lighting, tree planting, and similar improvements within such areas. The Administrator shall not make any grant under this section unless he has obtained adequate assurances (1) that the locality will maintain during the period of the contract, in addition to its expenditures for planning and carrying out any program assisted under this section, a level of expenditures for code enforcement activities at not less than its normal expenditures for such activities prior to the execution of such contract, and (2) that the locality has a satisfactory program for the provision of all necessary public improvements for such areas. The provisions of sections 101(c), 106, 114, and 115 shall be applicable to activities and undertakings assisted under this section to the same extent as if such activities and undertakings were being carried out in an urban renewal area as part of an urban renewal project."

(b) Section 110(c) of such Act is amended by—

(1) striking out "or a program of code enforcement in an urban renewal area," in the first sentence; and

(2) striking out the proviso in paragraph (5).

(c) Section 220(d)(1)(A) of the National Housing Act is amended by inserting before the first proviso the following: " , or (iv) an area in which a program of concentrated code enforcement activities is being carried out pursuant to section 117 of the Housing Act of 1949".

(d) Section 220(h)(1) of the National Housing Act is amended by inserting after "urban renewal project" in the first sentence the following: "or in an area in which a program of concentrated code enforcement activities is being carried out pursuant to section 117 of the Housing Act of 1949".

(e) Section 312(a) of the Housing Act of 1964 is amended by inserting after "urban renewal area" in the first sentence the following: "or an area in which a program of concentrated code enforcement activities is being carried out pursuant to section 117 of the Housing Act of 1949".

REHABILITATION LOANS

SEC. 312. (a) Section 312(a) of the Housing Act of 1964 is amended by striking out "reasonable" in the second sentence and inserting in lieu thereof "comparable".

(b) Section 312(d) of such Act is amended by striking out "\$50,000,000" and inserting in lieu thereof "\$100,000,000 for each fiscal year", and by adding at the end thereof a new sentence as follows: "All moneys in such revolving fund shall be available for necessary expenses of servicing loans made pursuant to this section, including reimbursement or payment for services and facilities of the Federal National Mortgage Association and of any public or private agency for the servicing of such loans."

(c) Section 312 of such Act is further amended by adding at the end thereof the following new subsection:

"(h) No loan shall be made under the authority of this section after October 1, 1969, except pursuant to a contract, commitment, or other obligation entered into pursuant to this section before that date."

ELIGIBILITY OF COMMUNITIES IN DEPRESSED AREAS FOR URBAN RENEWAL ASSISTANCE

SEC. 313. (a) Subparagraph (B) of section 103(a)(2) of the Housing Act of 1949 is amended to read as follows:

"(B) three-fourths of the aggregate net project costs of any such projects which are located in (i) a municipality having a population of fifty thousand or less according to the most recent decennial census, or (ii) a municipality situated in a labor market area which, at the time the contract or contracts involved are entered into or at such earlier time as the Administrator may specify in order to avoid hardship, is designated as a redevelopment area under the second sentence of section 5(a) of the Area Redevelopment Act or any other legislation enacted after the date of the enactment of the Housing and Urban Development Act of 1965 containing standards for designation as a redevelopment area generally comparable to those set forth in the second sentence of section 5(a) of the Area Redevelopment Act, and".

(b) The amendment made by subsection (a) shall apply only with respect to urban renewal projects placed under contract for capital grant on or after the date of the enactment of this Act, except that such amendment shall apply with respect to all urban renewal projects in the city of Providence, Rhode Island, placed under contract for capital grant during the period Providence was designated as a redevelopment area under section 5(a) of the Area Redevelopment Act (or at such earlier

time as the Administrator may specify in order to avoid hardship) and not completed prior to the date of the enactment of this Act.

LOCAL GRANT-IN-AID CREDIT FOR CERTAIN COAL ROYALTIES

SEC. 314. (a) Section 110(d) of the Housing Act of 1949 is amended by adding at the end thereof the following new paragraph:

"Where a project in any municipality includes an area affected by an underground mine fire or by a coal mine subsidence and where it is necessary in such project to remove any underlying coal deposits in order to stabilize the soil or to control the underground mine fire, then any royalties received by the project from the removal and sale of such coal deposits shall be credited to the project as a local grant-in-aid made by such municipality."

(b) Any contract under title I of the Housing Act of 1949 executed prior to the date of the enactment of this Act shall, at the request of the municipality involved, be amended to reflect the amendment made by subsection (a).

SPECIFIC URBAN RENEWAL PROJECTS

SEC. 315. (a)(1) Notwithstanding the date of the commencement of construction of the Tanyard Creek collector sanitary sewer in Jasper, Alabama, local expenditures made in connection with this collector sanitary sewer system shall, to the extent otherwise eligible, be counted as a local grant-in-aid to the downtown urban renewal project (Alabama R-49) in accordance with the provisions of title I of the Housing Act of 1949.

(2) Notwithstanding the date of the commencement of construction of the East Side High School and the start of construction of the improvements to Hickory Creek in Joliet, Illinois, expenditures made in connections with such high school and such creek improvements shall, to the extent otherwise eligible, be counted as a local grant-in-aid to the proposed south central urban renewal project in accordance with the provisions of title I of the Housing Act of 1949.

(3) Notwithstanding the date of commencement of the installation of certain underground electrical wiring in Johnson City, Tennessee, expenditures made in connection with such installation shall, to the extent otherwise eligible, be counted as a local grant-in-aid to Johnson City's proposed downtown urban renewal project (Tennessee R-80) in accordance with the provisions of title I of the Housing Act of 1949.

(4) Notwithstanding the provisions of section 312 of the Housing Act of 1954 or any request previously made pursuant to such section, upon request of the local public agency the eligibility of the local grants-in-aid for any project in the city of New Brunswick, New Jersey, in connection with which the final capital grant payment has not been made, shall be determined in accordance with the provisions of section 110(d) of the Housing Act of 1949.

(5) Two-thirds of all expenditures by the city of Saint Louis, Missouri, in connection with its Downtown Sports Stadium project, to the extent such expenditures would have been eligible under the provisions of section 110(d) of the Housing Act of 1949 to be counted as non-cash grants-in-aid toward such project if it had received Federal assistance as an urban renewal project pursuant to the provisions of title I of such Act, shall be eligible to be counted as a grant-in-aid toward any federally-assisted urban renewal projects in Saint Louis.

(6) Notwithstanding the extent to which the cultural and convention center proposed to be built adjacent to Urban Renewal Project Colorado R-15 (Skyline) in Denver, Colorado, may benefit areas other than the urban renewal area, expenses incurred by the city of Denver in constructing such center shall, to the extent otherwise eligible, be counted as a grant-in-aid toward such project.

(7) Notwithstanding the extent to which the cultural and convention center proposed to be built within Urban Renewal Project R-8 in Norfolk, Virginia, may benefit areas other than the urban renewal area, expenses incurred by the city of Norfolk in constructing such center shall, to the extent otherwise eligible, be counted as a grant-in-aid toward such project.

(8) Expenses incurred in the construction of the Glenn Duncan Elementary School and the Fred W. Traner Junior High School in Reno, Nevada, shall not be deemed to be ineligible as a local grant-in-aid in connection with the Northeast Urban Renewal Project (Nevada R-2) because of any change in the urban renewal plan for such project which is determined by the Housing and Home Finance Administrator to have resulted from the proposed location of a federally-aided highway within or adjacent to the urban renewal area in which such project was undertaken. For the purpose of computing the portion of the cost of such schools which may be allowed as a local grant-in-aid, the degree of benefit of the schools to such urban renewal area shall be based on the latest estimate of benefit submitted by the local public agency and accepted by the Administrator prior to such change in the urban renewal plan.

(9) Notwithstanding the provisions of section 112(a) of the Housing Act of 1949, expenditures in the amount of \$600,000 made by the Memorial Hospital of Michigan City Foundation, Incorporated, for the purchase of certain land and buildings on or about July 24, 1963, from Doctors Hospital Realty Corporation shall, if otherwise eligible, be counted as local grants-in-aid to the community center numbered 1 urban renewal project (Indiana R-46) in Michigan City, Indiana, in accordance with the remaining provisions of title I of that Act.

(10) The provisions of section 113(c) of the Housing Act of 1949 shall be applicable to the Hobo Jungle Urban Renewal Project in Texarkana, Arkansas (Arkansas R-3).

(11) Notwithstanding the date of commencement of construction of the Pulaski, Showalter, and Smedley Junior High Schools, and the William Penn and Stetser Elementary Schools in Chester, Pennsylvania, local expenditures made in connection with such schools shall, to the extent otherwise eligible, be counted as local grants-in-aid for federally-assisted urban renewal projects in Chester that will be served by such schools.

(12) Notwithstanding any other provision of law, moneys heretofore expended by the University of Pennsylvania and Wilkes College for land (and related expenditures for demolition and relocation) included in the overall development plans proposed by such institutions and utilized, or to be utilized, in connection with new facilities of such institutions within one mile of urban renewal projects Pennsylvania 5-3 (University City) and Pennsylvania R-149 (Wright Street), respectively, shall, if otherwise eligible, be allowed as local grants-in-aid for such projects.

(13) Notwithstanding the June, 1956, commencement of certain flood control work in Ottumwa, Iowa, local expenditures in connection with such flood control work shall, to the extent otherwise eligible be counted as a local grant-in-aid to the Marina Gateway urban renewal project (Iowa

R-12) in accordance with the provisions of Title I of the Housing Act of 1949.

(b)(1) Notwithstanding the provisions of title I of the Housing Act of 1949 and the United States Housing Act of 1937, the Housing and Home Finance Administrator and the Public Housing Commissioner are authorized and directed to consent to the transfer by the Housing Authority of the City of Macon, Georgia, to the Urban Renewal Department of the City of Macon, Georgia, of all property acquired by the Housing Authority for low-rent housing project numbered Georgia 7-8, on condition that (A) an amount which, together with any funds of the Housing Authority available for the purpose, is sufficient to pay and discharge all obligations incurred by the Housing Authority in connection with such low-rent housing project and owing at the time of transfer, will be paid by the Urban Renewal Department of the City of Macon to the Public Housing Administration to be applied in satisfaction of the Housing Authority's obligations which it cannot meet with its own funds available for the purpose, and (B) the total amount so paid by the Urban Renewal Department of the City of Macon will be included in the gross project cost of its Coliseum Urban Renewal Project, Georgia R-95.

(2) The Housing and Home Finance Administrator and the Public Housing Commissioner are authorized to modify any contracts heretofore entered into and to take any other appropriate action necessary to carry out the provisions of paragraph (1).

(c)(1) Notwithstanding any provision of the Housing Act of 1949 or any other provision of law, the urban renewal project in Savannah, Georgia, known as Project "J" in the General Neighborhood Renewal Plan for the Broad Street-Canal Urban Renewal Area adopted by resolution of the Mayor and Aldermen of the City of Savannah on November 18, 1958, may include the donation by Housing Authority of Savannah, by a suitable instrument of conveyance, of the right, title, and interest of the Authority in and to all or any portion of the land included within the boundaries of such Project "J" in the City of Savannah, Chatham County, Georgia, the area of such Project "J" being generally bounded on the North by properties of the Central of Georgia Railway Company, on the East by West Broad Street, on the South by the right-of-way for Interstate Highway No. I-16, and on the West by the Savannah and Ogeechee Canal and West Boundary Street.

(2) The conveyance authorized to be included in the urban renewal project under paragraph (1) shall be made only if the donee represents, and furnishes such assurances as may be required by Housing Authority of Savannah, that such donee will develop, preserve, and operate such property on a nonprofit basis as a historical site or monument.

LEASE GUARANTEES FOR CERTAIN SMALL BUSINESS CONCERNS

SEC. 316. (a) The Small Business Investment Act of 1958 is amended by adding after title III a new title as follows:

"TITLE IV—LEASE GUARANTEES

"AUTHORITY OF THE ADMINISTRATION

"SEC. 401. (a) The Administration may, whenever it determines such action to be necessary or desirable, and upon such terms and conditions as it may prescribe, guarantee the payment of rentals under leases of commercial and industrial property entered into by small business concerns that are (1) eligible for loans under section 7(b)(3) of the Small Business Act, or (2) eligible for loans under title IV of the Economic Opportunity Act of 1964, to enable such concerns to obtain such leases. Any such guarantee may be made or effected either directly or in cooperation with any qualified surety company or other qualified company through a participation agreement with such company. The foregoing powers shall be subject, however, to the following restrictions and limitations:

"(1) No guarantee shall be issued by the Administration (A) if a guarantee meeting the requirements of the applicant is otherwise available on reasonable terms, and (B) unless the Administration determines that there exists a reasonable expectation that the small business concern in behalf of which the guarantee is issued will perform the covenants and conditions of the lease.

"(2) The Administration shall, to the greatest extent practicable, exercise the powers conferred by this section in cooperation with qualified surety or other companies on a participation basis.

"(b) The Administration shall fix a uniform annual fee for its share of any guarantee under this section which shall be payable in advance at such time as may be prescribed by the Administrator. The amount of any such fee shall be determined in accordance with sound actuarial practices and procedures, to the extent practicable, but in no case shall such amount exceed, on the Administration's share of any guarantee made under this title, 2½ per centum per annum of the minimum annual guaranteed rental payable under any guaranteed lease: Provided, That the Administration shall fix the lowest fee that experience under the program established hereby has shown to be justified. The Administration may also fix such uniform fees for the processing of applications for guarantees under this section as the Administrator determines are reasonable and necessary to pay the administrative expenses that are incurred in connection therewith.

"(c) In connection with the guarantee of rentals under any lease pursuant to authority conferred by this section, the Administrator may require, in order to minimize the financial risk assumed under such guarantee—

"(1) that the lessee pay an amount, not to exceed one-fourth of the minimum guaranteed annual rental required under the lease, which shall be held in escrow and shall be available (A) to meet rental charges accruing in any month for which the lessee is in default, or (B) if no default occurs during the term of the lease, for application (with accrued interest) toward final payments of rental charges under the lease;

"(2) that upon occurrence of a default under the lease, the lessor shall, as a condition precedent to enforcing any claim under the lease guarantee, utilize the entire period, for which there are funds available in escrow for payment of rentals, in reasonably diligent efforts to eliminate or minimize losses, by releasing the commercial or industrial property covered by the lease to another qualified

tenant, and no claim shall be made or paid under the guarantee until such effort has been made and such escrow funds have been exhausted;

"(3) that any guarantor of the lease will become a successor of the lessor for the purpose of collecting from a lessee in default rentals which are in arrears and with respect to which the lessor has received payment under a guarantee made pursuant to this section; and

"(4) such other provisions, not inconsistent with the purposes of this title, as the Administrator may in his discretion require.

"POWERS

"SEC. 402. Without limiting the authority conferred upon the Administrator and the Administration by section 201 of this Act, the Administrator and the Administration shall have, in the performance of and with respect to the functions, powers, and duties conferred by this title, all the authority and be subject to the same conditions prescribed in section 5(b) of the Small Business Act with respect to loans, including the authority to execute subleases, assignments of lease and new leases with any person, firm, organization, or other entity, in order to aid in the liquidation of obligations of the Administration hereunder.

"FUND

"SEC. 403. There is hereby established a revolving fund for use by the Administration in carrying out the provisions of this title. Initial capital for such fund shall consist of not to exceed \$5,000,000 transferred from the fund established under section 4(c) of the Small Business Act: Provided, That the last sentence of such section 4(c) shall not apply to any amounts so transferred. Into the fund established by this section there shall be deposited all receipts from the guarantee program authorized by this title. Moneys in such fund not needed for the payment of current operating expenses or for the payment of claims arising under such program may be invested in bonds or other obligations of, or bonds or other obligations guaranteed as to principal and interest by, the United States; except that moneys provided as initial capital for such fund shall be returned to the fund established by section 4(c) of the Small Business Act, in such amounts and at such times as the Administration determines to be appropriate, whenever the level of the fund herein established is sufficiently high to permit the return of such moneys without danger to the solvency of the program under this title."

(b) Section 201 of such Act is amended by striking out the third sentence and inserting in lieu thereof the following: "The powers conferred by this Act upon the Administration and upon the Administrator, with the exception of those conferred by titles IV and V hereof, shall be exercised through the Small Business Investment Division and through the Deputy Administrator appointed hereunder. The powers conferred by this Act upon the Administration and upon the Administrator by titles IV and V hereof shall be exercised through such division, section, or other personnel as the Administrator in his discretion shall determine."

(c) The table of contents of such Act is amended by inserting after the analysis of title III the following:

*"TITLE IV—LEASE GUARANTEES**"Sec. 401. Authority of the Administration.**"Sec. 402. Powers.**"Sec. 403. Fund."**(d) Section 4(c) of the Small Business Act is amended—**(1) by striking out "\$1,716,000,000" and inserting in lieu thereof "\$1,721,000,000,"; and**(2) by striking out the period at the end of the fifth sentence and inserting in lieu thereof the following: " : Provided, That such limitation shall not apply to functions under title IV thereof."**AMENDMENT OF SECTION 316 OF THE HOUSING ACT OF 1954**SEC. 317. The first full paragraph of section 316(2) of the Housing Act of 1954 is amended by striking out the first parenthetical clause and inserting in lieu thereof the following: "(as such projects are now or may hereafter be defined in title I of the Housing Act of 1949, including but not limited to projects authorized without regard to the residential or nonresidential character or reuse of the urban renewal area)".**TITLE IV—COMPENSATION OF CONDEMNEEES**DEFINITIONS**SEC. 401. For the purposes of this title—**(1) the term "development program" means any program established by or conducted under any of the following provisions of law:**(A) the United States Housing Act of 1937;**(B) title I of the Housing Act of 1949;**(C) the Urban Mass Transportation Act of 1964;**(D) title II of the Housing Amendments of 1955;**(E) title VII of the Housing Act of 1961; and**(F) title VII of the Housing and Urban Development Act of 1965;**(2) the term "Federal assistance" means a grant, loan, contract of guaranty, annual contribution, or other assistance provided by the United States;**(3) the term "applicant" means any public body or other agency authorized to receive Federal assistance under a development program;**(4) the term "real property" means any land, or any interest in land, and (A) any building, structure, or other improvements embedded in or affixed to land, and any article so affixed or attached to such building, structure, or improvement as to be an essential or integral part thereof; (B) any article affixed or attached to such real property in such manner that it cannot be removed without material injury to itself or the real property; and (C) any article so designed, constructed, or specially adapted to the purpose for which such real property is used that (i) it is an essential accessory or part of such real property, (ii) it is not capable of use elsewhere, and (iii) it would lose substantially all its value if removed from the real property; and**(5) the term "Administrator" means the Housing and Home Finance Administrator.*

LAND ACQUISITION POLICY

SEC. 402. As a condition of eligibility for Federal assistance pursuant to a development program, each applicant for such assistance shall satisfy the Administrator that the following policies will be followed in connection with the acquisition of real property by eminent domain in the course of such program—

(1) the applicant shall make every reasonable effort to acquire the real property by negotiated purchase;

(2) no owner shall be required to surrender possession of real property before the applicant pays to the owner (A) the agreed purchase price arrived at by negotiation, or (B) in any case where only the amount of the payment to the owner is in dispute, not less than 75 per centum of the appraised fair value of such property as approved by the applicant; and

(3) the construction or development of any public improvements shall be so scheduled that no person lawfully occupying the real property shall be required to surrender possession on account of such construction or development without at least 90 days' written notice from the applicant of the date on which such construction or development is scheduled to begin.

FUNDS FOR CERTAIN PAYMENTS IN EMINENT DOMAIN

SEC. 403. Notwithstanding any other provision of law, financial assistance under any federally assisted development program may include amounts necessary for financing, in the same manner that other costs of a project assisted under such program are financed, the payments described in paragraph (2)(B) of section 402 of this Act.

RELOCATION PAYMENTS UNDER FEDERALLY ASSISTED DEVELOPMENT PROGRAMS

SEC. 404. (a) To the extent not otherwise authorized under any Federal law, financial assistance extended to an applicant under any federally assisted development program may include grants for relocation payments, as herein defined. Such grants may be in addition to other financial assistance under such federally assisted development programs, and may cover the full amount of such relocation payments. Any funds available for any such program may be used for such grants. The term "relocation payments" means payments by the applicant, to a displaced individual, family, business concern, or nonprofit organization, which are made on such terms and conditions and subject to such limitations (to the extent applicable, but not including the date of displacement) as are provided for relocation payments, at the time such payments are approved, by sections 114 (b), (c), and (d) of the Housing Act of 1949 with respect to projects assisted under title I thereof. Relocation payments authorized by this subsection shall be made subject to such rules and regulations as may be prescribed by the Administrator.

(b) Section 114(b)(2) of the Housing Act of 1949 is amended by striking out "\$1,500" and inserting in lieu thereof "\$2,500".

(c)(1) Section 114 of such Act is further amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new subsection:

"(d) In addition to payments authorized to be made under subsections (b) and (c), a local public agency may pay to any displaced individual, family, business concern, or nonprofit organization reasonable and necessary expenses incurred for (1) recording fees, transfer taxes, and similar expenses incidental to conveying real property to a project assisted under this title, (2) penalty costs for prepayment of any mortgage encumbering such real property, and (3) the pro rata portion of real property taxes allocable to a period subsequent to the date of vesting of title or the effective date of the acquisition of such real property by such agency, whichever is earlier."

(2) Section 15(8) of the United States Housing Act of 1937 is amended by striking out "section 114 (b) or (c)" and inserting in lieu thereof "section 114 (b), (c), and (d)".

(d) Subsection (a) shall not be applicable with respect to any displacement occurring prior to the date of the enactment of this Act (or prior to March 4, 1965, in the case of the programs specified in subparagraphs (C) and (E) of section 401(1)).

TITLE V—LOW-RENT PUBLIC HOUSING

ACCEPTANCE OF LOCAL CERTIFICATION OF EQUIVALENT ELIMINATION

SEC. 501. The fourth sentence of section 10(a) of the United States Housing Act of 1937 is amended by inserting immediately after "elimination", where it first appears, the following: ", as certified by the local governing body".

GREATER USE OF EXISTING HOUSING

SEC. 502. Section 10(c) of the United States Housing Act of 1937 is amended by striking out "And provided" and inserting in lieu thereof "Provided", and by inserting before the period at the end thereof the following: ": And provided further, That the amount of the fixed annual contribution which would be established under this Act for a newly constructed project by a public housing agency designed to accommodate a number of families of a given size and kind may be established, as a maximum annual contribution in lieu of any other guaranteed contribution authorized under this section, for a project by such public housing agency which would provide housing for the comparable number, sizes, and kinds of families through the acquisition, acquisition and rehabilitation, or use under lease of existing structures which are suitable for low-rent housing use and obtainable in the local market".

INCREASE IN AUTHORIZATION FOR ANNUAL CONTRIBUTIONS

SEC. 503. (a) Section 10(e) of the United States Housing Act of 1937 is amended by inserting immediately following "per annum" the following: ", which limit shall be increased by \$47,000,000 on the date of the enactment of the Housing and Urban Development Act of 1965, and by further amounts of \$47,000,000 on July 1 in each of the years 1966, 1967, and 1968, respectively".

REALLOCATION OF UNITS

SEC. 504. Section 10(e) of the United States Housing Act of 1937 is amended by striking out "Provided," and inserting in lieu thereof the

following: "Provided, That subject to any contractual obligation outstanding on the date of the enactment of the Housing and Urban Development Act of 1965, any units not under construction within five years from the date they were reserved to a public housing agency may be reserved, allocated, or placed under contract for annual contributions in any State without limitation as to the aggregate amount of units which may be placed under contract for annual contributions in any one State: Provided further,".

SALE OF FEDERALLY-OWNED PROJECTS TO PRIVATE PURCHASERS

SEC. 505. The first sentence of section 12(c) of the United States Housing Act of 1937 is amended to read as follows: "The Authority may sell a Federal project only to a public housing agency or to a nonprofit body for use as low-rent housing."

INCREASE IN PER ROOM LIMITATIONS

SEC. 506. Paragraph (5) of section 15 of the United States Housing Act of 1937 is amended—

(1) by striking out "\$2,000" and inserting in lieu thereof "\$2,400";

(2) by striking out "\$3,000", each place it appears, and inserting in lieu thereof "\$3,500"; and

(3) by striking out "\$3,500" and inserting in lieu thereof "\$4,000".

PURCHASE OF UNITS BY TENANTS

SEC. 507. (a) Section 15 of the United States Housing Act is amended by adding after paragraph (8) a new paragraph as follows:

"(9) Notwithstanding any other provision of this Act, but subject to the provisions of any contract with the Authority, any public housing agency may permit any member of a tenant family to enter into a contract (either individually or as a member of a group) for the acquisition of a dwelling unit in any project of the public housing agency which is suitable by reason of its detached or semidetached construction for sale and for occupancy by such purchaser or a member or members of his family, upon the following terms:

"(A) The purchaser shall pay at least (i) a pro rata share cost of any services furnished him by the public agency, including but not limited to, administration, maintenance, repairs, utilities, insurance, provision of reserves, and other expenses, (ii) local taxes on his dwelling unit, and (iii) monthly payments of interest and principal sufficient to amortize a sales price, equal to the greater of the unamortized debt or the appraised value (at the time such purchase contract is entered into) of the dwelling unit, in not more than forty years: Provided, That the public housing agency may, under terms and conditions to be prescribed by it, permit a purchaser to apply an amount equal to the net rent paid for his dwelling unit, over a period not exceeding three years prior to the entering into of any such contract, toward the purchase price of such unit;

"(B) The interest rate shall be fixed at not less than the average interest cost of loans outstanding on the project, except that in the case of a project on which bonds are not outstanding the interest rate shall be fixed at not less than the going Federal rate applicable to such project;

"(C) The principal payments shall be not less than one-half of 1 per centum per annum of the sales price during the first five years after purchase, 1 per centum per annum during the next five years, $1\frac{1}{2}$ per centum per annum during the third five years, and thereafter not less than the principal payments resulting from a level debt service of interest and principal over the balance of the payment period; and

"(D) If at any time (i) a purchaser fails to carry out his contract with the public housing agency and if no member of his family who resides in the dwelling assumes such contract, or (ii) the purchaser or a member of his family who assumes the contract does not reside in the dwelling, the public housing agency shall have an option to acquire his interest under such contract upon payment to him or his estate of an amount equal to his aggregate principal payments plus the value to the public housing agency of any improvements made by him, less an amount equal to $2\frac{1}{2}$ per centum of the sales price."

(b) Such Act is further amended—

(1) by inserting in the parenthetical phrase in section 10(h) after the words "exclusive of" the following: "any part thereof covered by a contract or conveyed pursuant to paragraph (9) of section 15, and exclusive of";

(2) by inserting after "may be made" in section 10(l) the following: ", subject to any outstanding contracts made pursuant to paragraph (9) of section 15,";

(3) by inserting after "acquisition", the first place it appears in paragraphs (1), (2), and (3) of section 15, the following: "(except pursuant to paragraph (9) of section 15)"; and

(4) by inserting before the semicolon at the end of paragraph (1) of section 22(a) a colon and the following: "Provided, That such conveyance or delivery of title shall be subject to the rights of third parties vested pursuant to paragraph (9) of section 15".

TITLE VI—COLLEGE HOUSING

INCREASE IN AUTHORIZATION FOR COLLEGE HOUSING LOANS

SEC. 601. Section 401(d) of the Housing Act of 1950 is amended by striking out "through 1964", each place it appears, and inserting in lieu thereof "through 1968".

INTEREST RATE ON COLLEGE HOUSING LOANS

SEC. 602. (a) Effective with respect to loan contracts entered into after the date of the enactment of this Act, section 401(c) of the Housing Act of 1950 is amended by striking out "the higher of (1) $2\frac{3}{4}$ per centum per annum, or" and inserting in lieu thereof "the lower of (1) 3 per centum per annum, or".

(b) Effective with respect to notes or other obligations financing loan contracts entered into after the date of the enactment of this Act, section 401(e) of such Act is amended by striking out "the higher of (1) $2\frac{1}{2}$ per centum per annum, or" and inserting in lieu thereof "the lower of (1) $2\frac{3}{4}$ per centum per annum, or".

PARTICIPATION BY NEW COLLEGES AND CERTAIN PUBLIC VOCATIONAL
AND TECHNICAL INSTITUTIONS

SEC. 603. Clause (1) of section 404(b) of the Housing Act of 1950 is amended to read as follows: "(1)(A) any educational institution which offers, or provides satisfactory assurance to the Administrator that it will offer within a reasonable time after completion of a facility for which assistance is requested under this title, at least a two-year program acceptable for full credit toward a baccalaureate degree (including any public educational institution, or any private educational institution no part of the net earnings of which inures to the benefit of any private shareholder or individual), or (B) any public educational institution which (i) is administered by a college or university which is accredited by a nationally recognized accrediting agency or association, (ii) offers technical or vocational instruction, and (iii) provides residential facilities for some or all of the students receiving such instruction,".

TECHNICAL AMENDMENTS

SEC. 604. (a) The second paragraph of section 404(b) of the Housing Act of 1950 is amended by inserting after "would provide housing," the following: "or to a student housing cooperative corporation described in clause (5) of this subsection,".

(b) Section 401(g) of such Act is amended by striking out "In the case" and inserting in lieu thereof "Except as otherwise provided in the second paragraph of section 404(b), in the case".

TITLE VII—COMMUNITY FACILITIES

PURPOSE

SEC. 701. The purpose of this title is to assist and encourage the communities of the Nation fully to meet the needs of their citizens by making it possible, with Federal grant assistance, for their governmental bodies (1) to construct adequate basic water and sewer facilities needed to promote the efficient and orderly growth and development of our communities, (2) to construct neighborhood facilities needed to enable them to carry on programs of necessary social services, and (3) to acquire, in a planned and orderly fashion, land to be utilized in connection with the future construction of public works and facilities.

GRANTS FOR BASIC WATER AND SEWER FACILITIES

SEC. 702. (a) The Housing and Home Finance Administrator (hereinafter in this title referred to as the "Administrator") is authorized to make grants to local public bodies and agencies to finance specific projects for basic public water facilities (including works for the storage, treatment, purification, and distribution of water), and for basic public sewer facilities (other than "treatment works" as defined in the Federal Water Pollution Control Act): Provided, That no grant shall be made under this section for any sewer facilities unless the Secretary of Health, Education, and Welfare certifies to the Administrator that any waste material carried by such facilities will be adequately treated before it is discharged into any public waterway so as to meet applicable Federal, State, interstate, or local water quality standards.

(b) The amount of any grant made under the authority of this section shall not exceed 50 per centum of the development cost of the project: *Provided*, That in the case of a community having a population of less than ten thousand, according to the most recent decennial census, which is situated within a metropolitan area, the Administrator may increase the amount of a grant for a basic public sewer facility assisted under this section to not more than 90 per centum of the development cost of such facility, if the community is unable to finance the construction of such facility without the increased grant authorized under this subsection, and if in such community (1) there does not exist a public or other adequate sewer facility which serves a substantial portion of the inhabitants of the community, and (2) the rate of unemployment is, and has been continuously for the preceding calendar year, 100 per centum above the national average: And provided further, That the limitations and restrictions contained in subsection (c) of this section shall not be applicable to any community applying for an increased grant under this subsection.

(c) No grant shall be made under this section in connection with any project unless the Administrator determines that the project is necessary to provide adequate water or sewer facilities for, and will contribute to the improvement of the health or living standards of, the people in the community to be served, and that the project is (1) designed so that an adequate capacity will be available to serve the reasonably foreseeable growth needs of the area; (2) consistent with a program meeting criteria, established by the Administrator, for a unified or officially coordinated areawide water or sewer facilities system as part of the comprehensively planned development of the area, except that prior to July 1, 1968, grants may, in the discretion of the Administrator, be made under this section when such a program for an areawide water and sewer facilities system is under active preparation, although not yet completed, if the facility or facilities for which assistance is sought can reasonably be expected to be required as a part of such program, and there is urgent need for the facility or facilities; and (3) necessary to orderly community development.

GRANTS FOR NEIGHBORHOOD FACILITIES

Sec. 703. (a) In accordance with the provisions of this section, the Administrator is authorized to make grants to any local public body or agency to assist in financing specific projects for neighborhood facilities. Any such project may be undertaken by such body or agency directly or through a nonprofit organization approved by it: *Provided*, That no grant shall be provided under this section for any project to be undertaken through a nonprofit organization unless the Administrator determines (1) that such organization has or will have the legal, financial, and technical capacity to carry out the project, and (2) that the public body or agency to which the grant is made will have satisfactory continuing control over the use of the proposed facilities.

(b) The amount of any grant made under the authority of this section shall not exceed 66⅔ per centum of the development cost of the project for which the grant is made (or 75 per centum of such cost in the case of a project located in an area which at the time the grant is made is designated as a redevelopment area under the Area Redevelopment Act or any Act supplementary thereto).

(c) No grant shall be made under this section for any project unless the Administrator determines that the project will provide a neighborhood

facility which is (1) necessary for carrying out a program of health, recreational, social, or similar community service (including a community action program approved under title II of the Economic Opportunity Act of 1964) in the area, (2) consistent with comprehensive planning for the development of the community, and (3) so located as to be available for use by a significant portion (or number in the case of large urban places) of the area's low- or moderate-income residents.

(d) For a period of twenty years after a grant has been made under this section for a neighborhood facility, such facility shall not, without the approval of the Administrator, be converted to uses other than those proposed by the applicant in its application for a grant. The Administrator shall not approve any conversion in the use of such a neighborhood facility during such twenty-year period unless he finds that such conversion is in accordance with the then applicable program of health, recreational, social, or similar community services in the area and consistent with comprehensive planning for the development of the community in which the facility is located. In approving any such conversion, the Administrator may impose such additional conditions and requirements as he deems necessary.

(e) The Administrator shall give priority to applications for projects designed primarily to benefit members of low-income families or otherwise substantially further the objectives of a community action program approved under title II of the Economic Opportunity Act of 1964.

ADVANCE ACQUISITION OF LAND

SEC. 704. (a) In order to encourage and assist in the timely acquisition of land planned to be utilized in connection with the future construction of public works or facilities, the Administrator is authorized to make grants to local public bodies and agencies to assist in financing the acquisition of a fee simple estate or other interest in such land.

(b) The amount of any grant made under the authority of this section shall not exceed the aggregate amount of reasonable interest charges on the loan or other financial obligation incurred to finance the acquisition of such land for a period not exceeding the lesser of (1) five years from the date such loan was made or such financial obligation was incurred, or (2) the period of time between the date such loan was made or such financial obligation was incurred and the date construction is begun on the public work or facility for which the land acquired was planned to be utilized.

(c) No grant shall be made under this section for any project for the acquisition of land unless the Administrator determines that the public work or facility for which such land is to be utilized is planned to be constructed or initiated within a reasonable period of time (not to exceed five years after a contract to make such grant is entered into) and that construction of such public work or facility will contribute to economy, efficiency, and the comprehensively planned development of the area.

(d) As a condition to providing assistance under this section, the Administrator may, under terms and conditions prescribed by him, require an applicant to agree to repay such assistance, if (1) the land purchased with such assistance is not utilized within five years after the agreement is entered into in connection with the construction of the public work or facility for which such land was acquired, or (2) such land is diverted to other uses.

GENERAL PROVISIONS

SEC. 705. (a) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Administrator shall (in addition to any authority otherwise vested in him) have the functions, powers, and duties set forth in section 402, except subsections (a), (c) (2), and (f) of the Housing Act of 1950.

(b) The Administrator is authorized, notwithstanding the provisions of section 3648 of the Revised Statutes, to make advance or progress payments on account of any grant made pursuant to this title. No part of any grant authorized to be made by the provisions of this title shall be used for the payment of ordinary governmental operating expenses.

DEFINITIONS

SEC. 706. As used in this title—

(a) The term "State" means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

(b) The term "local public bodies and agencies" includes public corporate bodies or political subdivisions; public agencies or instrumentalities of one or more States, municipalities, or political subdivisions of one or more States (including public agencies and instrumentalities of one or more municipalities or other political subdivisions of one or more States); Indian tribes; and boards or commissions established under the laws of any State to finance specific capital improvement projects.

(c) The term "development cost" means the cost of constructing the facility and of acquiring the land on which it is located, including necessary site improvements to permit its use as a site for the facility.

LABOR STANDARDS

SEC. 707. All laborers and mechanics employed by contractors or subcontractors on projects assisted under sections 702 and 703 shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5). No such project shall be approved without first obtaining adequate assurance that these labor standards will be maintained upon the construction work. The Secretary of Labor shall have, with respect to the labor standards specified in this section, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 1332-15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C. 276c).

APPROPRIATIONS

SEC. 708. (a) There are authorized to be appropriated for each fiscal year commencing after June 30, 1965, and ending prior to July 1, 1969, not to exceed (1) \$200,000,000 for grants under section 702, (2) \$50,000,000 for grants under section 703, and (3) \$25,000,000 for grants under section 704.

(b) Any amounts appropriated under this section shall remain available until expended, and any amounts authorized for any fiscal year under this section but not appropriated may be appropriated for any succeeding fiscal year commencing prior to July 1, 1969.

TITLE VIII—FEDERAL NATIONAL MORTGAGE ASSOCIATION

INCREASE IN SPECIAL ASSISTANCE AUTHORITY

SEC. 801. (a) Section 305(c) of the National Housing Act is amended by inserting before the period at the end thereof the following: “, which limit shall be increased by \$100,000,000 on the date of the enactment of the Housing and Urban Development Act of 1965, by \$450,000,000 on July 1, 1966, by \$550,000,000 on July 1, 1967, and by \$525,000,000 on July 1, 1968”.

(b) Section 305(f) of such Act is amended by inserting before the period at the end thereof the following: “: Provided further, That any portion of the total amount of authority set forth in the first proviso of this subsection, which (1) is not required under the second proviso of this subsection to be kept available for purchases and commitments with respect to mortgages insured under section 809, and (2), on the date of enactment of the Housing and Urban Development Act of 1965 and on each July 1 thereafter, would otherwise be available for making new purchases and commitments pursuant to this subsection, shall be transferred to and merged with the authority granted by subsection (a) and added to the amount of such authority which is available, as of the date of the transfer, for purchases and commitments under subsection (c); and the total amount of authority as set forth in the first proviso of this subsection shall progressively be reduced by the amount of each such transfer”.

PURCHASE OF MORTGAGES HELD BY FEDERAL INSTRUMENTALITIES

SEC. 802. (a) Section 302 of the National Housing Act is amended by—

- (1) striking out “Federal,” in clause (2) in subsection (b);
- (2) inserting before “first mortgages” in the first sentence of subsection (c) the following: “obligations offered to it by the Housing and Home Finance Agency or its Administrator, or by such Agency’s constituent units or agencies or the heads thereof, or any”; and
- (3) inserting “and other obligations” after “mortgages” in the last sentence of subsection (c).

(b) Section 306(e) of such Act is amended to read as follows:

“(e) Notwithstanding any other provision of law, the Association is authorized, under the aforesaid separate accountability, to make commitments to purchase, and to purchase, service, or sell any obligations offered to it by the Housing and Home Finance Agency or its Administrator, or by such Agency’s constituent units or agencies or the heads thereof, or any mortgages covering residential property offered to it by any Federal instrumentality, or the head thereof. There shall be excluded from the total amounts set forth in subsection (c) the amounts of any obligations or mortgages purchased by the Association pursuant to this subsection.”

PURCHASE OF BELOW-MARKET INTEREST RATE MORTGAGES

SEC. 803. Section 302(b) of the National Housing Act is amended by inserting after the first sentence the following new sentence: “Notwithstanding the provisions of clause (3) in the preceding sentence, the Association may purchase a mortgage under section 305 with an original principal obligation that exceeds \$17,500 per dwelling unit if the mortgage (1) is a below-market interest rate mortgage insured under section 221

(d)(3), and (2) covers property which has the benefit of local tax abatement in an amount determined by the Federal Housing Commissioner to be sufficient to make possible rentals not in excess of those that would be approved by the Commissioner if the mortgage amount did not exceed \$17,500 per dwelling unit and if local tax abatement were not provided."

INCREASE IN LIMITATION ON MORTGAGES FOR DWELLING UNITS HAVING
FOUR OR MORE BEDROOMS

SEC. 804. Section 302(b) of the National Housing Act is amended by inserting before the period at the end of the first sentence the following: "(plus an additional \$2,500 for each such family residence or dwelling unit which has four or more bedrooms)".

TITLE IX—OPEN-SPACE LAND AND URBAN
BEAUTIFICATION AND IMPROVEMENT

CHANGE IN NAME OF PROGRAM; FINDINGS AND PURPOSE

SEC. 901. (a) The heading of title VII of the Housing Act of 1961 is amended to read as follows:

"TITLE VII—OPEN-SPACE LAND AND URBAN
BEAUTIFICATION AND IMPROVEMENT"

(b) Section 701 of such Act is amended by redesignating subsection (b) as subsection (c) and inserting after subsection (a) a new subsection as follows:

"(b) The Congress further finds that there is an urgent need both for the additional provision of parks and other open-space areas in the developed portions of the Nation's urban areas and for greater and better coordinated local efforts to beautify and improve open space and other public land throughout urban areas to facilitate their increased use and enjoyment by the Nation's urban population."

(c) Section 701(c) of such Act (as redesignated by subsection (b) of this section) is amended—

(1) by striking out "preserve" and inserting in lieu thereof "(1) provide, preserve, and develop"; and

(2) by striking out "purposes." and inserting in lieu thereof "uses, and (2) beautify and improve open space and other public urban land, in accordance with programs to encourage and coordinate local public and private efforts toward this end."

DEVELOPMENT GRANTS FOR OPEN-SPACE USES

SEC. 902. (a) The first sentence of section 702(a) of the Housing Act of 1961 is amended—

(1) by inserting "and development" after "acquisition" the first place it appears; and

(2) by inserting before the period the following: ", and the development, for open-space uses, of land acquired under this title".

(b) Section 702(c) of such Act is amended by striking out "development costs or".

(c) Section 709 of such Act (as redesignated by section 906 of this Act) is amended by adding at the end thereof the following:

"(4) The term 'open-space uses' means any use of open-space land for (A) park and recreational purposes, (B) conservation of land and other natural resources, or (C) historic or scenic purposes."

INCREASED GRANT LEVEL FOR PRESERVATION AND DEVELOPMENT OF OPEN-SPACE LAND

SEC. 903. The second sentence of section 702(a) of the Housing Act of 1961 is amended to read as follows: "The amount of any such grant shall not exceed 50 per centum of the total cost, as approved by the Administrator, of such acquisition and development."

CONTRACT AUTHORIZATION

SEC. 904. Section 702(b) of the Housing Act of 1961 is amended by striking out "\$75,000,000" and inserting in lieu thereof the following: "\$310,000,000: Provided, That of such sum the Administrator may contract to make grants under section 705 aggregating not to exceed \$64,000,000, and grants under section 706 aggregating not to exceed \$36,000,000".

OPEN-SPACE PLANNING AND PROGRAM REQUIREMENTS

SEC. 905. Section 703(a) of the Housing Act of 1961 is amended to read as follows:

"(a) The Administrator shall enter into contracts to make grants under sections 702 and 705 of this title only if he finds that such assistance is needed for carrying out a unified or officially coordinated program, meeting criteria established by him, for the provision and development of open-space land as part of the comprehensively planned development of the urban area."

GRANTS FOR PROVISION OF OPEN-SPACE LAND IN BUILT-UP URBAN AREAS AND FOR URBAN BEAUTIFICATION AND IMPROVEMENT

SEC. 906. Title VII of the Housing Act of 1961 is amended by redesignating sections 705 and 706 as sections 708 and 709, respectively, and by inserting after section 704 two new sections as follows:

"GRANTS FOR PROVISION OF OPEN-SPACE LAND IN BUILT-UP URBAN AREAS

"SEC. 705. The Administrator is further authorized to enter into contracts to make grants to States and local public bodies to help finance the acquisition of title to, or other permanent interests in, developed land in built-up portions of urban areas to be cleared and used as permanent open-space land. The Administrator shall make such grants only where the local governing body determines that adequate open-space land cannot effectively be provided through the use of existing undeveloped or predominantly undeveloped land. Grants under this section shall not exceed 50 per centum of the cost of acquiring such interests and of necessary demolition and removal of improvements.

"GRANTS FOR URBAN BEAUTIFICATION AND IMPROVEMENT

"SEC. 706. The Administrator is authorized to enter into contracts to make grants, as herein provided, to States and local public bodies to assist in carrying out local programs for the greater use and enjoyment of open-space and other public land in urban areas. The Administrator shall establish criteria for such programs to assure that each program (1) represents significant and effective efforts, involving all available public and private resources, for the beautification of such land and its improvement for open-space uses; and (2) is important to the comprehensively planned development of the locality. Grants made under this section shall not exceed 50 per centum of the amount by which the cost of the activities carried on by an applicant during a fiscal year under an approved program exceeds its usual expenditures for comparable activities: Provided, That, notwithstanding any other provision of this section, the Administrator may use not to exceed \$5,000,000 of the sum authorized for contracts under this section for the purpose of entering into contracts to make grants in amounts not to exceed 90 per centum of the cost of activities which he determines have special value in developing and demonstrating new and improved methods and materials for use in carrying out the purposes of this section."

LABOR STANDARDS

SEC. 907. Title VII of the Housing Act of 1961 is further amended by inserting after section 706 (as added by section 906 of this Act) the following new section:

"LABOR STANDARDS

"SEC. 707. (a) The Administrator shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors or subcontractors in the performance of construction work financed with the assistance of grants under this title shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended. The Administrator shall not approve any such grant without first obtaining adequate assurance that these labor standards will be maintained upon the construction work.

"(b) The Secretary of Labor shall have, with respect to the labor standards specified in subsection (a), the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 1332-15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C. 276c)."

USE OF FUNDS FOR STUDIES AND PUBLICATION

SEC. 908. The second sentence of section 708 of the Housing Act of 1961 (as redesignated by section 906 of this Act) is amended to read as follows: "The Administrator is authorized to use during any fiscal year not to exceed \$50,000 of the funds available for grants under this title to undertake such studies and publish such information."

CONFORMING AMENDMENTS

SEC. 909. (a) The heading of section 702 of the Housing Act of 1961 is amended to read as follows: "GRANTS FOR PRESERVATION AND DEVELOPMENT OF OPEN-SPACE LAND".

(b) Section 702(a) of such Act is amended by striking out "acceptable to the Administrator as capable of carrying out the provisions of this title".

(c) Section 702(e) of such Act is amended by striking out in the second sentence "served by the open-space land acquired" and inserting in lieu thereof "assisted".

(d) Section 704 of such Act is amended by striking out in the first sentence "for which" and inserting in lieu thereof "for the acquisition of which".

TITLE X—RURAL HOUSING

LOANS FOR PREVIOUSLY OCCUPIED BUILDINGS AND MINIMUM SITE ACQUISITION

SEC. 1001. (a) Section 501(a) of the Housing Act of 1949 is amended—

(1) by inserting after "their farms," in clause (1) the following: "and to purchase previously occupied buildings and land constituting a minimum adequate site, in order"; and

(2) by inserting after "rural areas" in clause (2) the following: "for the construction, improvement, alteration, or repair of dwellings, related facilities, and farm buildings and to rural residents for such purposes and for the purchase of previously occupied buildings and the purchase of land constituting a minimum adequate site, in order".

(b) Section 501(c) of such Act is amended by inserting "or a rural resident" in clause (1) after "or that he is the owner of other real estate in a rural area".

INTEREST RATE ON DIRECT RURAL HOUSING LOANS

SEC. 1002. Section 502(a) of the Housing Act of 1949 is amended by striking out "with interest at a rate not to exceed 4 per centum per annum on the unpaid balance of principal" and inserting in lieu thereof the following: "with interest, in the case of applicants described in clauses (1) and (2) of section 501(a), at a rate not to exceed 5 per centum per annum on the unpaid balance of principal, and, in the case of applicants described in clause (3) of section 501(a) and applicants under sections 503 and 504, at a rate not to exceed 4 per centum per annum on such unpaid balance. Loans made or insured under this title shall be conditioned on the borrower paying such fees and other charges as the Secretary may require".

INSURED RURAL HOUSING LOANS

SEC. 1003. (a) Title V of the Housing Act of 1949 is amended by adding at the end thereof the following new sections:

"INSURED RURAL HOUSING LOANS

"SEC. 517. (a) The Secretary may insure loans meeting the requirements of section 502, and may make loans in accordance with the requirements of such section to be sold and insured; except that such loans shall—

"(1) if the borrowers are persons of low or moderate income (as defined by the Secretary), (A) not exceed amounts necessary to provide adequate housing, modest in size, design, and cost (as determined by the Secretary), (B) bear interest at a rate not to exceed 5 per centum per annum, and (C) not exceed in the aggregate \$300,000,000 of new loans made or insured in any one fiscal year; and

"(2) if the borrowers are persons other than those described in clause (1), bear interest and provide for insurance or service charges at rates comparable to the combined rate of interest and premium charges in effect under section 203 of the National Housing Act, as determined by the Secretary.

"(b) The Secretary may insure loans in accordance with the requirements of sections 514 (exclusive of subsections (a)(3), (a)(5), and (b)) and 515 (exclusive of subsections (a) and (b)(4)), and may make loans meeting such requirements to be sold and insured. Upon the expiration of ninety days after the original capitalization of the Rural Housing Insurance Fund, created by subsection (e) of this section, no new loans shall be made or insured under section 514 or 515(b), except in conformity with this section.

"(c) The Secretary may use the Rural Housing Insurance Fund for the purpose of making loans to be sold and insured under this section, but the aggregate of such loans which are held by the Secretary at any one time shall not exceed \$100,000,000.

"(d) The Secretary may, in conformity with subsections (a) and (b), insure the payment of principal and interest as it becomes due on loans made by lenders other than the United States, and on loans made from the Rural Housing Insurance Fund which are sold by the Secretary. Any contract of insurance executed by the Secretary hereunder shall be an obligation supported by the full faith and credit of the United States, and shall be incontestable except for fraud or material misrepresentation of which the holder has actual knowledge. In connection with loans insured under this section, the Secretary may take liens running to the United States notwithstanding the fact that the notes evidencing such loans may be held by lenders other than the United States. Notes evidencing such loans shall be freely assignable, but the Secretary shall not be bound by any such assignment until notice thereof is given to and acknowledged by him.

"(e) There is hereby created the Rural Housing Insurance Fund (hereinafter referred to as the 'Fund') which shall be used by the Secretary as a revolving fund for carrying out the provisions of this section. There are authorized to be appropriated to the Secretary such sums as may be necessary for the purposes of the Fund.

"(f) Money in the Fund not needed for current operations shall be invested in direct obligations of the United States or obligations guaranteed by the United States.

"(g) All funds, claims, notes, mortgages, contracts, and property acquired by the Secretary under this section, and all collections and proceeds therefrom, shall constitute assets of the Fund; and all liabilities and obligations of such assets shall be liabilities and obligations of the Fund.

Loans may be held in the Fund and collected in accordance with their terms or may be sold by the Secretary with or without agreements for insurance thereof. The Secretary is authorized to make agreements with respect to servicing loans held or insured by him under this section and purchasing such insured loans on such terms and conditions as he may prescribe.

“(h) The Secretary is authorized to issue notes to the Secretary of the Treasury to obtain funds necessary for discharging obligations under this section and for authorized expenditures out of the Fund, but, except as may be authorized in appropriation Acts, not for the original or any additional capital of the Fund. Such notes shall be in such form and denominations and have such maturities and be subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Each note shall bear interest at the average rate, as determined by the Secretary of the Treasury, payable by the Treasury upon its marketable public obligations outstanding at the beginning of the fiscal year in which such note is issued, which are neither due nor callable for redemption for fifteen years from their date of issue. The Secretary of the Treasury is authorized and directed to purchase any notes of the Secretary issued hereunder, and for that purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which such securities may be issued under such Act are extended to include purchases of notes issued by the Secretary. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes shall be treated as public debt transactions of the United States. The notes issued by the Secretary to the Secretary of the Treasury shall constitute obligations of the Fund.

“(i) The Secretary may retain out of interest payments by the borrower an annual charge in an amount specified in the insurance or sale agreement applicable to the loan. Of the charges retained by the Secretary, if any, not to exceed 1 per centum per annum of the unpaid balance of the loan shall be deposited in the Fund. Any retained charges not deposited in the Fund shall be available for administrative expenses in carrying out the provisions of this title, to be transferred annually, and become merged with any appropriation for administrative expenses of the Farmers Home Administration, when and in such amounts as may be authorized in appropriation Acts.

“(j) The Secretary may also utilize the Fund—

“(1) to pay amounts to which the holder of the note is entitled in accordance with an insurance or sale agreement under this section accruing between the date of any prepayment by the borrower to the Secretary and the date of transmittal of any such prepayments to the holder of the note; and in the discretion of the Secretary, prepayments other than final payments need not be remitted to the holder until due;

“(2) to pay the holder of any note insured under this section any defaulted installment or, upon assignment of the note to the Secretary at the Secretary's request, or pursuant to a purchase agreement, the entire balance outstanding on the note; and

“(3) to pay taxes, insurance, prior liens, expenses necessary to make fiscal adjustments in connection with the application and transmittal of collections, and other expenses and advances to protect the security for loans which are insured under this section or held in the Fund, and to acquire such security property at foreclosure sale or otherwise.

"RURAL HOUSING DIRECT LOAN ACCOUNT

"SEC. 518. (a) There is hereby created the Rural Housing Direct Loan Account (hereinafter referred to as the 'Account') which shall be used by the Secretary for carrying out the provisions of this section. There are authorized to be appropriated to the Secretary such sums as may be necessary for the purposes of the Account.

"(b) There are transferred to the Account (1) all funds, claims, notes, mortgages, contracts, and property, and all collections and proceeds therefrom, held by the Secretary under the direct loan provisions of this title, including those securing notes issued by the Secretary to the Secretary of the Treasury under section 511 and any unexpended balance of amounts borrowed upon such notes, and (2) all unexpended balances of appropriations for direct loans under this title, including the fund authorized by section 515(a). All amounts hereafter borrowed by the Secretary from the Secretary of the Treasury under section 511 shall be deposited in the Account. All collections and proceeds from assets acquired by the Account shall be deposited in the Account.

"(c) When and in such amounts as may be authorized in appropriation Acts, the Secretary may issue notes to the Secretary of the Treasury to obtain funds to be deposited in the Account. The form, denominations, maturities, and other terms and conditions of such notes shall be prescribed by the Secretary with the approval of the Secretary of the Treasury. Each note shall bear interest at the average rate determined by the Secretary of the Treasury, payable by the Treasury upon its marketable public obligations outstanding at the beginning of the fiscal year in which such note is issued, which are neither due nor callable for redemption for fifteen years from their date of issue. The Secretary of the Treasury is authorized and directed to purchase any notes of the Secretary issued hereunder, and for that purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which such securities may be issued under such Act are extended to include the purchase of notes issued by the Secretary. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes shall be treated as public debt transactions of the United States.

"(d) The Account shall remain available to the Secretary for the payment of interest and principal on notes issued by the Secretary to the Secretary of the Treasury under section 511 or this section, and for direct loans and related advances under this title in such amounts as are now authorized by law and in such further amounts as shall be authorized in appropriation Acts. Amounts so authorized for such loans and advances shall remain available until expended."

(b) Section 511 of such Act is amended—

(1) by striking out the first sentence and inserting in lieu thereof "The Secretary may issue notes and other obligations for purchase by the Secretary of the Treasury for the purpose of making direct loans under this title.";

(2) by striking out the second sentence and inserting in lieu thereof "The total principal amount of such notes and obligations issued pursuant to this section during the period beginning July 1, 1956, and ending October 1, 1969, shall not exceed \$850,000,000."; and

(3) by striking out the fifth sentence and inserting in lieu thereof the following "Each such note or other obligation shall bear interest at the average rate, as determined by the Secretary of the Treasury,

payable by the Treasury upon its marketable public obligations outstanding at the beginning of the fiscal year in which such note or other obligation is issued, which are neither due nor callable for redemption for 15 years from their date of issue."

FEDERAL NATIONAL MORTGAGE ASSOCIATION SECONDARY MARKET OPERATIONS FOR INSURED RURAL HOUSING LOANS

SEC. 1004. (a) Section 302(b) of the National Housing Act is amended—

(1) by inserting immediately after "which are insured under the National Housing Act" the following: "or title V of the Housing Act of 1949";

(2) by inserting after "any mortgage" in clause (2) of the proviso the following: "except a mortgage insured under title V of the Housing Act of 1949"; and

(3) by inserting before the period in the last sentence the following: "or title V of the Housing Act of 1949".

(b) Section 303(b) of such Act is amended by inserting "and other" after "private" in the first sentence.

EXTENSION OF RURAL HOUSING AUTHORIZATIONS

SEC. 1005. (a) Section 512 of the Housing Act of 1949 is amended by striking out "September 30, 1965" and inserting in lieu thereof "October 1, 1969".

(b) Section 513 of such Act is amended—

(1) by striking out "September 30, 1965" in clause (b) and inserting in lieu thereof "October 1, 1969";

(2) by striking out "\$10,000,000" in clause (c) and inserting in lieu thereof "\$50,000,000", and by striking out "September 30, 1965" in the same clause and inserting in lieu thereof "October 1, 1969"; and

(3) by striking out "September 30, 1965" in clause (d) and inserting in lieu thereof "October 1, 1969".

(c) Section 515(b)(5) of such Act is amended by striking out "September 30, 1965" and inserting in lieu thereof "October 1, 1969".

(d) Section 506(a) of such Act is amended by striking out "sections 501 to 504, inclusive, and sections 514—516", each place it occurs and inserting in lieu thereof "this title".

SUMS EXCESS TO THE NEEDS OF THE RURAL HOUSING INSURANCE FUND OR THE RURAL HOUSING DIRECT LOAN ACCOUNT

SEC. 1006. Title V of the Housing Act of 1949 is amended by adding after section 518 (added by section 1003 of this Act) a new section as follows:

"SUMS EXCESS TO THE NEEDS OF THE RURAL HOUSING INSURANCE FUND OR THE RURAL HOUSING DIRECT LOAN ACCOUNT

"SEC. 519. Any sums in the Rural Housing Insurance Fund or the Rural Housing Direct Loan Account which the Secretary determines are in excess of amounts needed to meet the obligations and carry out the purposes of such Fund or Account shall be returned to miscellaneous receipts of the Treasury."

DEFINITION OF A RURAL AREA

SEC. 1007. Title V of the Housing Act of 1949 is amended by adding at the end thereof (after the new section added by section 1006 of this Act) the following new section:

"DEFINITION OF RURAL AREA

"SEC. 520. As used in this title, the terms 'rural' and 'rural area' mean any open country, or any place, town, village, or city which is not part of or associated with an urban area and which (1) has a population not in excess of 2,500 inhabitants, or (2) has a population in excess of 2,500 but not in excess of 5,500 if it is rural in character."

TITLE XI—MISCELLANEOUS

ANNUAL REPORT ON HOUSING AND URBAN DEVELOPMENT PROGRAMS

SEC. 1101. Section 802(a) of the Housing Act of 1954 is amended to read as follows:

"(a) The Housing and Home Finance Administrator shall, as soon as practicable during each calendar year, make a report to the President for submission to the Congress on all operations and programs (including but not limited to the FHA insurance, urban renewal, public housing, and rent supplement programs) under the jurisdiction of the Housing and Home Finance Agency during the previous calendar year. Such report shall contain recommendations for strengthening or improving such programs, or, when necessary to implement more effectively Congressional policies and purposes, for establishing new or alternative programs."

URBAN PLANNING GRANTS

SEC. 1102. (a) The fifth sentence of section 701(b) of the Housing Act of 1954 is amended by striking out "\$105,000,000" and inserting in lieu thereof "\$230,000,000".

(b) Section 701(b) of such Act is amended by striking out the period at the end and inserting in lieu thereof the following: ": Provided, That not to exceed 5 per centum of any funds so appropriated may be used by the Administrator for studies, research, and demonstration projects, undertaken independently or by contract, for the development and improvement of techniques and methods for comprehensive planning and for the advancement of the purposes of this section."

(c)(1) Section 701 of such Act is amended by adding at the end thereof a new subsection as follows:

"(g) In addition to the planning grants authorized by subsection (a), the Administrator is further authorized to make grants to organizations composed of public officials whom he finds to be representative of the political jurisdictions within a metropolitan area or urban region for the purpose of assisting such organizations to undertake studies, collect data, develop regional plans and programs, and engage in such other activities as the Administrator finds necessary or desirable for the solution of the metropolitan or regional problems in such areas or regions. To the maximum extent feasible, all grants under this subsection shall be for activities relating to all the developmental aspects of the total metropolitan area or urban region, including, but not limited to, land use,

transportation, housing, economic development, natural resources development, community facilities, and the general improvement of living environments. A grant under this subsection shall not exceed two-thirds of the estimated cost of the work for which the grant is made."

(2) Section 701(b) of such Act is amended—

(A) by inserting "planning" immediately before "grant" the first time it appears in the first sentence, and

(B) by striking out "planning" in the fourth sentence.

(d) Section 701(b) of such Act is amended by inserting after "Area Redevelopment Act" the following: "(or under any Act supplementary thereto)".

AUTHORIZATION FOR FEDERAL-STATE TRAINING PROGRAMS

SEC. 1103. (a) Section 802(d) of the Housing Act of 1964 is amended by striking out "\$10,000,000" and inserting in lieu thereof "\$30,000,000".

(b) Section 803 of such Act is amended (1) by striking out "authorized to be", and (2) by striking out "by section 802(d)" and inserting in lieu thereof "for the purposes of this part".

AUTHORIZATION FOR PUBLIC WORKS PLANNING ADVANCES

SEC. 1104. The second sentence of section 702(e) of the Housing Act of 1954 is amended by striking out "\$20,000,000" and inserting in lieu thereof "\$70,000,000".

AUTHORIZATION FOR LOW-INCOME HOUSING DEMONSTRATION PROGRAMS

SEC. 1105. Section 207 of the Housing Act of 1961 is amended by striking out "\$10,000,000" and inserting in lieu thereof "\$15,000,000".

ADVISORY COMMITTEES—TECHNICAL PROVISION

SEC. 1106. Section 601 of the Housing Act of 1949 is amended by striking out the second sentence.

PUBLIC FACILITY LOANS

SEC. 1107. (a) Section 202(c) of the Housing Amendments of 1955 is amended by adding at the end thereof the following new sentence: "Notwithstanding any other provision of this title, the Administrator may extend financial assistance, as otherwise authorized by clause (1) of subsection (a) of this section, to any private nonprofit corporation to finance the construction of works for the storage, treatment, purification, or distribution of water or the construction of sewage, sewage treatment, and sewer facilities, if such works or facilities are needed to serve a smaller municipality or rural area, and there is no existing public body able to construct and operate such works or facilities."

(b) Section 202(b)(4) of such amendments is amended—

(1) by striking out the parenthetical phrase in clause (A) and inserting in lieu thereof the following: "(one hundred fifty thousand or more in the case of a community situated in an area designated as a redevelopment area under the Area Redevelopment Act or any Act supplementary thereto)"; and

(2) by inserting after "public works or facilities" in the second sentence the following: "(i) in a community in or near which is located a research or development installation of the National Aeronautics and Space Administration, or (i)".

FHA CONFORMING AMENDMENTS

SEC. 1108. (a) Section 2(f) of the National Housing Act is amended by striking out all that follows the first sentence.

(b) Section 8 of such Act is amended—

(1) by striking out "Title I Housing Insurance Fund" in subsection (g) and inserting in lieu thereof "General Insurance Fund"; and

(2) by striking out subsections (h) and (i).

(c) Section 203(k) of such Act is amended—

(1) by striking out "a separate section 203 Home Improvement Account to be maintained as hereinafter provided under the Mutual Mortgage Insurance Fund" in clause (3) of the first sentence and inserting in lieu thereof "the General Insurance Fund";

(2) by striking out "the section 203 Home Improvement Account or in debentures executed in the name of such Account" in clause (4) of the first sentence and inserting in lieu thereof "the General Insurance Fund or in debentures executed in the name of such Fund";

(3) by striking out all of the third sentence which follows "refer to this section 203(k)" and inserting in lieu thereof a period; and

(4) by striking out the fourth, fifth, and sixth sentences.

(d) Section 204 of such Act is amended—

(1) by striking out "or section 210" in the first sentence of subsection (a);

(2) by striking out all of the second sentence of subsection (c) after "the mortgagee" and inserting in lieu thereof "from the Mutual Mortgage Insurance Fund.";

(3) by striking out all of the first sentence of subsection (d) after "shall be negotiable" the first place it appears and inserting in lieu thereof a period;

(4) by striking out "the Fund" each place it appears in subsection (d) and inserting in lieu thereof "the Mutual Mortgage Insurance Fund";

(5) by striking out "or the Housing Fund, as the case may be," in the fifth sentence of subsection (d);

(6) by striking out "or the Housing Fund" in the sixth sentence of subsection (d); and

(7) by striking out the matter in subsection (f)(1)(i) which follows "section 203" and precedes the colon.

(e) Section 207 of such Act is amended—

(1) by striking out "and section 210" in the first sentence of subsection (d);

(2) by striking out "of the Housing Insurance Fund issued by the Commissioner under this title" in the first sentence of subsection (d) and inserting in lieu thereof the following: "issued by the Commissioner under any title and section of this Act, except debentures of the Mutual Mortgage Insurance Fund, or of the Cooperative Management Housing Insurance Fund";

(3) by striking out subsections (f), (m), and (p); and

(4) by striking out "the Housing Insurance Fund" and "the Housing Fund" each place they appear in subsections (b), (h), (i), (j), (k), and (l) and inserting in lieu thereof "the General Insurance Fund".

(f) Section 209 of such Act is amended by striking out "or account or accounts," in the second sentence.

(g) Section 213 of such Act is amended—

(1) by striking out "the Housing Fund" in subsection (a)(3) and inserting in lieu thereof "the Cooperative Management Housing Insurance Fund"; and

(2) by striking out "(l), (m), (n), and (p)" in subsection (e) and inserting, in lieu thereof "(l, and (n)".

(h) Section 220 of such Act is amended—

(1) by striking out "the section 220 Housing Insurance Fund" each place it appears in subsections (d)(2) and (f) and inserting in lieu thereof "the General Insurance Fund";

(2) by inserting "and" immediately before "(B)" in the second full sentence in subsection (f)(3), and by striking out ", and (C)" and all that follows in such sentence and inserting in lieu thereof a period;

(3) by striking out subsections (g) and (h)(4); and

(4) by striking out "the section 220 Home Improvement Account" each place it appears in subsections (h)(5) and (h)(7) and inserting in lieu thereof "the General Insurance Fund".

(i) Section 221 of such Act is amended—

(1) by striking out "the section 221 Housing Insurance Fund" each place it appears in subsections (d)(4), (f), (g)(1), and (g)(3) and inserting in lieu thereof "the General Insurance Fund";

(2) by striking out all of subsection (g)(2) after "mortgages insured under this section" and inserting in lieu thereof "; or";

(3) by inserting "and" immediately before "(B)" in the first full sentence in subsection (g)(3), and by striking out ", and (C)" and all that follows in such sentence and inserting in lieu thereof a period; and

(4) by striking out subsection (h).

(j) Section 222 of such Act is amended—

(1) by striking out "Servicemen's Mortgage Insurance Fund" in subsection (e) and inserting in lieu thereof "General Insurance Fund"; and

(2) by striking out subsection (f).

(k) Section 229 of such Act is amended by striking out "and Accounts" in the first sentence.

(l) Section 231 of such Act is amended—

(1) by striking out "the section 207 Housing Insurance Fund" in subsection (c)(4) and inserting in lieu thereof "the General Insurance Fund"; and

(2) by striking out "(f), (g), (h), (i), (j), (k), (l), (m), (n), and (p)" in subsection (e) and inserting in lieu thereof "(g), (h), (i), (j), (k), (l), and (n)".

(m) Section 232 of such Act is amended—

(1) by striking out "the section 207 Housing Insurance Fund" in subsection (d)(1) and inserting in lieu thereof "the General Insurance Fund"; and

- (2) by striking out "(f), (g), (h), (i), (j), (k), (l), (m), (n), and (p)" in subsection (f) and inserting in lieu thereof "(g), (h), (i), (j), (k), (l), and (n)".
- (n) Section 233 of such Act is amended—
- (1) by striking out "the Experimental Housing Insurance Fund" in clause (1) of the third sentence of subsection (f) and inserting in lieu thereof "the General Insurance Fund";
- (2) by inserting "and" immediately before "(2)" in the third sentence of subsection (f), and by striking out ", and (3)" and all that follows and inserting in lieu thereof a period; and
- (3) by striking out subsection (g).
- (o) Section 234 of such Act is amended—
- (1) by striking out "the Apartment Unit Insurance Fund" in subsections (d)(2) and (g) and inserting in lieu thereof "the General Insurance Fund";
- (2) by striking out subsection (h) and inserting in lieu thereof the following:
- "(h) The provisions of subsections (d), (e), (g), (h), (i), (j), (k), (l), and (n) of section 207 shall be applicable to mortgages insured under subsection (d) of this section."; and
- (3) by striking out subsection (i) and redesignating subsection (j) as subsection (i).
- (p) Section 604 of such Act is amended by striking out "the War Housing Insurance Fund" each place it appears in subsections (c), (d), and (f)(1)(i) and inserting in lieu thereof "the General Insurance Fund".
- (q) Section 608 of such Act is amended—
- (1) by striking out "the War Housing Insurance Fund" each place it appears in subsections (b)(1) and (d) and inserting in lieu thereof "the General Insurance Fund"; and
- (2) by striking out subsection (f) and inserting in lieu thereof the following:
- "(f) The provisions of section 207(k) of this Act shall be applicable to mortgages insured under this section, except that, as applied to such mortgages, the reference therein to subsection (g) shall be construed to refer to subsection (c) of this section."
- (r) The first sentence of section 609(f) of such Act is amended by striking out clause (1) and redesignating clauses (2), (3), and (4) as clauses (1), (2), and (3), respectively.
- (s) Section 707 of such Act is amended by striking out "the Housing Investment Insurance Fund" and inserting in lieu thereof "the General Insurance Fund".
- (t) Section 708 of such Act is amended by striking out "the Housing Investment Insurance Fund" each place it appears in subsections (c), (e), (g), and (h) and inserting in lieu thereof "the General Insurance Fund".
- (u) Section 803 of such Act is amended—
- (1) by striking out "the Armed Services Housing Mortgage Insurance Fund" each place it appears in subsections (b)(1), (b)(2), (e), (f), and (g) and inserting in lieu thereof "the General Insurance Fund"; and
- (2) by striking out subsection (h) and inserting in lieu thereof the following:
- "(h) The provisions of section 207(k) and section 207(l) of this Act shall be applicable to mortgages insured under this title and to property acquired by the Commissioner hereunder, except that, as applied to such

mortgages and property, the reference in section 207(k) to subsection (g) shall be construed to refer to subsection (d) of this section."

(v) Section 809 of such Act is amended by striking out "the Armed Services Housing Mortgage Insurance Fund" each place it appears in subsections (b), (e), and (g) and inserting in lieu thereof "the General Insurance Fund".

(w) Section 810 of such Act is amended—

(1) by striking out "the Armed Services Housing Mortgage Insurance Fund" in subsection (e) and inserting in lieu thereof "the General Insurance Fund";

(2) by striking out "(l), (m), (n), and (p)" in subsection (j) and inserting in lieu thereof "(l), and (n)"; and

(3) by striking out the proviso in subsection (j) and inserting in lieu thereof the following: "Provided, That wherever the words 'Fund' or 'Mutual Mortgage Insurance Fund' appear in section 204, such reference shall refer to the General Insurance Fund with respect to mortgages insured under this section".

(x) Section 903 of such Act is amended by striking out "the National Defense Housing Insurance Fund" each place it appears in subsection (a) and inserting in lieu thereof "the General Insurance Fund".

(y) Section 904 of such Act is amended—

(1) by striking out "the National Defense Housing Insurance Fund" each place it appears in subsections (c) and (d) and inserting in lieu thereof "the General Insurance Fund"; and

(2) by striking out all of subsection (e) which follows "of this Act" and inserting in lieu thereof a period.

(z) Section 908 of such Act is amended—

(1) by striking out "the National Defense Housing Insurance Fund" in subsection (b)(1) and inserting in lieu thereof "the General Insurance Fund";

(2) by striking out all of subsection (d) which follows "of this Act" and inserting in lieu thereof a period; and

(3) by striking out subsection (f) and inserting in lieu thereof the following:

"(f) The provisions of section 207(k) and section 207(l) of this Act shall be applicable to mortgages insured under this section and to property acquired by the Commissioner hereunder, except that, as applied to such mortgages and property, the reference therein to subsection (g) shall be construed to refer to subsection (c) of this section."

(aa) Sections 219, 602, 605, 710, 802, 804, 902, and 905 of such Act are repealed.

(bb) Section 1 of such Act is amended by striking out "titles II, III, VI, VII, VIII, and IX", each place it appears, and inserting in lieu thereof "titles II, III, V, VI, VII, VIII, IX, and X".

REPEAL OF SPECIAL PROVISION IN URBAN MASS TRANSPORTATION ACT

SEC. 1109. Section 9 of the Urban Mass Transportation Act of 1964 is amended by striking out subsection (c) and redesignating subsections (d), (e), and (f) as subsections (c), (d), and (e), respectively.

SAVINGS AND LOAN ASSOCIATIONS

SEC. 1110. (a) Section 5(c) of the Home Owners' Loan Act of 1933 is amended by adding at the end of the first paragraph a new sentence as follows: "Structures or parts thereof designed or used as fraternity or sorority houses which include sleeping accommodations for students of a college or university, or designed or used principally for the provision of living accommodations for persons who are students, employees, or members of the staff of a college, university, or hospital, shall be considered, subject to such regulations as the Board may prescribe, 'other dwelling units' for the purposes of this subsection."

(b) The ninth paragraph of section 5(c) of such Act is amended by striking out "fifteen years" and inserting in lieu thereof "ten years".

(c) Section 5(c) of such Act is further amended by adding at the end thereof (after the new paragraph added by section 201(b)(3) of this Act) the following new paragraph:

"No building and loan association incorporated under the laws of the District of Columbia or organized in such District or doing business in such District shall establish any branch or move its principal office or any branch without the prior written approval of the Federal Home Loan Bank Board, and no other building and loan association shall establish any branch in such District or move its principal office or any branch in such District without such approval. As used in the sentence next preceding, 'branch' means any office, place of business, or facility, other than the principal office as defined by the Board, of a building and loan association at which accounts are opened or payments thereon are received or withdrawals therefrom are paid, or any other office, place of business, or facility of a building and loan association defined by the Board as a branch within the meaning of such sentence, and as used in such sentence and in this sentence 'building and loan association' means any incorporated or unincorporated building, building or loan, building and loan, savings and loan, or homestead association or cooperative bank."

(d) Section 404 of the National Housing Act is amended by adding at the end thereof the following new subsection:

"(h)(1) Each insured institution shall make such deposits in the Corporation as may from time to time be required by call of the Federal Home Loan Bank Board. Any such call shall be calculated by applying a specified percentage, which shall be the same for all insured institutions, to the total amount of all withdrawable or repurchasable shares, investment certificates, and deposits in each insured institution. No such call shall be made unless such Board determines that the total amount of such call, plus the outstanding deposits previously made pursuant to such calls, does not exceed 1 per centum of the total amount of all withdrawable or repurchasable shares, investment certificates, and deposits in all insured institutions. For the purposes of this subsection, the total amounts hereinabove referred to shall be determined or estimated by such Board or in such manner as it may prescribe.

"(2) The Corporation, in accordance with such regulations as it may prescribe, shall credit as of the close of each calendar year, to each deposit outstanding at such close, a return on the outstanding balance, as determined by the Corporation, of such deposit during such calendar year, at

a rate equal to the average annual rate of return, as determined by the Corporation, to the Corporation during the year ending at the close of November 30 of such calendar year, on the investments held by the Corporation in obligations of, or guaranteed as to principal and interest by, the United States.

"(3) The Corporation in its discretion may at any time repay all such deposits, or repay pro rata a portion of each of such deposits, in such manner and under such procedure as the Corporation may prescribe by regulation or otherwise. Any procedure for such pro rata repayment may provide for total repayment of any deposit, if total repayment of any and all deposits of equal or smaller amount is likewise provided for.

"(4) The provisions of subsection (f) of this section and of the last sentence of subsection (e) of this section shall be applicable to deposits under this subsection, and for the purposes of this subsection the references in such subsection (f) and such last sentence to the prepayments and the pro rata shares therein mentioned shall be deemed instead to be references respectively to the deposits under this subsection and the pro rata shares of the holders thereof, and the references in such subsection (f) to that subsection (except the last such reference) and to subsection (d) of this section shall be deemed instead to be references to this subsection."

FEDERAL RESERVE ACT

SEC. 1111. Section 24 of the Federal Reserve Act is amended by striking out "eighteen months", wherever it appears in the third paragraph, and inserting in lieu thereof "twenty-four months".

REPAYMENT OF CERTAIN PLANNING GRANTS

SEC. 1112. Notwithstanding any other provision of law, no advance made under section 501 of Public Law 458, Seventy-eighth Congress; Public Law 352, Eighty-first Congress; or section 702, Housing Act of 1954, Public Law 560, Eighty-third Congress, for the planning of any public works project shall be required to be repaid if construction of such project has been heretofore or is hereafter initiated as a result of a grant-in-aid made from an allocation made by the President under the Public Works Acceleration Act.

STUDY CONCERNING RELIEF OF HOMEOWNERS IN PROXIMITY TO AIRPORTS

SEC. 1113. The Housing and Home Finance Administrator shall undertake a study to determine feasible methods of reducing the economic loss and hardship suffered by homeowners as the result of the depreciation in the value of their properties following the construction of airports in the vicinity of their homes, including a study of feasible methods of insulating such homes from the noise of aircraft. Findings and recommendations resulting from such study shall be reported to the President for

transmission to the Congress at the earliest practicable date, but in no event later than one year after the date of the enactment of this Act.

And the Senate agree to the same.

WRIGHT PATMAN,
ABRAHAM J. MULTER,
WILLIAM A. BARRETT,
LEONOR K. SULLIVAN,
HENRY S. REUSS,
THOS. L. ASHLEY,
WILLIAM B. WIDNALL,
PAUL A. FINO,
FLORENCE P. DWYER,

Managers on the Part of the House.

JOHN SPARKMAN,
PAUL H. DOUGLAS,
WILLIAM PROXMIRE,
HARRISON WILLIAMS,
EDMUND S. MUSKIE,
WALLACE F. BENNETT,
JOHN G. TOWER,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7984) to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate struck out all of the House bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the House bill and the Senate amendment. Except for technical, clarifying, and conforming changes, the following statement explains the differences between the House bill and the substitute agreed to in conference.

TITLE I—PROVISIONS FOR DISADVANTAGED PERSONS

Housing eligible for rent supplements on experimental basis

The Senate amendment contained a provision not in the House bill making rent supplements (subject to a limit of 10 percent of amounts appropriated) available to housing under the section 221(d)(3) below-market rate program (new units), the section 231 program of mortgage insurance for the elderly (new units and those not finally endorsed for insurance), and the section 202 program of direct loans for the elderly (existing and new units), on an experimental basis, for up to 20 percent of the dwelling units in any property.

The conference substitute conforms to the Senate provision but the 20-percent dwelling unit limitation is restricted to existing projects and, in addition, 50 percent of the funds for experimental projects is earmarked for newly constructed section 221(d)(3) below-market interest rate projects in order to assure the equitable allocation of funds as between these projects and projects designed to serve the elderly exclusively.

Operating costs limit

The Senate amendment contained a provision not in the House bill limiting the operating costs of any property aided under the rent supplement program to amounts for similar housing in the community. The conference substitute contains the Senate provision.

Eligibility for rent supplements

The Senate amendment contained a provision not in the House bill making eligible for rent supplement payments those persons (meeting the income test) whose dwellings are extensively damaged or destroyed in a disaster area after April 1, 1965. The conference substitute contains the Senate provision.

Below-market mortgages not yet endorsed for insurance

It is the intent of the committee that in cases where commitments have been issued at a higher rate of interest than 3 percent, and the mortgages have not been finally endorsed for insurance, the lower interest rate should be made available whenever practicable.

Low-rent housing in private accommodations

The House bill contained a provision not in the Senate amendment authorizing local housing authorities to use as low-rent housing up to 10 percent of the units in an existing privately owned structure, and to make annual contributions to the owner in amounts not exceeding the amounts that would be payable for units in a newly constructed low-rent project. Contracts with owners would be for 12 to 36 months, renewable. Tenants would be selected by owners, subject to the contracts between local authorities and PHA. Rentals would be determined under standards applicable to conventional public housing.

The conference substitute contains the House provision with an amendment stating that the provisions of the new program shall not apply to any locality unless the governing body of the locality has by resolution approved the application of such provisions to such locality.

Rehabilitation grants

The House bill contained a provision authorizing grants for the full cost of necessary repairs (up to \$1,500) to homeowners in urban renewal areas with annual incomes of \$2,000 or less; in the case of owners with larger incomes, grants would be limited to the portion of cost which cannot be financed without increasing housing expense to more than 25 percent of income.

The Senate amendment contained a similar provision except that the income limit for the full cost of repairs was \$3,000. The conference substitute conforms to the Senate provision.

Direct loans for housing for the elderly or handicapped

The House bill removed the existing \$350,000,000 ceiling and terminated the program on October 1, 1969. The Senate amendment simply increased the existing ceiling from \$350,000,000 to \$500,000,000. The conference substitute conforms to the Senate amendment.

Mortgage moratorium

The House bill contained a provision providing a moratorium of up to 3 years on payments under FHA or VA mortgages in the case of a mortgagor unemployed due to closing of a Federal installation. The Senate amendment contained the same provision except that the moratorium period is limited to 1 year. The conference substitute conforms to the Senate amendment.

TITLE II—FHA INSURANCE OPERATIONS

Land development mortgage insurance

The House bill authorized a maximum of \$12,500,000 on the aggregate amount of outstanding mortgages involving a single land development undertaking. The Senate amendment provided a maximum of \$10,000,000, and the conference substitute contains the Senate provision.

Maximum mortgage term

The House bill limited the maturity of land development mortgages to 7 years. The Senate amendment contained a provision permitting a longer maturity (as determined by the Commissioner) to the extent a mortgage is secured by private water and sewer systems. The conference substitute contains the Senate provision.

Water and sewer facilities

The House bill contained a provision requiring a public water and sewerage system after the land is developed under the new FHA program, except that if public ownership is found not feasible an adequately regulated private system may be approved upon assurances of eventual transfer to public ownership. The comparable provision in the Senate amendment permitted either a public system or an adequately regulated private one. The conference substitute conforms to the Senate amendment.

Downpayment for low-income housing demonstration homes

The Senate amendment contained a provision not in the House bill permitting a downpayment under section 203(b) to be made by a person other than the mortgagor on the purchase of a home under the low-income housing demonstration program. The conference substitute contains the Senate provision.

Nondwelling facilities in urban renewal housing

The House bill contained a provision permitting nondwelling facilities to be included in a section 220 mortgage if the Commissioner finds that they *contribute* to the economic feasibility of the project. The Senate amendment contained a similar provision except that the Commissioner must find that the facilities are *essential* to the economic feasibility of the project and that the financing will not result in unfair disadvantage to other business enterprises in the vicinity.

The conference substitute conforms to the House language with respect to the finding that the facilities contribute to the economic feasibility of the project and requires the Commissioner to give due consideration to the possible effect of the project on other business enterprises in the community.

Home improvement loans in high-cost areas

The Senate amendment contained a provision not in the House bill authorizing an increase in the amount of loans under sections 220(h), 203(k), and 312 by up to 45 percent when cost levels so require. The conference substitute conforms to the Senate provision.

Mortgages for servicemen

The House bill contained a provision providing minimum downpayments under section 222 the same as the regular section 203(b) program (3 percent of the first \$15,000 of value, 10 percent of the next \$5,000, and 25 percent of all over \$20,000). The Senate amendment contained a provision providing a minimum downpayment of 5 percent of the first \$20,000 (or the amount under the sec. 203(b) program if less) plus 15 percent of all over \$20,000.

The conference substitute provides a minimum downpayment of 3 percent on the first \$15,000 of value, 10 percent on the next \$5,000, and 15 percent on all over \$20,000.

Optional cash payment of insurance benefits

The House bill contained a provision authorizing the FHA Commissioner in his discretion to pay benefits under any FHA program either in cash or in debentures, and authorized Treasury borrowing for cash payments as the Commissioner deems necessary. The Senate amendment contained the same provision except it did not authorize Treasury borrowing.

The Senate receded from its position and accepted the House provision which authorizes the Federal Housing Commissioner to borrow from the Treasury in connection with the making of optional cash payments of insurance benefits rather than the issuance of debentures. The conferees want to make clear that this Treasury borrowing authority is to be used prudently and only if receipts accruing to the insurance fund are inadequate to support continuation of payments in cash and only where such payments would represent a savings to the Government.

FHA loans for veterans

The House bill contained a provision authorizing section 203(b) mortgage insurance for veterans who have not received benefits under the VA program with no downpayment required on the first \$20,000 and 15 percent on all above that amount. The term "veteran" was defined as a person who served in the Armed Forces and was not dishonorably discharged.

The Senate amendment contained a similar provision providing no downpayment on the first \$15,000 of value, 10 percent between \$15,000 and \$20,000, and 15 percent of all over \$20,000. The term "veteran" was defined as a person who served in the Armed Forces on or after September 16, 1940, for at least 90 days (or is certified by the Secretary of Defense as having performed extrahazardous service) and was not dishonorably discharged.

The conference substitute provides for no downpayment on the first \$15,000 of value, 10 percent between \$15,000 and \$20,000, and 15 percent above \$20,000. The definition of "veteran" is the same as the Senate provision except that the limiting eligibility date of September 16, 1940, is deleted.

Refinancing of housing for elderly projects

The House bill contained a provision permitting refinancing of housing projects for the elderly under FHA's section 231 program. The Senate amendment contained no similar provision and none is contained in the conference substitute.

Approval of technically suitable materials

The Senate amendment contained a provision not in the House bill directing the FHA Commissioner to adopt uniform procedure for acceptance of, and to accept, technically suitable materials and products to be used in structures approved for FHA insurance. The conference substitute contains the Senate provision but with an amendment making it clear that the decision that a material or product is technically suitable must still be subject to the financial decision of the Commissioner that it is within the scope of underwriting requirements for mortgage insurance and that he must find that the use of the material or product is consistent with "economic soundness" or "acceptable risk," as the case may be, under the several FHA programs.

The conference substitute language is not intended to lessen the responsibility of the Commissioner to approve products or materials which are shown by acceptable research, testing, or performance to be technically suitable. It should also be clear that if a material or product is shown to be technically suitable and widely accepted in housing financed by conventional mortgage lenders, as being economically sound, these facts should be persuasive upon the Commissioner that such material or product is an acceptable risk for FHA-financed housing.

The conferees expect both Committees on Banking and Currency to observe carefully the actions taken by the FHA Commissioner under the intent of this section and further expect that the FHA Commissioner will exercise extra effort to keep abreast of technological advances and the use of new products where suitable, and that he should bend every effort to minimize the long delays which have often been experienced before technically suitable materials are determined to be acceptable.

Water and sewer facilities

The Senate amendment contained a provision not in the House bill prohibiting FHA insurance or a VA loan for new housing which is not served by a public or adequate community water and sewerage system, if local officials certify that such a system is economically feasible. The conference substitute contains this provision.

Downpayment requirement under section 203(b)

The Senate amendment contained a provision not in the House bill reducing from 25 to 15 percent the required downpayment on that part of the value of insured property which exceeds \$20,000. The conference substitute reduces the downpayment requirement to 20 percent of that part of the value in excess of \$20,000.

TITLE III—URBAN RENEWAL

General neighborhood renewal plans

The House bill contained a provision permitting general neighborhood renewal plans to cover adjoining areas as well as the urban renewal area. The Senate amendment contained a similar provision but required that adjoining areas have "specially related problems." Also, the provision in the Senate amendment provided that all projects in the plan area need only be *initiated* in 8 years (rather than *completed* in 10 years). The conference substitute conforms to the Senate amendment.

Increase of nonresidential exception

The Senate amendment contained a provision not in the House bill increasing from 30 to 40 percent the existing exception to the "predominantly residential" requirement (but only with respect to the new capital grant authority provided by the bill). The conference substitute provides for an increase in the nonresidential exception to 35 percent, making it clear that the 35-percent factor applies only to the *new* money authorized in the bill. It also makes it clear that this is in addition to amounts previously available (and still unused) for such projects.

Projects financed on three-fourths grant basis

The Senate amendment contained a provision not in the House bill including as gross project costs for projects financed on a three-fourths basis certain expenses incurred for staff services in connection with code enforcement and voluntary rehabilitation programs. It also would have given credit for certain tax losses in case of projects financed on a three-fourths grant basis in the same way as such losses are now credited to projects on a two-thirds grant basis.

The conference substitute contains that part of the provision including expenses for staff services but deletes that part of the provision giving credit for certain tax losses.

Demolition of unsafe structures

The Senate amendment contained a provision not in the House bill authorizing grants (up to two-thirds of cost) to cities, other municipalities, and counties for the demolition of unsafe structures located in urban renewal areas or located in other areas which have workable programs and meet specified conditions. The conference substitute contains the Senate provision.

Concentrated code enforcement program

The Senate amendment contained a provision not in the House bill authorizing grants (up to two-thirds of cost, or three-fourths of cost in the case of cities of less than 50,000) to cities, other municipalities, and counties for programs of concentrated code enforcement in deteriorated or deteriorating areas (rather than only in urban renewal project areas as in existing law). These programs may include the provision and repair of specified public improvements. The locality would be required to maintain its own code enforcement expenditures at normal levels and to have a satisfactory public improvements program. FHA section 220 housing, and rehabilitation loans under section 312 of the 1964 act, would be available in these areas. The conference substitute contains the Senate provision.

Rehabilitation loan program

The House bill contained a provision eliminating the present \$50,000,000 ceiling on the rehabilitation loan authorization under section 312 of the 1964 act, and terminating the program October 1, 1969. The Senate amendment contained a provision substituting a \$100,000,000 per year ceiling for the existing total \$50,000,000 ceiling, and terminating the program October 1, 1969.

The conference substitute conforms to the Senate amendment.

The Senate amendment contained a provision not in the House bill making rehabilitation loans available where the funds needed are not available on "comparable" (rather than "reasonable") terms and conditions and making the revolving fund available for loan servicing expenses (including those incurred by FNMA or other agencies). The conference substitute contains the Senate provision.

Workable program requirement and Indian tribes

The Senate amendment contained a provision not in the House bill providing that the workable program requirement shall be applicable to any Indian tribe, band, or nation only to the extent it has legal jurisdiction and power to carry out the requirement. The conference substitute conforms to the Senate amendment.

Lease guarantees for small business concerns

The House bill contained a provision amending the Small Business Act to authorize SBA to insure the lessor of property to a small business concern displaced by urban renewal against losses resulting from concern's failure to perform the lease. The maximum term of the lease would have been 10 years. The bill would have established an insurance fund with initial capital of \$5 million from SBA's revolving fund. A maximum insurance premium of 1 percent of annual rental payments was authorized.

The Senate amendment contained a provision amending the Small Business Investment Act to authorize SBA to guarantee payment of rentals under leases entered into by small business concerns displaced by any Federal action and concerns eligible for loans under the Anti-poverty Act. The SBA fee for the guarantee could not exceed 2½ percent of the minimum annual guaranteed rental. The amendment established a revolving fund with initial capital of \$5 million from SBA's general fund (and increased the authorization for the latter fund by an equal amount).

The conference substitute conforms to the Senate amendment.

Parking facilities

The House bill contained a provision providing that publicly owned parking facilities provided in redevelopment can be counted as local grants-in-aid under the urban renewal program only to the extent that the cost is not anticipated to be recovered from revenues. No comparable provision was contained in the Senate amendment and none is contained in the conference substitute.

Local grants-in-aid

The Senate amendment contained provisions not in the House bill relating to local grants-in-aid for specific urban renewal projects in Jasper, Ala., Joliet, Ill., New Brunswick, N.J., St. Louis, Mo., Norfolk, Va., Reno, Nev., Michigan City, Ind., and Chester, Pa. The conference substitute contains the Senate provisions.

The conferees were unanimous in their concern over the potential danger of amendments offered on the floor to provide special benefits to specific urban renewal projects. Such procedure does not give the committees sufficient opportunity to study the merits and implications of the proposals. In the future such proposals should be made to the committee early enough so that proper study can be made of each request. By so doing, the proponents of these amendments will protect themselves from the persuasive criticism that they have not been adequately studied and therefore should be rejected.

Waiver of prompt redevelopment requirement

The Senate amendment contained a provision not in the House bill waiving the prompt redevelopment requirement with respect to the sale for industrial purposes of certain land included in an urban renewal project in Texarkana, Ark. The conference substitute contains the Senate provision.

Urban renewal in the District of Columbia

The Senate amendment contained a provision not in the House bill amending the Housing Act of 1954 to authorize the District of Columbia Redevelopment Land Agency to undertake nonresidential projects

as contemplated by title I of the 1949 act. The conference substitute conforms to the Senate amendment.

Historic structures

The Senate amendment contained a provision not in the House bill authorizing an urban renewal project to include the cost of relocating historic structures within the area of the project. It is the understanding of the conferees that this provision, which is included in the conference substitute, is meant to apply only to the costs of moving such structures and not to their acquisition or renovation.

TITLE IV—COMPENSATION OF CONDEMNED

The House bill contained provisions not in the Senate amendment establishing a uniform Federal land acquisition policy for real property taken under certain federally assisted housing and urban development programs. Continued Federal assistance under these programs was conditioned on certain specified standards of fair treatment for owners whose property is taken by eminent domain. The conference substitute contains the House provisions with amendments (1) adding the urban mass transit program and the new community facilities programs authorized by title VII to the federally assisted programs to which the new provisions would apply, and eliminating the college housing and housing for the elderly programs (because condemnation of property in these programs is so seldom used); and (2) limiting the specified standards under which Federal assistance would be conditioned. Under the standards specified in the conference substitute, every reasonable effort would have to be made to acquire the property by negotiated purchase; no owner could be required to surrender possession of his property before being paid the purchase price agreed to by negotiation, or 75 percent of the appraised value of the property if only the purchase price is in dispute; and the occupant of the property could not be required to surrender possession without 90 day's written notice.

The House bill also broadened and increased the amount of the relocation payments authorized to be paid under certain federally assisted housing and urban development programs and extended these payments to additional federally assisted housing and urban development programs. The conference substitute contains the House provisions with technical and conforming changes.

TITLE V—LOW-RENT PUBLIC HOUSING

Equivalent elimination

The Senate amendment contained a provision not in the House bill permitting PHA to accept local certification that there has been equivalent elimination of slum housing. The conference substitute contains the Senate provision.

Reallocation of units

The Senate amendment contained a provision not in the House bill permitting PHA (subject to contractual obligations) to reallocate units not under construction within 5 years from the date reserved, without regard to the 15-percent State limit. The conference substitute contains the Senate provision.

Sale of federally owned projects

The Senate amendment contained a provision not in the House bill permitting the PHA to sell a federally owned public housing project to a nonprofit local group (as well as to a local public housing agency), and requires that the sale of such a project be for continued use as low-rent housing. The conference substitute contains the Senate provision.

Per room limitations

The Senate amendment contained a provision not in the House bill increasing the basic per room limit from \$2,000 to \$2,400 (from \$3,000 to \$3,500 in Alaska), and the special per room limit for the elderly from \$3,000 to \$3,500 (from \$3,500 to \$4,000 in Alaska). The conference substitute contains the Senate provision.

Public housing rental gap

The House bill contained a provision eliminating the requirement of 20-percent gap between upper rental limits for admission to public housing and lowest private rents. The provision in the Senate amendment did not eliminate the rental gap requirement but exempted from such requirement, as "displaced families," those whose dwellings are extensively damaged or destroyed in disaster areas after April 1, 1965. The conference substitute conforms to the Senate provision.

Purchase by tenants

The Senate amendment contained a provision not in the House bill permitting tenants to purchase public housing units (in the case of units which are detached, semidetached, or row housing) on specified terms and conditions. The conference substitute permits such a purchase only in the case of detached and semidetached housing.

TITLE VI—COLLEGE HOUSING

Eligible institutions

The Senate amendment contained a provision not in the House bill making it clear that new colleges are eligible for loans upon providing assurances that they will offer the requisite degree within a reasonable time. The conference substitute contains the Senate provision.

Vocational institutions

The Senate amendment contains a provision not in the House bill making a public educational institution offering technical or vocational instruction eligible for college housing loans, if it is administered by an accredited college or university and provides housing for all or part of its students. The conference substitute contains the Senate provision.

Parking facilities

The House bill contained a provision making parking facilities for faculty and students eligible for loans. No similar provision was contained in the Senate amendment and none is contained in the conference substitute.

Cosignature of note

The Senate amendment contained a provision not in the House bill permitting waiver of cosignature of the note by an educational institu-

tion in the case of a student cooperative when State law prohibits the institution from cosigning the note. The conference substitute contains the Senate provision.

TITLE VII—COMMUNITY FACILITIES

Grants for basic water and sewer facilities

The Senate amendment contained a provision not in the House bill authorizing grants up to 90 percent for a sewer facility in the case of a small community where no such facility exists and unemployment is high. The conference substitute contains the Senate provision.

The Senate amendment also contained a provision not in the House bill specifying that grants for sewers cannot include "treatment works" which are eligible for assistance under the Federal Water Pollution Control Act. The conference substitute conforms to the Senate amendment.

Neighborhood facilities

The provisions in the House bill and the Senate amendment authorizing grants for neighborhood facilities were identical, except that the Senate amendment authorized a local public body receiving such a grant to utilize a nonprofit organization to provide the facilities if the local public body maintains continuing control. The conference substitute conforms to the Senate provision.

Advance acquisition of land

The Senate amendment contained a provision not in the House bill authorizing grants to local public bodies and agencies to assist in the acquisition of land for future construction of public works or facilities. The maximum grant would be determined by aggregate interest charges over a 5-year period. The grantee must initiate construction within 5 years or may be required to repay grant. The conference substitute contains the Senate provision.

Authorization of appropriations

The House bill contained a provision authorizing appropriations without dollar amount for the new programs of grants for water and sewer facilities and neighborhood centers and terminating the programs on October 1, 1969. The Senate amendment authorized appropriations as follows:

[In millions of dollars]

	Fiscal years			
	1966	1967	1968	1969
For water and sewer grants.....	\$100	\$200	\$200	\$200
For neighborhood facilities.....	50	50	50	50
For advance land acquisition.....	25	25	25	25

NOTE.—Amounts authorized for any year remain available to June 30, 1969.

The conference substitute conforms to the Senate provision except that the authorization for water and sewer grants in 1966 is increased to \$200,000,000.

TITLE VIII—FEDERAL NATIONAL MORTGAGE ASSOCIATION

FNMA special assistance authority

Both the Senate amendment and the House bill contained a provision increasing FNMA's special assistance authority by a total of \$1,625,000,000 over a 4-year period and transferring certain unused amounts available for title VIII housing. The provision in the House bill also transferred the amount (approximately \$59,000,000) reserved for section 809 military, NASA, or AEC housing; no similar provision is contained in the Senate amendment and none is contained in the conference substitute.

Mortgage amount for below-market mortgages

The Senate amendment contained a provision not in the House bill excepting section 221(d)(3) below-market mortgages from the \$17,500 per unit limit on purchasable mortgages under FNMA's special assistance authority. The conference substitute contains the Senate provision with an amendment authorizing the exemption only in cases where local tax abatement is granted in an amount sufficient to keep rentals at the level where they would be if the mortgage amount did not exceed \$17,500 per dwelling unit.

Mortgages held by Federal instrumentalities

The Senate amendment contained a provision not in the House bill authorizing FNMA to purchase mortgages covering residential property offered by other Federal agencies and other obligations offered by HHFA. It also authorized FNMA in its fiduciary capacity to deal in any HHFA obligations. The conference substitute conforms to the Senate amendment.

TITLE IX—OPEN SPACE LAND AND URBAN BEAUTIFICATION AND
IMPROVEMENT*Increased grant level*

The House bill contained a provision increasing the maximum grant under the open space program from 20 to 30 percent of cost (and from 30 to 40 percent where applicant exercises open space responsibility for all or a substantial portion of the urban area). The provision in the Senate amendment increased the maximum grant for open space projects to 50 percent of cost and the conference substitute conforms to the Senate amendment.

Grant authorization

The Senate amendment contained a provision increasing the existing authorization for grants under the open space and urban beautification program from the present \$75,000,000 to \$310,000,000 and limiting the share of these funds which can be used for the new open space program in built-up areas to \$64,000,000 and the amount for the new program of urban beautification to \$36,000,000. The House bill would have authorized appropriations without dollar limit for this program. The conference report conforms to the Senate provisions.

Development grants for open space uses

The Senate amendment contained a provision, not in the House bill, authorizing grants to assist development, for open space uses (i.e., use for park and recreational purposes, conservation, or historic or

scenic purposes), of land acquired with open space grant assistance. The conference substitute conforms to the Senate amendment.

Open space land in built-up areas

The House bill contained a provision authorizing grants up to \$500,000 per project or 40 percent of cost, whichever is less, to assist in providing open space land in built-up urban areas. The Senate amendment contained a provision providing for grants up to 50 percent of cost without dollar limit on individual projects. The conference substitute conforms to the Senate provision.

Urban beautification and improvement

The House bill contained a provision authorizing grants up to 40 percent of a community's increased expenditures for urban beautification and improvement, except that up to \$5,000,000 can be used in making 100-percent grants for demonstrations. The Senate amendment contained a similar provision except that the grant limit would be 50 percent for the basic grants and 66⅔ percent for demonstration grants. The conference substitute conforms to the Senate amendment with respect to the 50-percent maximum for basic grants, but in the case of demonstration grants the maximum is 90 percent.

Open space planning

The Senate amendment contained a provision not in the House bill, permitting grants to be made only if needed for a unified or officially coordinated open space land program to be carried out as part of comprehensive planning for the area (existing law requires only that there be comprehensive planning to which the proposed land use is important). The conference substitute conforms to the Senate amendment.

Use of funds for studies

The House bill contained a provision permitting up to \$100,000 a year of grant funds to be used for studies and publications, while under the Senate amendment these studies would be limited to \$50,000 a year. The conference substitute contains the Senate provision.

TITLE X—RURAL HOUSING

Insurance of rural housing loans

The House bill contained a provision, not in the Senate amendment, requiring a minimum period of 5 years from the date of the note before the insured holder could require the Secretary to repurchase the insured loan under a repurchase agreement. There was no similar provision in the Senate amendment and none is contained in the conference substitute.

The House bill contained provisions, not in the Senate amendment, authorizing the sale of insured loans at market prices, authorizing use of the insurance fund to pay fees and charges in connection with such sales, requiring that reimbursement of the insurance fund for the amount of losses from sales at less than par plus related fees and charges paid be made by annual appropriation and prohibiting borrowing from the Treasury to make such reimbursement. There were no similar provisions in the Senate amendment and none are contained in the conference substitute. It is the view of the conferees that by exercise of the authority to use repurchase agreements with

minimum periods fixed by the Secretary in accordance with prevailing market conditions, the Secretary will be able to sell the insured loans without loss, and that sales at a loss should not be made.

Interest on Treasury borrowing

The House bill contained a formula for computing interest on loan funds borrowed from the Treasury based on current market yields of Treasury securities while the Senate formula was based on the rate of interest actually paid by the Treasury. The conference substitute contains the Senate formula.

Payment of interest to Treasury

The House bill contained a provision requiring the Secretary to pay interest on future appropriations for making rural housing loans. The Senate amendment contained no similar provision and none is contained in the conference substitute.

Definition of rural area

The House bill contained a provision defining a rural area as a place with a population of 5,500 or less which is not a part of or associated with an urban area. There was no similar provision in the Senate amendment. The conference substitute defines a rural area as a place which is not part of or associated with an urban area, and which (1) has a population not in excess of 2,500, or (2) has a population between 2,500 and 5,500 if it is rural in character. While emphasizing that a place with a population in excess of 2,500 but not in excess of 5,500 must be rural in character, the conferees do not intend to suggest any change in the present administrative rules for determining whether a place with a population of 2,500 or less is a rural area.

TITLE XI—MISCELLANEOUS

Studies of housing programs

The Senate amendment included provisions not in the House bill requiring special reports on the rent supplement program, public housing, FHA land insurance, urban renewal, community facilities, and the open-space and urban beautification program. In lieu of these, the conference substitute amended section 802 of the Housing Act of 1954, which requires the Housing and Home Finance Agency to make annual reports on all its programs and operations, to accomplish the purpose of the Senate provisions. It is the understanding of the conferees that HHFA and its constituent agencies should give special attention in its annual report to the new programs authorized by this act.

Urban planning grants

The House bill contained a provision authorizing appropriations as needed for the urban planning grant program and terminating the program on October 1, 1969. The Senate amendment simply raised the existing authorization from \$105,000,000 to \$230,000,000. In addition, the Senate amendment contained a provision permitting up to 5 percent of the funds appropriated to be used in developing and improving planning techniques, and also authorized grants to organizations of elected officials in metropolitan areas to assist in studies, collection of data, and development of plans and programs. The conference substitute contains the Senate provision with a modification.

The term "elected official" as contained in the original Senate text was changed to read "public official". While the amendment is directed at making eligible organizations of local elected officials, the term "public official" was required to make it clear that the Metropolitan Councils of Governments for Washington and certain other areas are eligible for these grants even through their members may not be elected. For example, the Washington Council has representatives from the Board of Commissioners of the Government of the District of Columbia. These Commissioners are not elected but are appointed by the President.

Federal-State training programs

The House bill contained a provision eliminating the ceiling on the authorization for appropriations for the Federal-State training program and terminating that program on October 1, 1969. The Senate amendment simply increased the authorization from the existing \$10,000,000 limit to \$30,000,000.

The conference substitute contains the Senate provision.

Public works planning advances

The House bill contained a provision removing the ceiling on the amount which can be appropriated for public works planning advances and terminated the program on October 1, 1969. The Senate amendment simply increased the authorization for appropriation from \$20,000,000 to \$70,000,000. The conference substitute contains the Senate provision.

Low income housing demonstration program

The Senate amendment contained a provision not in the House bill increasing the authorization for low income housing demonstration grants from \$10,000,000 to \$15,000,000. The conference substitute contains the Senate provision.

Public facility loans

The House bill contained a provision permitting public facility loans to nonprofit corporations to provide water or sewer facilities for smaller municipalities which are unable to provide them. The Senate amendment contained the same provision except it made it clear that rural areas were included. The conference substitute conforms to the Senate amendment.

The Senate amendment contained a provision not in the House bill permitting public facility loans to communities where NASA installations are located without regard to population (the limitation in present law for such communities is 150,000). The conference substitute conforms to the Senate amendment.

Mass Transportation Act

The Senate amendment contained a provision not in the House bill repealing the requirement in the Urban Mass Transportation Act that facilities and equipment used under the program be U.S. manufactured. The conference substitute contains the Senate provision.

Federal Reserve Act

The Senate amendment contained a provision not in the House bill which would have authorized national banks to purchase participations in loans secured by real estate and, in addition, would have increased the maximum maturity of industrial, commercial, and residential construction loans from 18 to 30 months. It was felt that further study of the authorization for the purchase of participations is needed, and this authority is not included in the conference substitute. It is the intention of the Committee on Banking and Currency to call hearings as soon as possible to study this proposal. The conference substitute does include a provision extending to 24 months the maximum maturity of industrial, commercial, and residential construction loans.

Savings and loan association loans on leaseholds

The House bill contained a provision not in the Senate amendment authorizing savings and loan associations to make loans secured by leaseholds which extend at least 10 years beyond loan maturity in areas where a substantial part of residential land is available only on a leasehold basis.

In place of this the conference substitute amends existing law to permit savings and loan associations generally to make loans on leaseholds which extend or are renewable for at least 10 years beyond the loan maturity. (Present law requires 15 years.) It is the intention of the conferees that where the leasehold is renewable, precautions be taken that it be renewable under terms which do not adversely affect the mortgage security.

District of Columbia savings and loan associations

The House bill provided that associations in the District of Columbia shall have the same investment powers as Federal associations. No similar provision was contained in the Senate amendment and none is contained in the conference substitute.

Deposits in FSLIC

The Senate amendment contained a provision not in the House bill requiring insured institutions to make deposits in FSLIC as required by call of FHLBB. The conference substitute contains the Senate provision.

Investments by Federal savings and loan associations

The Senate amendment contained a provision not in the House bill authorizing Federal associations to invest up to 1 percent of their assets in loans (for Latin American housing) guaranteed by AID under section 224 of the Foreign Assistance Act of 1961. The conference substitute conforms to the Senate provision.

Proximity to airports

The Senate amendment contained a provision not in the House bill authorizing HHFA to study methods of reducing loss and hardship to homeowners whose property has been depreciated by the proximity of airports. The conference substitute contains the Senate provision.

WRIGHT PATMAN,
ABRAHAM J. MULTER,
WILLIAM A. BARRETT,
LEONOR K. SULLIVAN,
HENRY S. REUSS,
THOS. L. ASHLEY,
WILLIAM B. WIDNALL,
PAUL A. FINO,
FLORENCE P. DWYER,

Managers on the Part of the House.



[Submitted by Mr. HARRIS]

CONFERENCE REPORT (H. REPT. No. 678)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 2985) to authorize assistance in meeting the initial cost of professional and technical personnel for comprehensive community mental health centers, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 4, 5, 6, 7, 8, 9, and 10, and agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"Sec. 4. Subsection (a) of section 302 of the Mental Retardation Facilities and Community Mental Health Centers Construction Act of 1963 (Public Law 88-164) is amended by striking out 'There is authorized to be appropriated for the fiscal year ending June 30, 1964, and each of the next two fiscal years the sum of \$2,000,000' and inserting in lieu thereof the following: 'There is authorized to be appropriated \$6,000,000 for the fiscal year ending June 30, 1966; \$9,000,000 for fiscal year ending June 30, 1967; \$12,000,000 for fiscal year ending June 30, 1968; and \$14,000,000 for fiscal year ending June 30, 1969.'"

And the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 8. Section 7 of the Act of September 6, 1958 (Public Law 85-926) as amended (20 U.S.C. 617), is amended to read as follows:

"SEC. 7. There are authorized to be appropriated for carrying out this Act \$19,500,000 for the fiscal year ending June 30, 1966; \$29,500,000 for the fiscal year ending June 30, 1967; \$34,000,000 for the fiscal year ending June 30, 1968; and \$37,500,000 for the fiscal year ending June 30, 1969."

And the Senate agree to the same.

Amendment to title:

That the House recede from its disagreement to the amendment of the Senate to the title of the bill.

OREN HARRIS,
LEO W. O'BRIEN,
PAUL G. ROGERS,
DAVID E. SATTERFIELD III,
JAMES A. MACKAY,
JOHN J. GILLIGAN,
WILLIAM L. SPRINGER,
ANCHER NELSEN,
TIM LEE CARTER,

Managers on the Part of the House.

LISTER HILL,
RALPH W. YARBOROUGH,
HARRISON WILLIAMS,
CLAIBORNE FELL,
EDWARD KENNEDY,
JACOB K. JAVITS,
GEORGE L. MURPHY,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 2985) to authorize assistance in meeting the initial cost of professional and technical personnel for comprehensive community mental health centers, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Amendment No. 1: This amendment changes the short title of the bill to conform to changes in the text. The House recedes.

Amendment No. 2: Under the House bill, authority was given to the Secretary of Health, Education, and Welfare to make grants to community mental health centers to finance a portion of the costs of staffing these centers, with assistance to be furnished to any one center for a total period of 51 months. The House bill authorized the Secretary to commence such grants at any time during the 3 fiscal years 1966, 1967, and 1968, and authorized appropriations for those 3 fiscal years and the succeeding fiscal year.

The Senate amendment made no change in the 3-year period during which the grants could be commenced, and authorized appropriations for the next 4 fiscal years, so as to permit completion of the payment of the Federal share with respect to each center for the full 51 months.

The House recedes.

Amendment No. 3: Senate amendment No. 3 amends section 302 of the Mental Retardation Facilities and Community Mental Health Centers Construction Act of 1963 (Public Law 88-164) to continue for 5 additional years the program of research and demonstration projects in the training of handicapped children, and increased the authorization for the current fiscal year to \$6,000,000. Additional appropriations authorized under the Senate amendment for the following 5 years would aggregate \$78,000,000.

The House receded with an amendment, increasing the authorization for the current fiscal year to \$6,000,000 and limiting the extension of the program to 3 additional years, with the same authorization for these years as was contained in the Senate amendment: \$9,000,000 for fiscal year 1967, \$12,000,000 for fiscal year 1968, and \$14,000,000 for fiscal year 1969.

Amendments Nos. 4, 5, 6, 7, and 8: These amendments add four new subsections to section 302 of Public Law 88-164, which expand and clarify the program under this section.

The proposed new subsection (f) would add authority for construction, equipment, and operation of facilities for research, research training, surveys, or demonstrations to aid children who are mentally retarded, hard of hearing, deaf, speech impaired, visually handicapped, seriously emotionally disturbed, crippled, or otherwise health impaired who require special education, or the dissemination of information derived therefrom, or all of such activities, including experimental schools.

The proposed new subsection (g) is the usual provision requiring conformance with Davis-Bacon Act standards in the construction program. Subsections (h) and (i) contain definitions.

The House recedes.

Amendment No. 9: This amendment would permit the Secretary of Health, Education, and Welfare to deposit in a special account on the books of the Treasury all or part of any grant awarded by the Secretary, and to make payments from this account from time to time to the extent needed to carry out the purposes of the grant.

This amendment provides needed authority for the Secretary of Health, Education, and Welfare to prevent the disbursement of sums to recipients before the time they are actually needed, and thereby prevent the accumulation of large sums of Federal funds by grantees.

The House recedes.

Amendment No. 10: This amendment extends the application of the act of September 6, 1958 (Public Law 85-926) which relates to the training of teachers of handicapped children to the Commonwealth of Puerto Rico, the Virgin Islands, the District of Columbia, Guam, and American Samoa.

The House recedes.

Amendment No. 11: Senate amendment No. 11 provided a 5-year extension of the program under the act of September 6, 1958, with additional appropriations aggregating \$186,000,000 over the current fiscal year and the 5 additional fiscal years. The House conferees receded with an amendment, limiting appropriations for the current fiscal year to the existing \$19,500,000 level, and authorizing appropriations for 3 additional years, with \$29,500,000 authorized for fiscal year 1967, \$34,000,000 for fiscal year 1968, and \$37,500,000 for fiscal year 1969.

Amendment to title: The Senate amended the title of the bill to conform to changes in the text.

The House recedes.

OREN HARRIS,
LEO W. O'BRIEN,
PAUL G. ROGERS,
JAMES A. MACKAY,
DAVID E. SATTERFIELD III,
JOHN J. GILLIGAN,
WILLIAM L. SPRINGER,
ANCHER NELSEN,
TIM LEE CARTER,

Managers on the Part of the House.

HOUSING AND URBAN DEVELOPMENT ACT OF 1965

Pursuant to an order of the House on Thursday, July 22, 1965, the conference report on the bill (H.R. 7984) to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities, is herewith printed, as follows:

[Submitted by Mr. PATMAN]

CONFERENCE REPORT (H. REPT. No. 679)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7984) to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities, having met, after full and free conference, have agreed to recommend and do recommended to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "That this Act may be cited as the 'Housing and Urban Development Act of 1965'."

"TITLE I—SPECIAL PROVISIONS FOR DISADVANTAGED PERSONS

"Financial assistance to enable certain private housing to be available for lower income families who are elderly, handicapped, displaced, victims of a natural disaster, or occupants of substandard housing

"SEC. 101. (a) The Housing and Home Finance Administrator (hereinafter referred to as the 'Administrator') is authorized to make, and contract to make annual payments to a 'housing owner' on behalf of 'qualified tenants,' as those terms are defined herein, in such amounts and under such circumstances as are prescribed in or pursuant to this section. In no case shall a contract provide for such payments with respect to any housing for a period exceeding forty years. The aggregate amount of the contracts to make such payments shall not exceed amounts approved in appropriation Acts, and payments pursuant to such contracts shall not exceed \$30,000,000 per annum

prior to July 1, 1966, which maximum dollar amount shall be increased by \$35,000,000 on July 1, 1966, by \$40,000,000 on July 1, 1967, and by \$45,000,000 on July 1, 1968.

"(b) As used in this section, the term 'housing owner' means a private nonprofit corporation or other private nonprofit legal entity, a limited dividend corporation or other limited dividend legal entity, or a cooperative housing corporation, which is a mortgagor under section 221(d)(3) of the National Housing Act and which, after the enactment of this section, has been approved for mortgage insurance thereunder and has been approved for receiving the benefits of this section: *Provided*, That, except as provided in subsection (j), no payments under this section may be made with respect to any property financed with a mortgage receiving the benefits of the interest rate provided for in the proviso in section 221(d)(5) of that Act. Subject to the limitations provided in subsection (j), the term 'housing owner' also has the meaning prescribed in such subsection.

"(c) As used in this section, the term 'qualified tenant' means any individual or family who has, pursuant to criteria and procedures established by the Administrator, been determined—

"(1) to have an income below the maximum amount which can be established in the area, pursuant to the limitations prescribed in sections 2(2) and 15(7)(b)(ii) of the United States Housing Act of 1937, for occupancy in public housing dwellings; and

"(2) to be one of the following—

"(A) displaced by governmental action;

"(B) sixty-two years of age or older (or, in the case of a family to have a head who is, or whose spouse is, sixty-two years of age or over);

"(C) physically handicapped (or, in the case of a family, to have a head who is, or whose spouse is, physically handicapped);

"(D) occupying substandard housing; or

"(E) an occupant or former occupant of a dwelling which is (or was) situated in an area determined by the Small Business Administration, subsequent to April 1, 1965, to have been affected by a natural disaster, and which has been extensively damaged or destroyed as the result of such disaster.

The terms 'qualified tenant' and 'tenant' include a member of a cooperative who satisfies the foregoing requirements and who, upon resale of his membership to the cooperative, will not be reimbursed for any equity increment accumulated through payments under this section. With respect to members of a cooperative, the terms 'rental' and 'rental charges' mean the charges under the occupancy agreements between such members and the cooperative.

"(d) The amount of the annual payment with respect to any dwelling unit shall not exceed the amount by which the fair market rental for such unit exceeds one-fourth of the tenant's income as determined by the Administrator pursuant to procedures and regulations established by him.

"(e) (1) For purposes of carrying out the provisions of this section, the Administrator shall establish criteria and procedures for determining the eligibility of occupants and rental charges, including criteria and procedures with respect to periodic review of tenant incomes and periodic adjustment of rental charges. The Administrator shall issue, upon the request of a housing owner, certificates as to the following facts concerning the individuals and families applying for admission to, or residing in, dwellings of such owner:

"(A) the income of the individual or family; and

"(B) whether the individual or family was displaced by governmental action, is elderly, is physically handicapped, or is (or was) occupying substandard housing or housing ex-

tensively damaged or destroyed as the result of a natural disaster.

"(2) Procedures adopted by the Administrator hereunder shall provide for recertifications of the incomes of occupants, except the elderly, at intervals of two years (or at shorter intervals in cases where the Administrator may deem it desirable) for the purpose of adjusting rental charges and annual payments on the basis of occupants' incomes, but in no event shall rental charges adjusted under this section for any dwelling exceed the fair market rental of the dwelling.

"(3) The Administrator may enter into agreements, or authorized housing owners to enter into agreements, with public or private agencies for services required in the selection of qualified tenants, including those who may be approved, on the basis of the probability of future increases in their incomes as lessees under an option to purchase (which will give such approval qualified tenants an exclusive right to purchase at a price established or determined as provided in the option) dwellings, and in the establishment of rentals. The Administrator is authorized (without limiting his authority under any other provision of law) to delegate to any such public or private agency his authority to issue certificates pursuant to this subsection.

"(4) No payments under this section may be made with respect to any property for which the costs of operation (including wages and salaries) are determined by the Administrator to be greater than similar costs of operation of similar housing in the community where the property is situated.

"(f) Section 101(c) of the Housing Act of 1949 is amended by inserting '(i)' after 'a mortgage under' in the first proviso and by inserting immediately before the colon at the end of such proviso the following: ', or (ii) section 221(d)(3) of the National Housing Act if payments with respect to the mortgaged property are made or are to be made under section 101 of the Housing and Urban Development Act of 1965, except that no such mortgage shall be insured, and no commitment to insure such a mortgage shall be issued, with respect to property in any community for which a workable program for community improvement was required and in effect at the time a contract for a loan or capital grant was entered into under this title, or a contract for annual contributions or capital grants was entered into pursuant to the United States Housing Act of 1937, unless there is a workable program for community improvement which meets the requirements of this subsection in effect in such community at the time of such insurance or commitment'.

"(g) The Administrator is authorized to make such rules and regulations, to enter into such agreements, and to adopt such procedures as he may deem necessary or desirable to carry out the provisions of this section. Nothing contained in this section shall affect the authority of (1) the Federal Housing Commissioner with respect to any housing assisted under this section and under sections 221(d)(3) and 231(c)(3) of the National Housing Act, or (2) the Housing and Home Finance Administrator with respect to any housing assisted under this section and under section 202 of the Housing Act of 1959, including the authority to prescribe occupancy requirements under other provisions of law or to determine the portion of any such housing which may be occupied by qualified tenants.

"(h) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section, including, but not limited to, such sums as may be necessary to make annual payments as prescribed in this section, pay for services provided under (or pursuant to agreements entered into under) subsection (e), and provide administrative expenses.

"(i) Section 114(c)(2) of the Housing Act of 1949 is amended by inserting before the colon at the end of the first proviso the following: ', or a dwelling unit assisted under section 101 of the Housing and Urban Development Act of 1965'.

"(j) (1) For the purpose of assisting housing under this section on an experimental basis, subject to the limitations of this subsection, the term 'housing owner' (in addition to the meaning prescribed in subsection (b)) includes—

"(A) a private nonprofit corporation or other private nonprofit legal entity, a limited dividend corporation or other limited dividend legal entity, or a cooperative housing corporation, which is a mortgagor under a mortgage which receives the benefits of the interest rate provided for in the proviso in section 221(d)(5) of the National Housing Act and which, after the date of the enactment of this Act, has been approved for mortgage insurance under section 221(d)(3) of the National Housing Act and has been approved for receiving the benefits of this section;

"(B) a private nonprofit corporation or other private nonprofit legal entity which is a mortgagor under a mortgage insured under section 231(c)(3) of the National Housing Act and which, after the date of the enactment of this Act, has obtained final endorsement of such mortgage for mortgage insurance and has been approved for receiving the benefits of this section; and

"(C) a private nonprofit corporation, a public body or agency, or a cooperative housing corporation, which is a borrower under section 202 of the Housing Act of 1959 and has been approved for receiving the benefits of this section: *Provided*, That, with respect to properties financed with loans under such section made on or before the date of the enactment of this Act, payments shall not be made with respect to more than 20 per centum of the dwelling units in any property so financed.

"(2) Of the amounts approved in appropriation Acts pursuant to subsection (a) for payments under this section in any year, not more than 5 per centum in the aggregate shall be paid with respect to properties of housing owners as defined in paragraph (1)(A) of this subsection, and not more than 5 per centum in the aggregate shall be paid with respect to properties of housing owners as defined in paragraphs (1)(B) and (1)(C) of this subsection.

"*Extension of FHA section 221 programs; modification of interest rate; pooling of mortgages for sale*

"SEC. 102. (a) The fifth sentence of section 221(f) of the National Housing Act is amended by striking out 'subsection (d)(2) or (d)(4) after September 30, 1965, or under subsection (d)(3) after September 30, 1965,' and inserting in lieu thereof 'this section after October 1, 1969.'

"(b) The proviso in section 221(d)(5) of such Act is amended by striking out 'not less than the annual rate of interest determined' and inserting in lieu thereof 'not less than the lower of (A) 3 per centum per annum, or (B) the annual rate of interest determined'.

"(c) The third sentence of section 212(a) of such Act is amended by striking out 'described in subsection (d)(3)' and all that follows and inserting in lieu thereof 'described in subsection (d)(3) or (d)(4).'

"(d) Section 302(c) of such Act is amended by inserting before the last sentence thereof the following: 'If there shall be included within one or more of the trusts or other agencies created pursuant to the authority of this subsection any mortgages bearing a below-market interest rate and insured under section 221(d)(3) after the date of the enactment of the Housing and Urban Development Act of 1965, there are authorized to

be appropriated from time to time such amounts as may be necessary to reimburse the Association for the amount of the differential (including interest, other costs, and a fair proportion of administrative expense) between (1) the total outlay with respect to outstanding participations or other instruments which, at the time of issuance, were predicated upon or otherwise related to such below-market interest rate mortgages, and (2) the total receipts from such mortgages.

"Low-rent housing in private accommodations"

"SEC. 103. (a) The United States Housing Act of 1937 is amended by redesignating section 23 as section 24, and by adding after section 22 the following new section:

"Low-rent housing in private accommodations"

"SEC. 23. (a) (1) For the purpose of providing a supplementary form of low-rent housing which will aid in assuring a decent place to live for every citizen and promote efficiency and economy in the program under this Act by taking full advantage of vacancies or potential vacancies in the private housing market, each public housing agency shall, to the maximum extent consistent with the achievement of the objectives of this Act, provide low-rent housing under this Act in the form of low-rent housing in private accommodations in accordance with this section where such housing in private accommodations can be provided at a cost equal to or less than housing in projects assisted under other provisions of this Act.

"(2) The provisions of this section shall not apply to any locality unless the governing body of the locality has by resolution approved the application of such provisions to such locality.

"(3) As used in this section, the term 'low-rent housing in private accommodations' means dwelling units in an existing structure, leased from a private owner, which provide decent, safe, and sanitary dwelling accommodations and related facilities effectively supplementing the accommodations and facilities in low-rent housing assisted under the other provisions of this Act in a manner calculated to meet the total housing needs of the community in which they are located; and the term 'owner' means any person or entity having the legal right to lease or sublease property containing one or more dwelling units as described in this section.

"(b) Beginning as soon as practicable after the date of the enactment of this section, each public housing agency shall conduct a continuing survey and listing of the available dwelling units within the community or communities under its jurisdiction which provide decent, safe, and sanitary dwelling accommodations and related facilities and are, or may be made, suitable for use as low-rent housing in private accommodations under this section.

"(c) Each public housing agency, by notification to the owners of housing listed under subsection (b), or by publication or advertisement, or otherwise, shall from time to time make known to the public in the community or communities under its jurisdiction the anticipated need for dwelling units in such community or communities to be used as low-rent housing in private accommodations under this section, inviting the owners of such dwelling units to make available for purposes of this section one or more of such units (not exceeding 10 per centum of the units in any single structure except to the extent that the agency, because of the limited number of units in the structure or for any other reason, determines that such limit should not be applied). The public housing agency shall conduct appropriate inspections of the units offered to be made available in any residential structure by the owner thereof in response to such invitation, and if—

"(1) it finds that such units are, or may be made, suitable for use as low-rent housing in private accommodations within the meaning of subsection (a) (3), and

"(2) the rentals to be charged for such units, as negotiated and agreed to by the agency and the owner of the structure in a manner consistent with subsection (d) (2), are within the financial range of families of low income,

such agency may approve such units for use as low-rent housing in private accommodations in accordance with (and subject to the applicable limitations contained in) this section. Each public housing agency shall maintain and keep current a list of units approved by it under this subsection, including such information with respect to each such unit as it may consider necessary or appropriate.

"(d) To the extent of contracts for annual contributions entered into by the Authority with a public housing agency under section 10(e), such agency may enter into contracts with the owners of structures containing dwelling units approved under subsection (c) for the use of such units in accordance with this section. Each such contract with an owner shall provide (with respect to any unit) that—

"(1) the selection of tenants for such unit shall be the function of the owner, subject to the provisions of the contract between the Authority and the agency;

"(2) the rental and other charges to be received by the owner shall be negotiated and agreed to by the agency and the owner, and the rental and other charges to be paid by the tenant shall be determined in accordance with the standards applicable to units in low-rent housing projects assisted under the other provisions of this Act;

"(3) the agency shall have the sole right to give notice to vacate, with the owner having the right to make representations to the agency for termination of a tenancy;

"(4) maintenance and replacements (including redecoration) shall be in accordance with the standard practice for the building concerned, as established by the owner and agreed to by the agency; and

"(5) the agency and the owner shall carry out such other appropriate terms and conditions as may be mutually agreed to by them. Each contract between a public housing agency and an owner entered into under this subsection shall be for a term of not less than twelve months nor more than thirty-six months, and shall be renewable by such agency and owner at the expiration of such term.

"(e) The annual contribution under this Act for a project of a public housing agency for low-rent housing in private accommodations under this section in lieu of any other guaranteed contribution authorized by section 10 shall not exceed the amount of the fixed annual contribution which would be established under this Act for a newly constructed project by such public housing agency designed to accommodate the comparable number, sizes, and kinds of families. The period over which payments will be made to a public housing agency for a project of low-rent housing in private accommodations under this section, and the aggregate amount of such payments, under a contract for annual contributions, shall be determined on the basis of the number of units in the community or communities under the jurisdiction of such agency which are in use (or can reasonably be expected to be placed in use) as low-rent housing in private accommodations under this section, taking into account the terms of the leases under which such units are (or will be) so used. In addition, contracts for financial assistance entered into by the Authority with a public housing agency pursuant to this section shall provide for reimbursement of reasonable and necessary expenses incurred by such agency in con-

ducting surveys, listings, and inspections described in subsections (b) and (c).

"(f) The provisions of sections 10(h) and 15(7) of this Act, and the workable program requirement in section 10(e) of this Act and section 101(c) of the Housing Act of 1949, shall not apply to low-rent housing in private accommodations provided under this section."

"(b) The last sentence of section 2(1) of such Act is amended by striking out 'Income limits for occupancy and rents' and inserting in lieu thereof 'Except as otherwise provided in section 23, income limits for occupancy and rents'.

"Parity of treatment for the handicapped and elderly in public housing"

"SEC. 104. Section 2(2) of the United States Housing Act of 1937 is amended to read as follows:

"(2) The term 'families of low income' means families (including elderly and displaced families) who are in the lowest income group and who cannot afford to pay enough to cause private enterprise in their locality or metropolitan area to build an adequate supply of decent, safe, and sanitary dwellings for their use. The term 'families' includes families consisting of a single person in the case of elderly families and displaced families, and includes the remaining member of a tenant family. The term 'elderly families' means families whose heads (or their spouses), or whose sole members, have attained the age at which an individual may elect to receive an old-age benefit under title II of the Social Security Act, or are under a disability as defined in section 223 of that Act, or are handicapped within the meaning of section 202 of the Housing Act of 1959. The term 'displaced families' means families displaced by urban renewal or other governmental action, or families whose present or former dwellings are situated in areas determined by the Small Business Administration, subsequent to April 1, 1965, to have been affected by a natural disaster, and which have been extensively damaged or destroyed as the result of such disaster."

"Direct loans to provide housing for the elderly or handicapped"

"SEC. 105. (a) Section 202(a)(4) of the Housing Act of 1959 is amended by striking out '\$350,000,000' and inserting in lieu thereof '\$500,000,000'.

"(b) Effective with respect to loans made on or after the date of the enactment of this Act, section 202(a)(3) of such Act is amended by striking out 'the higher of (A) 2½ per centum per annum, or' and inserting in lieu thereof 'the lower of (A) 3 per centum per annum, or'.

"Rehabilitation grants to homeowners in urban renewal areas"

"SEC. 106. (a) Title I of the Housing Act of 1949 is amended by adding at the end thereof the following new section:

"Rehabilitation grants"

"SEC. 115. (a) Notwithstanding any other provision of this title, the Administrator may authorize a local public agency to make grants (and the urban renewal project may include the making of such grants) as prescribed in this section. Any such grant may be made only to an individual or family, as described in subsection (b), who owns and occupies a structure in an urban renewal area, and only for the purpose of covering the cost of repairs and improvements necessary to make such structure conform to public standards for decent, safe, and sanitary housing as required by applicable codes or other requirements of the urban renewal plan for the area. Any contract for financial assistance under this title shall provide that the capital grant otherwise payable for the project shall be increased by an amount equal to the total amount of the grants under this section and that no part of the total

amount of such grants shall be required to be contributed as part of the local grant-in-aid.

"(b) A grant authorized by this section may be made to an individual or family whose income does not exceed \$3,000 a year, and such grant may be in the amount which does not exceed the lesser of (1) the actual (and approved) cost of the repairs and improvements involved, or (2) \$1,500. In case the income of the individual or family exceeds \$3,000 a year, a grant may be made under this section, subject to the limitations specified in clauses (1) and (2) of the preceding sentence, but only in an amount not to exceed that portion of the cost of the repairs and improvements which cannot be paid for with any available loan that can be amortized as part of such individual's or family's monthly housing expense without requiring such monthly housing expense to exceed 25 per centum of such individual's or family's monthly income."

"(b) Any contract with a local public agency which was executed under title I of the Housing Act of 1949 before the date of enactment of this Act may be amended to provide for grants authorized by section 115 of the Housing Act of 1949.

"Mortgage relief for homeowners who are unemployed as the result of the closing of a Federal installation"

"Sec. 107. (a) For the purposes of this section—

"(1) The term 'mortgage' means a mortgage which (A) is insured under the National Housing Act, or (B) secures a home loan guaranteed or insured under the Servicemen's Readjustment Act of 1944 or chapter 37 of title 38, United States Code.

"(2) The term 'Federal mortgage agency' means—

"(A) the Federal Housing Commissioner when used in connection with mortgages insured under the National Housing Act, and

"(B) the Administrator of Veterans' Affairs when used in connection with mortgages securing home loans guaranteed or insured under the Servicemen's Readjustment Act of 1944 or chapter 37 of title 38, United States Code.

"(3) The term 'distressed mortgagor' means an individual who—

"(A) is unemployed, although willing to work, as the result of the closing (in whole or in part) of a Federal installation, and

"(B) is the owner-occupant of a dwelling upon which there is a mortgage securing a loan which is in default because of the inability of such individual to make payments of principal and/or interest under such mortgage.

"(b) (1) Any distressed mortgagor, for the purpose of avoiding foreclosure of his mortgage, may apply to the appropriate Federal mortgage agency for a determination that suspension of his obligation to make payments of principal and/or interest under such mortgage during a temporary period is necessary in order to avoid such foreclosure.

"(2) Upon receipt of an application made under this subsection by a distressed mortgagor, the Federal mortgage agency shall issue to such mortgagor a certificate of moratorium if it determines, after consultation with the interested mortgagee, that—

"(A) the mortgagor is not in default with respect to any condition or covenant of the mortgage other than that requiring the payment of installments of principal and/or interest under the mortgage, and

"(B) such action is the only available means whereby a foreclosure of such mortgage can be avoided.

"(3) Prior to the issuance to any distressed mortgagor of a certificate of moratorium under paragraph (2), the Federal mortgage agency shall require such mortgagor to enter into a binding agreement under which he

will be required to make payments to such agency, after the expiration of such certificate, in an aggregate amount equal to the amount paid by such agency on behalf of such mortgagor as provided in subsection (c). The manner and time in which such payments shall be made shall be determined by the Federal mortgage agency having due regard to the purposes sought to be achieved by this section.

"(4) Any certificate of moratorium issued under this subsection shall expire on whichever of the following dates is the earliest—

"(A) one year from the date on which such certificate is issued;

"(B) thirty days after the date on which the mortgagor to whom such certificate is issued ceases to be a distressed mortgagor as defined in subsection (a); or

"(C) the date on which such mortgagor becomes in default with respect to any condition or covenant in his mortgage other than that requiring the payment by him of installments of principal and/or interest under the mortgage.

"(c) (1) Whenever a Federal mortgage agency issues a certificate of moratorium to any distressed mortgagor with respect to any mortgage, it shall transmit to the mortgagee a copy of such certificate, together with a notice stating that, while such certificate is in effect, such agency will assume the obligation of such mortgagor to make payments of principal, and, if so specified in the certificate, of interest, under the mortgage.

"(2) Payments made by any Federal mortgage agency pursuant to a certificate of moratorium issued under this section with respect to the mortgage of any distressed mortgagor shall include, in addition to the payments referred to in paragraph (1), an amount equal to the unpaid principal and interest charges which had accrued under such mortgage prior to the issuance of such certificate and subsequent to the date on which such mortgagor became a distressed mortgagor as defined in subsection (a).

"(3) While any certificate of moratorium issued under this section is in effect with respect to the mortgage of any distressed mortgagor, no further payments of principal, and, if so specified in the certificate, of interest, under the mortgage shall be required of such mortgagor, and no action (legal or otherwise) shall be taken or maintained by the mortgagee to enforce or collect such payments. Upon the expiration of such certificate, the mortgagor shall again be liable for the payment of all amounts due under the mortgage in accordance with its terms.

"(4) Each Federal mortgage agency shall give prompt notice in writing to the interested mortgagor and mortgagee of the expiration of any certificate of moratorium issued by it under this section.

"(d) The Federal mortgage agencies are authorized to issue such individual and joint regulations as may be necessary to carry out this section and to insure the uniform administration thereof.

"(e) There shall be in the Treasury (1) a fund which shall be available to the Federal Housing Commissioner for the purpose of extending financial assistance in behalf of distressed mortgagors as provided in subsection (c), and (2) a fund which shall be available to the Administrator of Veterans' Affairs for the same purpose. The capital of each such fund shall consist of such sums as may, from time to time, be appropriated thereto, and any sums so appropriated shall remain available until expended. Receipts arising from the programs of assistance under subsection (c) shall be credited to the fund from which such assistance was extended. Moneys in either of such funds not needed for current operations, as determined by the Federal Housing Commissioner, or the Administrator of Veterans' Affairs, as the case may be, shall be invested in bonds or other

obligations of the United States, or paid into the Treasury as miscellaneous receipts.

"(f) Section 1816 of title 38, United States Code is amended by inserting '(a)' before the text of such section, and by adding at the end thereof a new subsection as follows:

"(b) With respect to any loan made under section 1811 which has not been sold as provided in subsection (g) of such section, if the Administrator finds, after there has been a default in the payment of any installment of principal or interest owing on such loan, that the default was due to the fact that the veteran who is obligated under the loan has become unemployed as the result of the closing (in whole or in part) of a Federal installation, he shall (1) extend the time for curing the default to such time as he determines is necessary and desirable to enable such veteran to complete payments on such loan, including an extension of time beyond the stated maturity thereof, or (2) modify the terms of such loan for the purpose of changing the amortization provisions thereof by recasting, over the remaining term of the loan, or over such longer period as he may determine, the total unpaid amount then due with the modification to become effective currently or upon the termination of an agreed-upon extension of the period for curing the default."

"Acquisition of certain properties situated at or near military bases which have been ordered to be closed"

"Sec. 108. (a) The Secretary of Defense is authorized to acquire title to any property, improved with a one- or two-family dwelling, which is situated at or near a military base or installation which the Department of Defense has, subsequent to November 1, 1964, ordered to be closed in whole or in part, if he determines—

"(1) that the owner of such property is, or has been, employed or performing military service, at such base or installation;

"(2) that the closing of such base or installation, in whole or in part, has required or will require the termination of such owner's employment or service at such base or installation; and

"(3) that as the result of the actual or pending closing of such base or installation there is no present market for the sale of such property upon reasonable terms and conditions.

"(b) The purchase price of any property which is situated at or near a military base or installation and is acquired under this section shall be equal to an amount determined by the Secretary of Defense to be the average price at which properties, similar in size, construction, condition, and location to that of the property to be acquired, were sold during a representative period, as determined by the Secretary, prior to the announcement of the intention of the Department of Defense to close all or part of such base or installation.

"(c) The title to any property acquired under this section shall be free and clear of any outstanding liens or encumbrances and shall conform to such requirements as the Secretary of Defense shall by regulation require. Such regulations shall also prescribe the terms and conditions under which payments may be made under this section, and decisions by the Secretary regarding such payments, and the terms and conditions under which the same are approved or disapproved, shall be final and conclusive and shall not be subject to judicial review.

"(d) Properties acquired under this section shall be transferred to the Federal Housing Commissioner, and the Federal Housing Commissioner shall have power to deal with, rent, renovate, or sell for cash or credit any properties so transferred. Receipts from the management or sale of any such properties may be utilized by the Commissioner to defray expenses arising in connection with

the management of such properties, and any part of such receipts not required for such expenses shall be covered into the Treasury as miscellaneous receipts.

"(e) Section 223(a) of the National Housing Act is amended—

"(1) by striking out the period at the end of paragraph (7) and inserting in lieu thereof "; or "; and

"(2) by inserting after paragraph (7) a new paragraph as follows:

"(8) executed in connection with the sale by the Commissioner of any housing acquired pursuant to section 108 of the Housing and Urban Development Act of 1965."

"(f) Such sums as may be necessary to carry out the provisions of this section are hereby authorized to be appropriated, and any sums so appropriated shall remain available until expended.

"TITLE II—FHA INSURANCE OPERATIONS

"Land development

"SEC. 201. (a) The National Housing Act is amended by adding at the end thereof the following new title:

"TITLE X—MORTGAGE INSURANCE FOR LAND DEVELOPMENT

"Definitions

"SEC. 1001. As used in this title—

"(a) the term "mortgage" means a lien or liens on real estate in fee simple, or on a leasehold (1) under a lease for not less than ninety-nine years which is renewable, or (2) under a lease having a period of not less than fifty years to run from the date the mortgage was executed;

"(b) the term "first mortgage" includes such classes of first liens as are commonly given to secure advances (including but not limited to advances during construction) on, or the unpaid purchase price of, real estate under the laws of the State in which the real estate is located, together with the credit instrument or instruments, if any, secured thereby, and may be in the form of trust mortgages or mortgage indentures or deeds of trusts securing notes, bonds, or other credit instruments;

"(c) the terms "mortgage", "mortgagor", and "State" have the same meaning as in section 207 of this Act;

"(d) the term "improvements" means waterlines and water supply installations, sewerlines and sewerage disposal installations, roads, streets, curbs, gutters, sidewalks, storm drainage facilities, and other installations or work, whether on or off the site, which the Commissioner deems necessary or desirable to prepare land primarily for residential and related uses or to provide facilities for public or common use; but such term shall not include any building unless it is (1) a building which is needed in connection with a water supply or sewage disposal installation, or (2) a building, other than a school, which is to be owned and maintained jointly by the property owners; and

"(e) the term "land development" means the process of making, installing, or constructing improvements.

"Basic conditions for insurance

"SEC. 1002. (a) The Commissioner is authorized (1) to insure, upon such terms and conditions as he may prescribe, any first mortgage (including advances on such mortgage) in accordance with the provisions of this title, and (2) to make a commitment for the insurance of such mortgage prior to the date of execution of such mortgage or prior to the date of disbursement of the mortgage proceeds. No mortgage shall be insured under this title after October 1, 1969, except pursuant to a commitment to insure issued before such date.

"(b) The mortgage shall—

"(1) be executed by a mortgagor, other than a public body, approved by the Commissioner;

"(2) be made to and held by a mortgagee approved by the Commissioner; and

"(3) cover the land to be developed and the improvements to be made with the assistance of the mortgage insurance under this title, except facilities intended for public use and in public ownership.

"(c) The principal obligation of the mortgage shall (1) not exceed 75 per centum of the Commissioner's estimate of the value of the property upon completion of the land development, and (2) not exceed the sum of 50 per centum of the Commissioner's estimate of the value of the land before development and 90 per centum of his estimate of the cost of such development. The outstanding principal obligations of mortgages involving a single land development undertaking, as defined by the Commissioner, shall at no time exceed \$10,000,000.

"(d) The mortgage shall—

"(1) have a maturity not to exceed seven years or such longer maturity as the Commissioner deems reasonable in the case of a privately owned system for water or sewerage, and contain repayment provisions satisfactory to the Commissioner;

"(2) bear interest at a rate satisfactory to the Commissioner, and such interest shall be exclusive of premium charges for mortgage insurance and such service charges and fees as may be approved by the Commissioner; and

"(3) contain such terms and provisions with respect to protection of the security, payment of taxes, delinquency charges, prepayment, additional and secondary liens, and other matters as the Commissioner may in his discretion prescribe.

"(e) A property or project to be financed by a mortgage insured under this title shall—

"(1) represent a good mortgage insurance risk; and

"(2) involve improvements that comply with all applicable State and local governmental requirements and with minimum standards approved by the Commissioner.

"Land planning

"SEC. 1003. (a) The land development covered by a mortgage insured under this title shall be undertaken pursuant to a schedule, conforming to such requirements and procedures as the Commissioner may prescribe, that will assure the use of the land for the purposes for which it is to be developed within the shortest reasonable period consistent with the objectives of sound and economic community growth or urban development.

"(b) The land development shall be undertaken in accordance with an overall development plan, appropriate to the scope and character of the undertaking, which—

"(1) has received all governmental approvals required by State or local law or by the Commissioner;

"(2) is acceptable to the Commissioner as providing reasonable assurance that the land development will contribute to good living conditions in the area being developed, which area (A) will have a sound economic base and a long economic life, (B) will be characterized by sound land-use patterns, and (C) will include or be served by such shopping, school, recreational, transportation, and other facilities as the Commissioner deems adequate or necessary; and

"(3) is consistent with a comprehensive plan which covers, or with comprehensive planning being carried on for, the area in which the land is situated, and which meets criteria established by the Housing and Home Finance Administrator for such plans or planning.

"Encouragement of small builders and moderate cost housing

"SEC. 1004. The Commissioner shall adopt such requirements as he deems necessary in land development covered by mortgages in-

sured under this title to encourage the maintenance of a diversified local homebuilding industry, broad participation by builders, and the inclusion of a proper balance of housing for families of moderate or low income.

"Water and sewerage facilities

"SEC. 1005. After development of the land it shall be served by public systems for water and sewerage which are consistent with other existing or prospective systems within the area, except that the Commissioner may approve an adequate privately or cooperatively owned system which will be regulated in a manner acceptable to him with respect to user rates and charges, capital structure, methods of operation, rate of return, and conditions and terms of any sale or transfer.

"Releases

"SEC. 1006. The Commissioner may, on such terms and conditions as he may prescribe, consent to the release or subordination of a part or parts of the mortgaged property from the lien of the mortgage.

"Premiums and fees

"SEC. 1007. The commissioner shall collect reasonable premiums for the insurance of any mortgage under this title and make such charges as he determines are reasonable for the analysis of the land development plan and the appraisal and inspection of the property and improvements. On or before January 1, 1967, the Commissioner shall make a report to the Congress concerning the premium rates and other charges under this title that he estimates will be adequate to provide income sufficient for a self-supporting program.

"Insurance benefits

"SEC. 1008. The provisions of subsections (e), (g), (h), (i), (j), (k), (l), and (n) of section 207 of this Act shall be applicable to mortgages insured under this title, except that as applied to such mortgages (1) any reference therein to section 207 shall be deemed to refer to this title, and (2) any reference to an annual premium shall be deemed to refer to such premiums as the Commissioner may designate under this title.

"Incontestability provisions

"SEC. 1009. Any contract of insurance executed by the Commissioner under this title shall be conclusive evidence of the eligibility of the mortgage for insurance, and the validity of any contract of insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of such contract, except for fraud or material misrepresentation on the part of such approved mortgagee.

"Rules and regulations

"SEC. 1010. The Commissioner is authorized to make such rules and regulations and to require such agreements as he may deem necessary or desirable to carry out the provisions of this title.

"Taxation provisions

"SEC. 1011. Nothing in this title shall be construed to exempt any real property acquired and held by the Commissioner under this title from taxation by any State or political subdivision thereof to the same extent, according to its value, as other real property is taxed.

"Cost certification

"SEC. 1012. (a) The Commissioner shall adopt such requirements as he determines necessary to assure, at reasonable intervals of time during land development and upon completion of such development, that the amount of the mortgage loan outstanding at each such interval does not exceed with respect to that portion of the land remaining under the lien of the mortgage (1) 50 per centum of the Commissioner's estimate of the value of such remaining land before development, plus (2) 90 per centum of the

actual costs of the development allocated by the Commissioner to such remaining land.

"(b) From time to time during, and upon completion of, the development, the Commissioner shall require the mortgagor to certify as to the actual costs of development of the land.

"(c) Certifications required pursuant to this section shall be accompanied by such data and records as the Commissioner shall prescribe.

"(d) A mortgagor's certification approved by the Commissioner shall be final and incontestable except for fraud or material misrepresentation on the part of the mortgagor.

"(e) As used in this section, the term 'actual costs' means the costs (exclusive of kickbacks, rebates, or trade discounts) to the mortgagor of the improvements involved. These costs may include amounts paid for labor, materials, construction contracts, land planning, engineers' and architect's fees, surveys, taxes, and interest during development, organizational and legal expenses, such allocation of general overhead expenses as are acceptable to the Commissioner, and other items of expense incidental to development which may be approved by the Commissioner. If the Commissioner determines there is an identity of interest between the mortgagor and the contractor, there may be included an allowance for contractor's profit in an amount deemed reasonable by the Commissioner."

"(b) (1) Section 302(b) of the National Housing Act is amended by striking out 'the term "mortgages"' in the last sentence and inserting in lieu thereof 'the terms "mortgages" and "home mortgages" '.

"(2) The first paragraph of section 24 of the Federal Reserve Act is amended by inserting before the next to last sentence the following new sentence: 'Notwithstanding the foregoing limitations and restrictions in this section, any national banking association may make loans for land development which are secured by mortgages insured under title X of the National Housing Act.'

"(3) Section 5(c) of the Home Owners Loan Act of 1933 is amended by adding at the end thereof the following new paragraph:

"Without regard to any other provision of this subsection, any such association may, to such extent as the Federal Home Loan Bank Board may by regulation permit, invest in loans, and interests in loans, (1) secured by mortgages as to which the association has the benefit of insurance under title X of the National Housing Act or of a commitment or agreement for such insurance, or (2) guaranteed by the President under section 224 of the Foreign Assistance Act of 1961, as amended. Investments under clause (1) of this paragraph shall not be included in any percentage of assets or other percentage referred to in this subsection. Investments under clause (2) of this paragraph shall not exceed, in the case of any association, 1 per centum of the assets of such association."

"(4) Section 212(a) of the National Housing Act is amended by inserting at the end thereof the following new sentence: 'The provisions of this section shall also apply to insurance under title X with respect to laborers and mechanics employed in land development financed with the proceeds of any mortgage insured under that title.'

Extension of insurance authorizations

"SEC. 202. (a) Section 2(a) of the National Housing Act is amended by striking out 'October 1, 1965,' and inserting in lieu thereof 'October 1, 1969'.

"(b) Section 217 of such Act is amended—

"(1) by striking out 'title VIII' and inserting in lieu thereof 'title VIII, or title X', and

"(2) by striking out 'October 1, 1965' and inserting in lieu thereof 'October 1, 1969'.

"(c) The second sentences of sections 809(f) and 810(k) of such Act are each amended by striking out 'October 1, 1965' and inserting in lieu thereof 'October 1, 1969'.

"Mortgage limits for homes under section 203(b)"

"SEC. 203. Clause (iii) of section 203(b) (2) of the National Housing Act is amended by striking out '75 per centum' and inserting in lieu thereof '80 per centum'.

"Downpayment requirement in case of low-income housing demonstration homes"

"SEC. 204. Section 203(b) (9) of the National Housing Act is amended by inserting after 'a mortgage meeting the requirements of subsection (i) of this section,' the following: 'or with respect to a mortgage covering a single-family home being purchased under the low-income housing demonstration project assisted pursuant to section 207 of the Housing Act of 1961,'.

"Mortgage limit for homes in outlying areas under FHA section 203(i) program"

"SEC. 205. Section 203(i) of the National Housing Act is amended by striking out '\$11,000' and inserting in lieu thereof '\$12,500'.

"FHA mortgage financing for veterans"

"SEC. 206. (a) Section 203(b) (2) of the National Housing Act is amended—

"(1) by striking out 'and not to exceed' and inserting in lieu thereof 'and (except as provided in the next to the last sentence of this paragraph) not to exceed'; and

"(2) by adding at the end thereof the following new sentences: 'If the mortgagor is a veteran who has not received any direct, guaranteed, or insured loan under laws administered by the Veterans' Administration for the purchase, construction, or repair of a dwelling (including a farm dwelling) which was to be owned and occupied by him as his home, and the mortgage to be insured under this section covers property upon which there is located a dwelling designed principally for a one-family residence, the principal obligation may be in an amount equal to the sum of (i) 100 per centum of \$15,000 of the appraised value of the property as of the date the mortgage is accepted for insurance, (ii) 90 per centum of such value in excess of \$15,000 but not in excess of \$20,000, and (iii) 85 per centum of such value in excess of \$20,000. As used herein, the term "veteran" means any person who served on active duty in the armed forces of the United States for a period of not less than ninety days (or is certified by the Secretary of Defense as having performed extraordinary service), and who was discharged or released therefrom under conditions other than dishonorable.'

"(b) Section 203(b) (9) of such Act is amended by inserting after 'on account of the property' the following: '(except in a case to which the next to the last sentence of paragraph (2) applies)'.

"Multifamily mortgage limits for four or more bedroom units"

"SEC. 207. (a) Section 307(c) (3) of the National Housing Act is amended—

"(1) by striking out 'and \$18,500 per family unit with three or more bedrooms' and inserting in lieu thereof '\$18,500 per family unit with three bedrooms, and \$21,000 per family unit with four or more bedrooms'; and

"(2) by striking out 'and \$22,500 per family unit with three or more bedrooms' and inserting in lieu thereof '\$22,500 per family unit with three bedrooms, and \$25,500 per family unit with four or more bedrooms'.

"(b) (1) Section 213(b) (2) of such Act is amended—

"(A) by striking out 'and \$18,500 per family unit with three or more bedrooms' and inserting in lieu thereof '\$18,500 per family unit with three bedrooms, and \$21,000 per family unit with four or more bedrooms'; and

"(B) by striking out 'and \$22,500 per family unit with three or more bedrooms' and inserting in lieu thereof '\$22,500 per family unit with three bedrooms, and \$25,500 per family unit with four or more bedrooms'.

"(2) Section 213(c) of such Act is amended by striking out 'and not to exceed' and all that follows and inserting in lieu thereof the following: 'and not to exceed a sum computed on the basis of a separate mortgage for each single-family dwelling (irrespective of whether such dwelling has a party wall or is otherwise physically connected with another dwelling or dwellings) comprising the property or project, equal to the total of each of the maximum principal obligations of such mortgages which would meet the requirements of section 203(b) (2) if the mortgagor were the owner and occupant who had made any required payment on account of the property prescribed in such paragraph.'

"(c) Section 220(d) (3) (B) (iii) of such Act is amended—

"(1) by striking out 'and \$18,500 per family unit with three or more bedrooms' and inserting in lieu thereof '\$18,500 per family unit with three bedrooms, and \$21,000 per family unit with four or more bedrooms'; and

"(2) by striking out 'and \$22,500 per family unit with three or more bedrooms' and inserting in lieu thereof '\$22,500 per family unit with three bedrooms, and \$25,500 per family unit with four or more bedrooms'.

"(d) Section 221(d) of such Act is amended—

"(1) by striking out 'and \$17,000 per family unit with three or more bedrooms' in paragraphs (3) (i) and (4) (i) and inserting in lieu thereof '\$17,000 per family unit with three bedrooms, and \$19,250 per family unit with four or more bedrooms'; and

"(2) by striking out 'and \$20,000 per family unit with three or more bedrooms' in paragraphs (3) (i) and (4) (i) and inserting in lieu thereof '\$20,000 per family unit with three bedrooms, and \$22,750 per family unit with four or more bedrooms'.

"(e) Section 231(c) (2) of such Act is amended—

"(1) by striking out 'and \$17,000 per family unit with three or more bedrooms' and inserting in lieu thereof '\$17,000 per family unit with three bedrooms, and \$19,250 per family unit with four or more bedrooms'; and

"(2) by striking out 'and \$20,000 per family unit with three or more bedrooms' and inserting in lieu thereof '\$20,000 per family unit with three bedrooms, and \$22,750 per family unit with four or more bedrooms'.

"(f) Section 234(e) (3) of such Act is amended—

"(1) by striking out 'and \$18,500 per family unit with three or more bedrooms' and inserting in lieu thereof '\$18,500 per family unit with three bedrooms, and \$21,000 per family unit with four or more bedrooms'; and

"(2) by striking out 'and \$22,500 per family unit with three or more bedrooms' and inserting in lieu thereof '\$22,500 per family unit with three bedrooms, and \$25,500 per family unit with four or more bedrooms'.

"Mutuality for management-type cooperatives"

"SEC. 208. (a) Section 213 of the National Housing Act is amended by adding at the end thereof the following new subsections:

"(k) There is hereby created a Cooperative Management Housing Insurance Fund (hereinafter referred to as the "Management Fund"). The Management Fund shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section with respect to mortgages or loans insured, on or after the date of the enactment of this subsection, under subsections (a) (1), (a) (3) (If the project is acquired by a cooperative corporation), (i), and (j). The Management Fund shall also be used as a revolving fund for mortgages, loans, and commitments transferred to it pursuant to subsection (m). The Commissioner is directed to transfer to the Management Fund from the General Insurance Fund established

pursuant to section 519 such amount as the Commissioner determines to be necessary and appropriate. General expenses of operation of the Federal Housing Administration relating to mortgages or loans which are the obligation of the Management Fund may be charged to the Management Fund.

"(l) The Commissioner shall establish in the Management Fund, as of the date of the enactment of this subsection, a General Surplus Account and a Participating Reserve Account. The aggregate net income thereafter received or any net loss thereafter sustained by the Management Fund, in any semiannual period, shall be credited or charged to the General Surplus Account or the Participating Reserve Account or both in such manner and amounts as the Commissioner may determine to be in accord with sound actuarial and accounting practice. Upon termination of the insurance obligation of the Management Fund by payment of any mortgage or loan insured under this section, and at such time or times prior to such termination as the Commissioner may determine, the Commissioner is authorized to distribute to the mortgagor or borrower a share of the Participating Reserve Account in such manner and amount as the Commissioner shall determine to be equitable and in accordance with sound actuarial and accounting practice: *Provided*, That in no event shall the amount of the distributable share exceed the aggregate scheduled annual premiums of the mortgagor or borrower to the year of payment of the share less the total amount of any share or shares previously distributed by the Commissioner to the mortgagor or borrower: *And provided further*, That in no event may a distributable share be distributed until any funds transferred from the General Insurance Fund to the Management Fund pursuant to subsection (k) or (o) have been repaid in full to the General Insurance Fund. No mortgagor, mortgagee, borrower, or lender shall have any vested right in a credit balance in any such account or be subject to any liability arising out of the mutuality of the Management Fund. The determination of the Commissioner as to the amount to be paid by him to any mortgagor or borrower shall be final and conclusive.

"(m) The Commissioner is authorized to transfer to the Management Fund commitments for insurance issued under subsections (a) (1), (1), and (j) prior to the date of the enactment of this subsection, and to transfer to the Management Fund the insurance of any mortgage or loan insured prior to the date of the enactment of this subsection under subsection (a) (1), (a) (3) (if the project is acquired by a cooperative corporation), (1), or (j), but only in cases where the consent of the mortgagee or lender to the transfer is obtained or a request by the mortgagee or lender for the transfer is received by the Commissioner within such period of time after the date of the enactment of this subsection as the Commissioner shall prescribe: *Provided*, That the insurance of any mortgage or loan shall not be transferred under the provisions of this subsection if on the date of the enactment of this subsection the mortgage or loan is in default and the mortgagee or lender has notified the Commissioner in writing of its intention to file an insurance claim. Any insurance or commitment not so transferred shall continue to be an obligation of the General Insurance Fund.

"(n) Notwithstanding the limitations contained in other provisions of this Act, premium charges for mortgages or loans insured under this section and sections 207, 231, and 232 may be payable in debentures issued in connection with mortgages or loans transferred to the Management Fund or in connection with mortgages or loans insured pursuant to commitments transferred to the Management Fund, as provided in subsection (m) of this section.

"(o) Notwithstanding any other provision of this Act, the Commissioner is authorized to transfer funds between the Cooperative Management Housing Insurance Fund and the General Insurance Fund in such amounts and at such times as he may determine, taking into consideration the requirements of each such Fund, to assist in carrying out effectively the insurance programs for which such Funds were respectively established."

"(b) Section 213 of such Act is further amended—

"(1) by inserting before the period at the end of subsection (a) the following: '*Provided*, That as applied to mortgages the mortgage insurance for which is the obligation of the Management Fund, the reference to the General Insurance Fund in section 207(b) (2) shall be construed to refer to the Management Fund'; and

"(2) by inserting before the period at the end of subsection (e) the following: '*Provided*, That as applied to mortgages or loans the insurance for which is the obligation of the Management Fund (1) all references to the General Insurance Fund shall be construed to refer to the Management Fund, and (2) all references to section 207 shall be construed to refer to subsections (a) (1), (a) (3), (if the project involved is acquired by a cooperative corporation, (1), and (j) of this section'."

"Rehabilitation in urban renewal areas"

"Sec. 209. Section 220(d) (3) (A) of the National Housing Act is amended—

"(1) by striking out the second proviso in clause (i); and

"(2) by striking out clause (ii) and inserting in lieu thereof the following:

"(i) in a case where the mortgagor is not the occupant of the property and intends to hold the property for rental purposes, have a principal obligation in an amount not to exceed 93 per centum of the amount computed under the provisions of clause (i);

"(iii) in a case where the mortgagor is not the occupant of the property and intends to hold the property for the purpose of sale, have a principal obligation in an amount not to exceed 85 per centum of the amount computed under the provisions of clause (1), or in the alternative, in an amount equal to the amount computed under the provisions of clause (1) if the mortgagor and mortgagee assume responsibility in a manner satisfactory to the Commissioner for the reduction of the mortgage by an amount not less than 15 per centum of the outstanding principal amount thereof, or by such greater amount as may be required to meet the limitations of clause (iv), in the event the mortgaged property is not, prior to the due date of the mortgage, sold to a purchaser acceptable to the Commissioner who is the occupant of the property and who assumes and agrees to pay the mortgage indebtedness; and

"(iv) in no case involving refinancing (except as provided in clause (iii)) have a principal obligation in an amount exceeding the sum of the estimated cost of repair and rehabilitation and the amount (as determined by the Commissioner) required to refinance existing indebtedness secured by the property or project, plus any existing indebtedness incurred in connection with improving, repairing, or rehabilitating the property; or."

"Nondwelling facilities for urban renewal housing"

"Sec. 210. Section 220(d) (3) (B) of the National Housing Act is amended by striking out clause (iv) and inserting in lieu thereof the following:

"(iv) include such nondwelling facilities as the Commissioner deems desirable and consistent with the urban renewal plan: *Provided*, That the project shall be predominantly residential and any nondwelling fa-

cility included in the mortgage shall be found by the Commissioner to contribute to the economic feasibility of the project, and the Commissioner shall give due consideration to the possible effect of the project on other business enterprises in the community."

"Larger home improvement loans in high cost areas"

"Sec. 211. (a) Section 220(h) (2) (1) of the National Housing Act is amended by inserting before the semicolon at the end thereof: '*Provided*, That the Commissioner may, by regulation, increase such amount by not to exceed 45 per centum in any geographical area where he finds that cost levels so require'."

"(b) Section 220(h) (11) of such Act is amended by inserting before the period at the end thereof 'or such additional amount as the Commissioner has by regulation prescribed in any geographical area where he finds cost levels so require pursuant to the authority vested in him by the proviso in paragraph (2) (i) of this subsection'."

"Larger insured mortgages for servicemen"

"Sec. 212. Section 222(b) of the National Housing Act is amended—

"(1) by striking out '\$20,000' in paragraph (2) and inserting in lieu thereof '\$30,000'; and

"(2) by striking out paragraph (3) and inserting in lieu thereof the following:

"(3) have a principal obligation not in excess of the sum of (i) 97 per centum of \$15,000 of the appraised value of the property as of the date the mortgage is accepted for insurance, (ii) 90 per centum of such value in excess of \$15,000 but not in excess of \$20,000, and (iii) 85 per centum of such value in excess of \$20,000; and."

"Refinancing of insured mortgages"

"Sec. 213. Section 223(a) (7) of the National Housing Act is amended by striking out 'section 608 of title VI prior to the effective date of the Housing Act of 1954 or under section 220, 221, 903, or section 908' and inserting in lieu thereof 'this Act'."

"Consolidation of FHA insurance funds"

"Sec. 214. Title V of the National Housing Act is amended by adding at the end thereof the following new section:

"Establishment of general insurance fund"

"Sec. 519. (a) There is hereby created a General Insurance Fund which shall be used by the Commissioner on and after the date of the enactment of the Housing and Urban Development Act of 1965, as a revolving fund for carrying out all the insurance provisions of this Act with the exception of those specified in subsection (e). All mortgages or loans insured under this Act pursuant to commitments issued on or after the date of the enactment of the Housing and Urban Development Act of 1965, except those specified in subsection (e), and all loans reported for insurance under section 2 on or after the date of the enactment of the Housing and Urban Development Act of 1965, shall be insured under the General Insurance Fund. The Commissioner shall transfer to the General Insurance Fund—

"(1) the assets and liabilities of all insurance accounts and funds, except the Mutual Mortgage Insurance Fund, existing under this Act immediately prior to the enactment of the Housing and Urban Development Act of 1965;

"(2) all outstanding commitments for insurance issued prior to the date of the enactment of the Housing and Urban Development Act of 1965, except those specified in subsection (e);

"(3) the insurance on all mortgages and loans insured prior to the date of the enactment of the Housing and Urban Development Act of 1965, except insurance specified in subsection (e); and

"(4) the insurance of all loans made by approved financial institutions pursuant to section 2 prior to the date of the enactment of the Housing and Urban Development Act of 1965.

"(b) The general expenses of the operations of the Federal Housing Administration relating to mortgages and loans which are the obligation of the General Insurance Fund may be charged to the General Insurance Fund.

"(c) Moneys in the General Insurance Fund not needed for the current operations of the Federal Housing Administration with respect to mortgages and loans which are the obligation of the General Insurance Fund shall be deposited with the Treasurer of the United States to the credit of such Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued as obligations of the General Insurance Fund or issued prior to the enactment of the Housing and Urban Development Act of 1965 under other provisions of this Act, except debentures issued under the Mutual Mortgage Insurance Fund. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

"(d) Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage or loan which is the obligation of the General Insurance Fund, the receipts derived from the property covered by such mortgages and loans and from the claims, debts, contracts, property, and security assigned to the Commissioner in connection therewith, and all earnings on the assets of the Fund shall be credited to the General Insurance Fund. The principal of, and interest paid and to be paid on, debentures which are the obligation of such Fund, cash insurance payments and adjustments, and expenses incurred in the handling, management, renovation, and disposal of properties acquired, in connection with mortgages and loans which are the obligation of such Fund, shall be charged to such Fund.

"(e) The General Insurance Fund shall not be used for carrying out the provisions of sections 203(b), 203(h), and 203(i), or the provisions of section 213 to the extent that they involve mortgages the insurance for which is the obligation of the Cooperative Management Housing Insurance Fund created by section 213(k); and nothing in this section shall apply to or affect any mortgages, loans, commitments, or insurance under such provisions."

"Optional cash payment of insurance benefits"

"SEC. 215. Title V of the National Housing Act is amended by adding at the end thereof (after the new section added by section 214 of this Act) the following new section:

"Optional cash payment of insurance benefits"

"SEC. 520. (a) Notwithstanding any other provisions of this Act with respect to the payment of insurance benefits, the Commissioner is authorized, in his discretion, to pay in cash or in debentures any insurance claim or part thereof which is paid on or after the date of the enactment of the Housing and Urban Development Act of 1965 on a mortgage or a loan which was insured under any section of this Act either before or after such date. If payment is made in cash, it shall be in an amount equivalent to the face amount of the debentures that would otherwise be issued plus an amount equivalent to the in-

terest which the debentures would have earned, computed to a date to be established pursuant to regulations issued by the Commissioner.

"(b) The Commissioner is authorized to borrow from the Treasury from time to time such amounts as the Commissioner shall determine are necessary to make payments in cash (in lieu of issuing debentures guaranteed by the United States, as provided in this Act) pursuant to the provisions of this section. Notes or other obligations issued by the Commissioner in borrowing under this subsection shall be subject to such terms and conditions as the Secretary of the Treasury may prescribe. Each sum borrowed pursuant to this subsection shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of such notes or other obligations."

"Approval of technically suitable materials"

"SEC. 216. Title V of the National Housing Act is amended by inserting after section 520 (added by section 215 of this Act) a new section as follows:

"Approval of technically suitable materials"

"SEC. 521. The Commissioner shall adopt a uniform procedure for the acceptance of materials and products to be used in structures approved for mortgages or loans insured under this Act. Under such procedure any material or product which the Commissioner finds is technically suitable for the use proposed shall be accepted. Acceptance of a material or product as technically suitable shall not be deemed to restrict the discretion of the Commissioner to determine that a structure, with respect to which a mortgage is executed, is economically sound or an acceptable risk."

"Water and sewer facilities in connection with certain federally assisted housing"

"SEC. 217. (a) Title V of the National Housing Act is amended by inserting after section 521 (added by section 216 of this Act) a new section as follows:

"Water and sewer facilities"

"SEC. 522. Notwithstanding any other provision of this Act, no mortgage which covers new construction shall be approved for insurance under this Act (except pursuant to a commitment made prior to the date of the enactment of the Housing and Urban Development Act of 1965) if the mortgaged property includes housing which is not served by a public or adequate community water and sewerage system: *Provided*, That this limitation shall be applicable only to property which is not served by a system approved by the Commissioner pursuant to title X of this Act and which is situated in an area certified by appropriate local officials to be an area where the establishment of public or adequate community water and sewerage systems is economically feasible: *Provided further*, That for purposes of this section the economic feasibility of establishing such public or adequate community water and sewerage systems shall be determined without regard to whether such establishment is authorized by law or is subject to approval by one or more local governments or public bodies."

"(b) Section 1804 of title 38, United States Code, is amended by adding at the end thereof a new subsection as follows:

"(e) No loan for the purchase or construction of new residential property (other than property served by a water and sewerage system approved by the Federal Housing Commissioner pursuant to title X of the National Housing Act) shall be financed through the assistance of this chapter, except pursuant to a commitment made prior

to the date of the enactment of the Housing and Urban Development Act of 1965, if such property is not served by a public or adequate community water and sewerage system and is located in an area where the appropriate local officials certify that the establishment of such systems is economically feasible. For purposes of this subsection, the economic feasibility of establishing public or adequate community water and sewerage systems shall be determined without regard to whether such establishment is authorized by law or is subject to approval by one or more local governments or public bodies."

"TITLE III—URBAN RENEWAL"

"Study of housing and building codes, zoning, tax policies, and development standards"

"SEC. 301. (a) The Congress finds that the general welfare of the Nation requires that local authorities be encouraged and aided to prevent slums, blight, and sprawl, preserve natural beauty, and provide for decent, durable housing so that the goal of a decent home and a suitable living environment for every American family may be realized as soon as feasible. The Congress further finds that there is a need to study housing and building codes, zoning, tax policies, and development standards in order to determine how (1) local property owners and private enterprise can be encouraged to serve as large a part as they can of the total housing and building need, and (2) Federal, State, and local governmental assistance can be so directed as to place greater reliance on local property owners and private enterprise and enable them to serve a greater share of the total housing and building need. The Housing and Home Finance Administrator is therefore directed to study the structure of (1) State and local urban and suburban housing and building laws, standards, codes, and regulations and their impact on housing and building costs, how they can be simplified, improved, and enforced, at the local level, and what methods might be adopted to promote more uniform building codes and the acceptance of technical innovations including new building practices and materials; (2) State and local zoning and land use laws, codes, and regulations, to find ways by which States and localities may improve and utilize them in order to obtain further growth and development; and (3) Federal, State, and local tax policies with respect to their effect on land and property cost and on incentives to build housing and make improvements in existing structures.

(b) The Administrator shall submit a report based on such study to the President and to the Congress within 18 months after the date of the enactment of the Housing and Urban Development Act of 1965 or the appropriation of funds for the study, whichever is later.

"(c) There are authorized to be appropriated such funds as may be necessary to carry out the purposes of this section. Any funds so appropriated shall remain available until expended.

"Workable program requirement"

"SEC. 302. (a) (1) Section 101 of the Housing Act of 1949 is amended by adding at the end thereof the following new subsection:

"(e) No loan or grant contract may be entered into by the Administrator for an urban renewal project unless he determines that (1) the workable program for community improvement presented by the locality pursuant to subsection (c) is of sufficient scope and content to furnish a basis for evaluation of the need for the urban renewal project; and (2) such project is in accord with the program."

"(2) The requirements imposed by the amendment made by paragraph (1) shall not be applicable to any project which re-

ceived Federal recognition prior to the date of the enactment of this Act.

"(b) Section 101(c) of such Act is amended by adding at the end thereof the following new sentence: 'Notwithstanding any other provision of law, in the case of a contract with an Indian tribe, band, or nation (or a public housing or other public agency for such tribe, band, or nation established under State or tribal law), the workable program and minimum standards housing code, referred to in the preceding sentence, may be presented to the Administrator by such tribe, band, or nation, and it shall be subject to the requirements of law with respect to such program and code only to the extent that such tribe, band, or nation has the legal jurisdiction and power to carry out such requirements.'

"General neighborhood renewal plans"

"SEC. 303. Section 102(d) of the Housing Act of 1949 is amended—

"(1) by striking out the first sentence of the second paragraph and inserting in lieu thereof the following:

"'In order to facilitate proper preliminary planning for the attainment of the urban renewal objectives of this title, the Administrator may also make advances of funds (in addition to those authorized above) to local public agencies for the preparation of General Neighborhood Renewal Plans (as herein defined). A General Neighborhood Renewal Plan may be prepared for an area consisting of an urban renewal area or areas, together with any adjoining areas having specially related problems, and which is of such size that the urban renewal activities in the urban renewal area or areas may have to be initiated in stages, consistent with the capacity and resources of the respective local public agency or agencies, over an estimated period of not more than eight years.'; and

"(2) by striking out the first numbered paragraph and inserting in lieu thereof the following:

"'(1) in the interest of sound community planning, it is desirable that the urban renewal activities proposed for the area be planned in their entirety.'"

"Increase in authorization for capital grants"

"SEC. 304. (a) The first sentence of section 103(b) of the Housing Act of 1949 is amended by striking out '\$4,725,000,000' and inserting in lieu thereof '\$4,700,000,000, which amount shall be increased by \$675,000,000 on the date of the enactment of the Housing and Urban Development Act of 1965, by \$725,000,000 on July 1, 1966, and by \$750,000,000 on July 1 in each of the years 1967 and 1968'.

"(b) The proviso in the first sentence of section 103(b) of such Act, and the second sentence of section 6(b) of the Urban Mass Transportation Act of 1964, are repealed.

"Relocation of displacees from urban renewal areas"

"SEC. 305. (a) Section 105(c) of the Housing Act of 1949 is amended to read as follows:

"'(c) (1) There shall be a feasible method for the temporary relocation of individuals and families displaced from the urban renewal area, and there are or are being provided, in the urban renewal area or in other areas not generally less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the individuals and families displaced from the urban renewal area, decent, safe, and sanitary dwellings equal in number to the number of and available to such displaced individuals and families and reasonably accessible to their places of employment. The Administrator shall issue rules and regulations to aid in implementing the requirements of this subsection and in otherwise achieving the objectives of this title. Such rules and regulations shall require that there be established, at the earliest practicable time, for each urban renewal

project involving the displacement of individuals, families, and business concerns occupying property in the urban renewal area, a relocation assistance program which shall include such measures, facilities, and services as may be necessary or appropriate in order (A) to determine the needs of such individuals, families, and business concerns for relocation assistance; (B) to provide information and assistance to aid in relocation and otherwise minimize the hardships of displacement, including information as to real estate agencies, brokers, and boards in or near the urban renewal area which deal in residential or business property that might be appropriate for the relocating of displaced individuals, families, and business concerns; and (C) to assure the necessary coordination of relocation activities with other project activities and other planned or proposed governmental actions in the community which may affect the carrying out of the relocation program, particularly planned or proposed low-rent housing projects to be constructed in or near the urban renewal area.

"(2) As a condition to further assistance after the enactment of this paragraph with respect to each urban renewal project involving the displacement of individuals and families, the Administrator shall require, within a reasonable time prior to actual displacement, satisfactory assurance by the local public agency that decent, safe, and sanitary dwellings as required by the first sentence of this subsection are available for the relocation of each individual or family."

"(b) Clause (iii) in the second proviso of section 101(c) of such Act is amended by striking out 'section 105(c)' and inserting in lieu thereof 'section 105(c)(1)'.

"(c) The requirements imposed by the amendment made by subsection (a) of this section shall not be applicable to any project which received Federal recognition prior to the date of the enactment of this Act.

"Redevelopment in accordance with urban renewal plan"

"SEC. 306. Section 106 of the Housing Act of 1949 is amended by adding at the end thereof the following new subsection:

"'(h) Notwithstanding any other provision of this title, no contract shall be entered into for any loan or capital grant under this title with any local public agency unless the local public agency establishes, by evidence satisfactory to the Administrator, that any urban renewal project with respect to which such local public agency has received a loan or capital grant under this title has been, or will be, undertaken and carried out in substantial accordance with the urban renewal plan, and any amendments thereto, approved with respect to such project, and the terms of the contract for loan or capital grant covering such project.'

"Use of grant for loan funds in code enforcement and rehabilitation projects"

"SEC. 307. The first unnumbered paragraph following the numbered paragraphs in section 110(c) of the Housing Act of 1949 is amended—

"(1) by inserting '(A)' before 'no contract'; and

"(2) by inserting before the period at the end of the paragraph the following: ', and (B) not less than 10 per centum of the aggregate amount of (i) grants authorized to be contracted for under this title by the Housing and Urban Development Act of 1965 and subsequent Acts, and (ii) loans authorized to be made under section 312 of the Housing Act of 1964, shall be available for projects assisted with such grants or loans which involve primarily code enforcement and rehabilitation'.

"Increase in nonresidential exception"

"SEC. 308. The third unnumbered paragraph following the numbered paragraphs in section 110(c) of the Housing Act of 1949 is

amended by striking out the period and inserting in lieu thereof the following: ': And provided further, That the aggregate amount of capital grants made available under this title with respect to such projects after the date of the enactment of the Housing and Urban Development Act of 1965 may be in an amount not to exceed (in addition to amounts previously available for such projects) 35 per centum of the amount of additional capital grants authorized under this title by such Act.'

"Preservation of historic structures"

"SEC. 309. (a) Section 110(c) of the Housing Act of 1949 is amended—

"(1) by striking out 'and' at the end of paragraph (7);

"(2) by striking out the period at the end of paragraph (8) and inserting in lieu thereof 'and';

"(3) by inserting a new paragraph (9) as follows:

"'(9) relocating within the project area a structure which the local public agency determines to be of historic value and which will be disposed of to a public body or a private nonprofit organization which will renovate and maintain such structure for historic purposes.'; and

"(4) by striking out 'paragraphs (7) and (8)' in the second unnumbered paragraph following the numbered paragraphs and inserting in lieu thereof 'paragraphs (7), (8), and (9)'.

"(b) Section 110(e) of such Act is amended by striking out 'and (8)' in clause (i) and inserting in lieu thereof '(8), and (9)'.

"Eligibility of certain expenses of projects financed on three-fourths grant basis"

"SEC. 310. (a) Clause (i) of the third sentence of section 110(e) of the Housing Act of 1949 is amended by (1) inserting 'staff services in connection with programs of code enforcement and voluntary rehabilitation and repair (including community organization),' after disposition of land,'; and (2) inserting '(5),' after '(4)'.

"(b) Any contract for a capital grant under title I of the Housing Act of 1949, executed prior to the date of the enactment of this Act, may be amended to incorporate the provisions of subsection (a) as to costs incurred on or after the date of the enactment of this Act.

"Demolition of unsafe structures; code enforcement"

"SEC. 311. (a) Title I of the Housing Act of 1949 is amended by inserting after section 115 (added by section 106 of this Act) two new sections as follows:

"Demolition"

"'SEC. 116. (a) Notwithstanding any other provision of this title, the Administrator is authorized to enter into contracts to make, and to make, grants as provided in this section (payable from any grant funds provided under section 103(b)) to cities, other municipalities, and counties to assist in financing the cost of demolishing structures which under State or local law have been determined to be structurally unsound or unfit for human habitation, and which such city, municipality, or county has authority to demolish. The amount of any grant under this section shall not exceed two-thirds of the cost of the demolition of such structures.

"'(b) No grant shall be made under this section unless the structures to be demolished are located in an urban renewal area, or, in the case of structures outside an urban renewal area, (1) the locality involved has an approved workable program for community improvement in accordance with the requirements of section 101(c), as determined by the Administrator, (2) the demolition to be assisted will be on a planned neighborhood basis and will further the over-all renewal objectives of such locality, (3) there is in such locality a program of enforcement of

existing local housing and related codes, (4) the structures to be demolished constitute a public nuisance and a serious hazard to the public health or welfare, and (5) the governing body of such locality has determined that other available legal procedures have been exhausted to secure remedial action by the owner of the structures involved and that demolition by governmental action is required.

"Code enforcement"

"Sec. 117. Notwithstanding any other provision of this title, the Administrator is authorized to enter into contracts to make, and to make, grants as provided in this section (payable from any grant funds provided under section 103(b)) to cities, other municipalities, and counties for the purpose of assisting such localities in carrying out programs of concentrated code enforcement in deteriorated or deteriorating areas in which such enforcement, together with those public improvements to be provided by the locality, may be expected to arrest the decline of the area. Such grants shall not exceed two-thirds (or three-fourths in the case of any city, other municipality, or county having a population of 50,000 or less according to the most recent decennial census) of the cost of planning and carrying out such programs which may include the provision and repair of necessary streets, curbs, sidewalks, street lighting, tree planting, and similar improvements within such areas. The Administrator shall not make any grant under this section unless he has obtained adequate assurances (1) that the locality will maintain during the period of the contract, in addition to its expenditures for planning and carrying out any program assisted under this section, a level of expenditures for code enforcement activities at not less than its normal expenditures for such activities prior to the execution of such contract, and (2) that the locality has a satisfactory program for the provision of all necessary public improvements for such areas. The provisions of sections 101(c), 106, 114, and 115 shall be applicable to activities and undertakings assisted under this section to the same extent as if such activities and undertakings were being carried out in an urban renewal area as part of an urban renewal project."

"(b) Section 110(c) of such Act is amended by—

"(1) striking out 'or a program of code enforcement in an urban renewal area,' in the first sentence; and

"(2) striking out the proviso in paragraph (5).

"(c) Section 220(d) (1) (A) of the National Housing Act is amended by inserting before the first proviso the following: ', or (iv) an area in which a program of concentrated code enforcement activities is being carried out pursuant to section 117 of the Housing Act of 1949'.

"(d) Section 220(h) (1) of the National Housing Act is amended by inserting after 'urban renewal project' in the first sentence the following: 'or in an area in which a program of concentrated code enforcement activities is being carried out pursuant to section 117 of the Housing Act of 1949'.

"(e) Section 312(a) of the Housing Act of 1964 is amended by inserting after 'urban renewal area' in the first sentence the following: 'or an area in which a program of concentrated code enforcement activities is being carried out pursuant to section 117 of the Housing Act of 1949'.

"Rehabilitation loans"

"Sec. 312. (a) Section 312(a) of the Housing Act of 1964 is amended by striking out 'reasonable' in the second sentence and inserting in lieu thereof 'comparable'.

"(b) Section 312(d) of such Act is amended by striking out '\$50,000,000' and inserting in lieu thereof '\$100,000,000 for each fiscal year', and by adding at the end thereof

a new sentence as follows: 'All moneys in such revolving fund shall be available for necessary expenses of servicing loans made pursuant to this section, including reimbursement or payment for services and facilities of the Federal National Mortgage Association and of any public or private agency for the servicing of such loans.'

"(c) Section 312 of such Act is further amended by adding at the end thereof the following new subsection:

"(h) No loan shall be made under the authority of this section after October 1, 1969, except pursuant to a contract, commitment, or other obligation entered into pursuant to this section before that date."

"Eligibility of communities in depressed areas for urban renewal assistance"

"Sec. 313. (a) Subparagraph (B) of section 103(a) (2) of the Housing Act of 1949 is amended to read as follows:

"(B) three-fourths of the aggregate net project costs of any such projects which are located in (i) a municipality having a population of fifty thousand or less according to the most recent decennial census, or (ii) a municipality situated in a labor market area which, at the time the contract or contracts involved are entered into or at such earlier time as the Administrator may specify in order to avoid hardship, is designated as a redevelopment area under the second sentence of section 5(a) of the Area Redevelopment Act or any other legislation enacted after the date of the enactment of the Housing and Urban Development Act of 1965 containing standards for designation as a redevelopment area generally comparable to those set forth in the second sentence of section 5(a) of the Area Redevelopment Act, and."

"(b) The amendment made by subsection (a) shall apply only with respect to urban renewal projects placed under contract for capital grant on or after the date of the enactment of this Act, except that such amendment shall apply with respect to all urban renewal projects in the city of Providence, Rhode Island, placed under contract for capital grant during the period Providence was designated as a redevelopment area under section 5(a) of the Area Redevelopment Act (or at such earlier time as the Administrator may specify in order to avoid hardship) and not completed prior to the date of the enactment of this Act.

"Local grant-in-aid credit for certain coal royalties"

"Sec. 314. (a) Section 110(d) of the Housing Act of 1949 is amended by adding at the end thereof the following new paragraph:

"Where a project in any municipality includes an area affected by an underground mine fire or by a coal mine subsidence and where it is necessary in such project to remove any underlying coal deposits in order to stabilize the soil or to control the underground mine fire, then any royalties received by the project from the removal and sale of such coal deposits shall be credited to the project as a local grant-in-aid made by such municipality."

"(b) Any contract under title I of the Housing Act of 1949 executed prior to the date of the enactment of this Act shall, at the request of the municipality involved, be amended to reflect the amendment made by subsection (a).

"Specific urban renewal projects"

"Sec. 315 (a) (1) Notwithstanding the date of the commencement of construction of the Tanyard Creek collector sanitary sewer in Jasper, Alabama, local expenditures made in connection with this collector sanitary sewer system shall, to the extent otherwise eligible, be counted as a local grant-in-aid to the downtown urban renewal project (Alabama R-49) in accordance with the provisions of title I of the Housing Act of 1949.

"(2) Notwithstanding the date of the commencement of construction of the East

Side High School and the start of construction of the improvements to Hickory Creek in Joliet, Illinois, expenditures made in connections with such high school and such creek improvements shall, to the extent otherwise eligible, be counted as a local grant-in-aid to the proposed south central urban renewal project in accordance with the provisions of title I of the Housing Act of 1949.

"(3) Notwithstanding the date of commencement of the installation of certain underground electrical wiring in Johnson City, Tennessee, expenditures made in connection with such installation shall, to the extent otherwise eligible, be counted as a local grant-in-aid to Johnson City's proposed downtown urban renewal project (Tennessee R-80) in accordance with the provisions of title I of the Housing Act of 1949.

"(4) Notwithstanding the provisions of section 312 of the Housing Act of 1954 or any request previously made pursuant to such section, upon request of the local public agency the eligibility of the local grants-in-aid for any project in the city of New Brunswick, New Jersey, in connection with which the final capital grant payment has not been made, shall be determined in accordance with the provisions of section 110(d) of the Housing Act of 1949.

"(5) Two-thirds of all expenditures by the city of Saint Louis, Missouri, in connection with its Downtown Sports Stadium project, to the extent such expenditures would have been eligible under the provisions of section 110(d) of the Housing Act of 1949 to be counted as non-cash grants-in-aid toward such project if it had received Federal assistance as an urban renewal project pursuant to the provisions of title I of such Act, shall be eligible to be counted as a grant-in-aid toward any federally-assisted urban renewal projects in Saint Louis.

"(6) Notwithstanding the extent to which the cultural and convention center proposed to be built adjacent to Urban Renewal Project Colorado R-15 (Skyline) in Denver, Colorado, may benefit areas other than the urban renewal area, expenses incurred by the city of Denver in constructing such center shall, to the extent otherwise eligible, be counted as a grant-in-aid toward such project.

"(7) Notwithstanding the extent to which the cultural and convention center proposed to be built within Urban Renewal Project R-8 in Norfolk, Virginia, may benefit areas other than the urban renewal area, expenses incurred by the city of Norfolk in constructing such center shall, to the extent otherwise eligible, be counted as a grant-in-aid toward such project.

"(8) Expenses incurred in the construction of the Glenn Duncan Elementary School and the Fred W. Traner Junior High School in Reno, Nevada, shall not be deemed to be ineligible as a local grant-in-aid in connection with the Northeast Urban Renewal Project (Nevada R-2) because of any change in the urban renewal plan for such project which is determined by the Housing and Home Finance Administrator to have resulted from the proposed location of a federally-aided highway within or adjacent to the urban renewal area in which such project was undertaken. For the purpose of computing the portion of the cost of such schools which may be allowed as a local grant-in-aid, the degree of benefit of the schools to such urban renewal area shall be based on the latest estimate of benefit submitted by the local public agency and accepted by the Administrator prior to such change in the urban renewal plan.

"(9) Notwithstanding the provisions of section 112(a) of the Housing Act of 1949, expenditures in the amount of \$600,000 made by the Memorial Hospital of Michigan City Foundation, Incorporated, for the purchase of certain land and buildings on or about July 24, 1963, from Doctors Hospital Realty Corporation shall, if otherwise eligible, be

counted as local grants-in-aid to the community center numbered 1 urban renewal project (Indiana R-46) in Michigan City, Indiana, in accordance with the remaining provisions of title I of that Act.

"(10) The provisions of section 113(c) of the Housing Act of 1949 shall be applicable to the Hobo Jungle Urban Renewal Project in Texarkana, Arkansas (Arkansas R-3).

"(11) Notwithstanding the date of commencement of construction of the Pulaski, Showalter, and Smedley Junior High Schools, and the William Penn and Stetser Elementary Schools in Chester, Pennsylvania, local expenditures made in connection with such schools shall, to the extent otherwise eligible, be counted as local grants-in-aid for federally-assisted urban renewal projects in Chester that will be served by such schools.

"(12) Notwithstanding any other provisions of law, moneys heretofore expended by the University of Pennsylvania and Wilkes College for land (and related expenditures for demolition and relocation) included in the overall development plans proposed by such institutions and utilized, or to be utilized, in connection with new facilities of such institutions within one mile of urban renewal projects Pennsylvania 5-3 (University City) and Pennsylvania R-149 (Wright Street), respectively, shall, if otherwise eligible, be allowed as local grants-in-aid for such projects.

"(13) Notwithstanding the June, 1956, commencement of certain flood control work in Ottumwa, Iowa, local expenditures in connection with such flood control work shall, to the extent otherwise eligible be counted as a local grant-in-aid to the Marina Gateway urban renewal project (Iowa R-12) in accordance with the provisions of Title I of the Housing Act of 1949.

"(b) (1) Notwithstanding the provisions of title I of the Housing Act of 1949 and the United States Housing Act of 1937, the Housing and Home Finance Administrator and the Public Housing Commissioner are authorized and directed to consent to the transfer by the Housing Authority of the City of Macon, Georgia, to the Urban Renewal Department of the City of Macon, Georgia, of all property acquired by the Housing Authority for low-rent housing project numbered Georgia 7-8, on condition that (A) an amount which, together with any funds of the Housing Authority available for the purpose, is sufficient to pay and discharge all obligations incurred by the Housing Authority in connection with such low-rent housing project and owing at the time of transfer, will be paid by the Urban Renewal Department of the City of Macon to the Public Housing Administration to be applied in satisfaction of the Housing Authority's obligations which it cannot meet with its own funds available for the purpose, and (B) the total amount so paid by the Urban Renewal Department of the City of Macon will be included in the gross project cost of its Coliseum Urban Renewal Project, Georgia R-95.

"(2) The Housing and Home Finance Administrator and the Public Housing Commissioner are authorized to modify any contracts heretofore entered into and to take any other appropriate action necessary to carry out the provisions of paragraph (1).

"(c) (1) Notwithstanding any provision of the Housing Act of 1949 or any other provision of law, the urban renewal project in Savannah, Georgia, known as Project 'J' in the General Neighborhood Renewal Plan for the Broad Street-Canal Urban Renewal Area adopted by resolution of the Mayor and Aldermen of the City of Savannah on November 18, 1958, may include the donation by Housing Authority of Savannah, by a suitable instrument of conveyance, of the right, title, and interest of the Authority in and to all or any portion of the land included within the boundaries of such Project 'J'

in the City of Savannah, Chatham County, Georgia, the area of such Project 'J' being generally bounded on the North by properties of the Central of Georgia Railway Company, on the East by West Broad Street, on the South by the right-of-way for Interstate Highway No. I-16, and on the West by the Savannah and Ogeechee Canal and West Boundary Street.

"(2) The conveyance authorized to be included in the urban renewal project under paragraph (1) shall be made only if the donee represents, and furnishes such assurances as may be required by Housing Authority of Savannah, that such donee will develop, preserve, and operate such property on a nonprofit basis as a historical site or monument.

"Lease guarantees for certain small business concerns

"SEC. 316. (a) The Small Business Investment Act of 1958 is amended by adding after title III a new title as follows:

"TITLE IV—LEASE GUARANTEES

"Authority of the Administration

"SEC. 401. (a) The Administration may, whenever it determines such action to be necessary or desirable, and upon such terms and conditions as it may prescribe, guarantee the payment of rentals under leases of commercial and industrial property entered into by small business concerns that are (1) eligible for loans under section 7(b) (3) of the Small Business Act, or (2) eligible for loans under title IV of the Economic Opportunity Act of 1964, to enable such concerns to obtain such leases. Any such guarantee may be made or effected either directly or in cooperation with any qualified surety company or other qualified company through a participation agreement with such company. The foregoing powers shall be subject, however, to the following restrictions and limitations:

"(1) No guarantee shall be issued by the Administration (A) if a guarantee meeting the requirements of the applicant is otherwise available on reasonable terms, and (B) unless the Administration determines that there exists a reasonable expectation that the small business concern in behalf of which the guarantee is issued will perform the covenants and conditions of the lease.

"(2) The Administration shall, to the greatest extent practicable, exercise the powers conferred by this section in cooperation with qualified surety or other companies on a participation basis.

"(b) The Administration shall fix a uniform annual fee for its share of any guarantee under this section which shall be payable in advance at such time as may be prescribed by the Administrator. The amount of any such fee shall be determined in accordance with sound actuarial practices and procedures, to the extent practicable, but in no case shall such amount exceed, on the Administration's share of any guarantee made under this title, 2½ per centum per annum of the minimum annual guaranteed rental payable under any guaranteed lease: *Provided*, That the Administration shall fix the lowest fee that experience under the program established hereby has shown to be justified. The Administration may also fix such uniform fees for the processing of applications for guarantees under this section as the Administrator determines are reasonable and necessary to pay the administrative expenses that are incurred in connection therewith.

"(c) In connection with the guarantee of rentals under any lease pursuant to authority conferred by this section, the Administrator may require, in order to minimize the financial risk assumed under such guarantee—

"(1) that the lessee pay an amount, not to exceed one-fourth of the minimum guar-

anteed annual rental required under the lease, which shall be held in escrow and shall be available (A) to meet rental charges accruing in any month for which the lessee is in default, or (B) if no default occurs during the term of the lease, for application (with accrued interest) toward final payments of rental charges under the lease;

"(2) that upon occurrence of a default under the lease, the lessor shall, as a condition precedent to enforcing any claim under the lease guarantee, utilize the entire period, for which there are funds available in escrow for payment of rentals, in reasonably diligent efforts to eliminate or minimize losses, by releasing the commercial or industrial property covered by the lease to another qualified tenant, and no claim shall be made or paid under the guarantee until such effort has been made and such escrow funds have been exhausted;

"(3) that any guarantor of the lease will become a successor of the lessor for the purpose of collecting from a lessee in default rentals which are in arrears and with respect to which the lessor has received payment under a guarantee made pursuant to this section; and

"(4) such other provisions, not inconsistent with the purposes of this title, as the Administrator may in his discretion require.

"Powers

"SEC. 402. Without limiting the authority conferred upon the Administrator and the Administration by section 201 of this Act, the Administrator and the Administration shall have, in the performance of and with respect to the functions, powers, and duties conferred by this title, all the authority and be subject to the same conditions prescribed in section 5(b) of the Small Business Act with respect to loans, including the authority to execute subleases, assignments of lease and new leases with any person, firm, organization, or other entity, in order to aid in the liquidation of obligations of the Administration hereunder.

"Fund

"SEC. 403. There is hereby established a revolving fund for use by the Administration in carrying out the provisions of this title. Initial capital for such fund shall consist of not to exceed \$5,000,000 transferred from the fund established under section 4(c) of the Small Business Act: *Provided*, That the last sentence of such section 4(c) shall not apply to any amounts so transferred. Into the fund established by this section there shall be deposited all receipts from the guarantee program authorized by this title. Moneys in such fund not needed for the payment of current operating expenses or for the payment of claims arising under such program may be invested in bonds or other obligations of, or bonds or other obligations guaranteed as to principal and interest by, the United States; except that moneys provided as initial capital for such fund shall be returned to the fund established by section 4(c) of the Small Business Act, in such amounts and at such times as the Administration determines to be appropriate, whenever the level of the fund herein established is sufficiently high to permit the return of such moneys without danger to the solvency of the program under this title.

"(b) Section 201 of such Act is amended by striking out the third sentence and inserting in lieu thereof the following: 'The powers conferred by this Act upon the Administration and upon the Administrator, with the exception of those conferred by titles IV and V hereof, shall be exercised through the Small Business Investment Division and through the Deputy Administrator appointed hereunder. The powers conferred by this Act upon the Administration and upon the Administrator by titles IV and V hereof shall be exercised through such divi-

sion, section, or other personnel as the Administrator in his discretion shall determine."

"(c) The table of contents of such Act is amended by inserting after the analysis of title III the following:

"TITLE IV—LEASE GUARANTEES

"Sec. 401. Authority of the Administration.

"Sec. 402. Powers.

"Sec. 403. Fund."

"(d) Section 4(c) of the Small Business Act is amended—

"(1) by striking out '\$1,716,000,000' and inserting in lieu thereof '\$1,721,000,000'; and

"(2) by striking out the period at the end of the fifth sentence and inserting in lieu thereof the following: 'Provided, That such limitation shall not apply to functions under title IV thereof.'

"AMENDMENT OF SECTION 316 OF THE HOUSING ACT OF 1954

"SEC. 317. The first full paragraph of section 316(2) of the Housing Act of 1954 is amended by striking out the first parenthetical clause and inserting in lieu thereof the following: '(as such projects are now or may hereafter be defined in title I of the Housing Act of 1949, including but not limited to projects authorized without regard to the residential or nonresidential character or reuse of the urban renewal area)'.

"TITLE IV—COMPENSATION OF CONDEMNNEES

"Definitions

"SEC. 401. For the purposes of this title—

"(1) the term 'development program' means any program established by or conducted under any of the following provisions of law:

"(A) the United States Housing Act of 1937;

"(B) title I of the Housing Act of 1949;

"(C) the Urban Mass Transportation Act of 1964;

"(D) title II of the Housing Amendments of 1955;

"(E) title VII of the Housing Act of 1961; and

"(F) title VII of the Housing and Urban Development Act of 1965;

"(2) the term 'Federal assistance' means a grant, loan, contract of guaranty, annual contribution, or other assistance provided by the United States;

"(3) the term 'applicant' means any public body or other agency authorized to receive Federal assistance under a development program;

"(4) the term 'real property' means any land, or any interest in land, and (A) any building, structure, or other improvements embedded in or affixed to land, and any article so affixed or attached to such building, structure, or improvement as to be an essential or integral part thereof; (B) any article affixed or attached to such real property in such manner that it cannot be removed without material injury to itself or the real property; and (C) any article so designed, constructed, or specially adapted to the purpose for which such real property is used that (i) it is an essential accessory or part of such real property, (ii) it is not capable of use elsewhere, and (iii) it would lose substantially all its value if removed from the real property; and

"(5) the term 'Administrator' means the Housing and Home Finance Administrator.

"Land acquisition policy

"SEC. 402. As a condition of eligibility for Federal assistance pursuant to a development program, each applicant for such assistance shall satisfy the Administrator that the following policies will be followed in connection with the acquisition of real property by eminent domain in the course of such program—

"(1) the applicant shall make every reasonable effort to acquire the real property by negotiated purchase;

"(2) no owner shall be required to surrender possession of real property before the applicant pays to the owner (A) the agreed purchase price arrived at by negotiation, or (B) in any case where only the amount of the payment to the owner is in dispute, not less than 75 per centum of the appraised fair value of such property as approved by the applicant; and

"(3) the construction or development of any public improvements shall be so scheduled that no person lawfully occupying the real property shall be required to surrender possession on account of such construction or development without at least 90 days' written notice from the applicant of the date on which such construction or development is scheduled to begin.

"Funds for certain payments in eminent domain

"SEC. 403. Notwithstanding any other provision of law, financial assistance under any federally assisted development program may include amounts necessary for financing, in the same manner that other costs of a project assisted under such program are financed, the payments described in paragraph (2) (B) of section 402 of this Act.

"Relocation payments under federally assisted development programs

"SEC. 404. (a) To the extent not otherwise authorized under any Federal law, financial assistance extended to an applicant under any federally assisted development program may include grants for relocation payments, as herein defined. Such grants may be in addition to other financial assistance under such federally assisted development programs, and may cover the full amount of such relocation payments. Any funds available for any such program may be used for such grants. The term 'relocation payments' means payments by the applicant, to a displaced individual, family, business concern, or nonprofit organization, which are made on such terms and conditions and subject to such limitations (to the extent applicable, but not including the date of displacement) as are provided for relocation payments, at the time such payments are approved, by sections 114(b), (c), and (d) of the Housing Act of 1949 with respect to projects assisted under title I thereof. Relocation payments authorized by this subsection shall be made subject to such rules and regulations as may be prescribed by the Administrator.

"(b) Section 114(b) (2) of the Housing Act of 1949 is amended by striking out '\$1,500' and inserting in lieu thereof '\$2,500'.

"(c) (1) Section 114 of such Act is further amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new subsection:

"(d) In addition to payments authorized to be made under subsections (b) and (c), a local public agency may pay to any displaced individual, family, business concern, or nonprofit organization reasonable and necessary expenses incurred for (1) recording fees, transfer taxes, and similar expenses incidental to conveying real property to a project assisted under this title, (2) penalty costs for prepayment of any mortgage encumbering such real property, and (3) the pro rata portion of real property taxes allocable to a period subsequent to the date of vesting of title or the effective date of the acquisition of such real property by such agency, whichever is earlier."

"(2) Section 15(8) of the United States Housing Act of 1937 is amended by striking out 'section 114 (b) or (c)' and inserting in lieu thereof 'section 114 (b), (c), and (d)'.

"(d) Subsection (a) shall not be applicable with respect to any displacement occurring prior to the date of the enactment of this Act (or prior to March 4, 1965, in the case of the programs specified in subparagraphs (C) and (E) of section 401(1)).

"TITLE V—LOW-RENT PUBLIC HOUSING

"Acceptance of local certification of equivalent elimination

"SEC. 501. The fourth sentence of section 10(a) of the United States Housing Act of 1937 is amended by inserting immediately after 'elimination', where it first appears, the following: ', as certified by the local governing body'.

"Greater use of existing housing

"SEC. 502. Section 10(c) of the United States Housing Act of 1937 is amended by striking out 'And provided' and inserting in lieu thereof 'Provided', and by inserting before the period at the end thereof the following: ': And provided further, That the amount of the fixed annual contribution which would be established under this Act for a newly constructed project by a public housing agency designed to accommodate a number of families of a given size and kind may be established, as a maximum annual contribution in lieu of any other guaranteed contribution authorized under this section, for a project by such public housing agency which would provide housing for the comparable number, sizes, and kinds of families through the acquisition, acquisition and rehabilitation, or use under lease of existing structures which are suitable for low-rent housing use and obtainable in the local market'.

"Increase in authorization for annual contributions

"SEC. 503. (a) Section 10(e) of the United States Housing Act of 1937 is amended by inserting immediately following 'per annum' the following: ', which limit shall be increased by \$47,000,000 on the date of the enactment of the Housing and Urban Development Act of 1965, and by further amounts of \$47,000,000 on July 1 in each of the years 1966, 1967, and 1968, respectively'.

"Reallocation of units

"SEC. 504. Section 10(e) of the United States Housing Act of 1937 is amended by striking out 'Provided,' and inserting in lieu thereof the following: 'Provided, That subject to any contractual obligation outstanding on the date of the enactment of the Housing and Urban Development Act of 1965, any units not under construction within five years from the date they were reserved to a public housing agency may be reserved, allocated, or placed under contract for annual contributions in any State without limitation as to the aggregate amount of units which may be placed under contract for annual contributions in any one State: Provided further,'.

"Sale of federally-owned projects to private purchasers

"SEC. 505. The first sentence of section 12(c) of the United States Housing Act of 1937 is amended to read as follows: 'The Authority may sell a Federal project only to a public housing agency or to a nonprofit body for use as low-rent housing.'

"Increase in per room limitations

"SEC. 506. Paragraph (5) of section 15 of the United States Housing Act of 1937 is amended—

"(1) by striking out '\$2,000' and inserting in lieu thereof '\$2,400';

"(2) by striking out '\$3,000', each place it appears, and inserting in lieu thereof '\$3,500', and

"(3) by striking out '\$3,500' and inserting in lieu thereof '\$4,000'.

"Purchase of units by tenants

"SEC. 507. (a) Section 15 of the United States Housing Act is amended by adding after paragraph (8) a new paragraph as follows:

"(9) Notwithstanding any other provision of this Act, but subject to the provisions of any contract with the Authority, any

public housing agency may permit any member of a tenant family to enter into a contract (either individually or as a member of a group) for the acquisition of a dwelling unit in any project of the public housing agency which is suitable by reason of its detached or semidetached construction for sale and for occupancy by such purchaser or a member or members of his family, upon the following terms:

"(A) The purchaser shall pay at least (1) a pro rata share cost of any services furnished him by the public agency, including but not limited to, administration, maintenance, repairs, utilities, insurance, provision of reserves, and other expenses, (ii) local taxes on his dwelling unit, and (iii) monthly payments of interest and principal sufficient to amortize a sales price, equal to the greater of the unamortized debt or the appraised value (at the time such purchase contract is entered into) of the dwelling unit, in not more than forty years: *Provided*, That the public housing agency may, under terms and conditions to be prescribed by it, permit a purchaser to apply an amount equal to the net rent paid for his dwelling unit, over a period not exceeding three years prior to the entering into of any such contract, toward the purchase price of such unit;

"(B) The interest rate shall be fixed at not less than the average interest cost of loans outstanding on the project, except that in the case of a project on which bonds are not outstanding the interest rate shall be fixed at not less than the going Federal rate applicable to such project;

"(C) The principal payments shall be not less than one-half of 1 per centum per annum of the sales price during the first five years after purchase, 1 per centum per annum during the next five years, 1½ per centum per annum during the third five years, and thereafter not less than the principal payments resulting from a level debt service of interest and principal over the balance of the payment period; and

"(D) If at any time (i) a purchaser fails to carry out his contract with the public housing agency and if no member of his family who resides in the dwelling assumes such contract, or (ii) the purchaser or a member of his family who assumes the contract does not reside in the dwelling, the public housing agency shall have an option to acquire his interest under such contract upon payment to him or his estate of an amount equal to his aggregate principal payments plus the value to the public housing agency of any improvements made by him, less an amount equal to 2½ per centum of the sales price."

"(b) Such Act is further amended—

"(1) by inserting in the parenthetical phrase in section 10(h) after the words 'exclusive of' the following: 'any part thereof covered by a contract or conveyed pursuant to paragraph (9) of section 15, and exclusive of';

"(2) by inserting after 'may be made' in section 10(1) the following: 'subject to any outstanding contracts made pursuant to paragraph (9) of section 15';

"(3) by inserting after 'acquisition', the first place it appears in paragraphs (1), (2), and (3) of section 15, the following: '(except pursuant to paragraph (9) of section 15)'; and

"(4) by inserting before the semicolon at the end of paragraph (1) of section 22(a) a colon and the following: '*Provided*, That such conveyance or delivery of title shall be subject to the rights of third parties vested pursuant to paragraph (9) of section 15'.

"TITLE VI—COLLEGE HOUSING

"Increase in authorization for college housing loans

"Sec. 601. Section 401(d) of the Housing Act of 1950 is amended by striking out

'through 1964', each place it appears, and inserting in lieu thereof 'through 1968'.

"Interest rate on college housing loans

"Sec. 602. (a) Effective with respect to loan contracts entered into after the date of the enactment of this Act, section 401(c) of the Housing Act of 1950 is amended by striking out 'the higher of (1) 2¾ per centum per annum, or' and inserting in lieu thereof 'the lower of (1) 3 per centum per annum, or'.

"(b) Effective with respect to notes or other obligations financing loan contracts entered into after the date of the enactment of this Act, section 401(e) of such Act is amended by striking out 'the higher of (1) 2½ per centum per annum, or' and inserting in lieu thereof 'the lower of (1) 2¾ per centum per annum, or'.

"Participation by new colleges and certain public vocational and technical institutions

"Sec. 603. Clause (1) of section 404(b) of the Housing Act of 1950 is amended to read as follows: '(1) (A) any educational institution which offers, or provides satisfactory assurance to the Administrator that it will offer within a reasonable time after completion of a facility for which assistance is requested under this title, at least a two-year program acceptable for full credit toward a baccalaureate degree (including any public educational institution no part of the net earnings of which inures to the benefit of any private shareholder or individual), or (B) any public educational institution which (i) is administered by a college or university which is accredited by a nationally recognized accrediting agency or association, (ii) offers technical or vocational instruction, and (iii) provides residential facilities for some or all of the students receiving such instruction,'.

"Technical amendments

"Sec. 604. (a) The second paragraph of section 404(b) of the Housing Act of 1950 is amended by inserting after 'would provide housing,' the following: 'or to a student housing cooperative corporation described in clause (5) of this subsection,'.

"(b) Section 401(g) of such Act is amended by striking out 'In the case' and inserting in lieu thereof 'Except as otherwise provided in the second paragraph of section 404(b), in the case'.

"TITLE VII—COMMUNITY FACILITIES

"Purpose

"Sec. 701. The purpose of this title is to assist and encourage the communities of the Nation fully to meet the needs of their citizens by making it possible, with Federal grant assistance, for their governmental bodies (1) to construct adequate basic water and sewer facilities needed to promote the efficient and orderly growth and development of our communities, (2) to construct neighborhood facilities needed to enable them to carry on programs of necessary social services, and (3) to acquire, in a planned and orderly fashion, land to be utilized in connection with the future construction of public works and facilities.

"Grants for basic water and sewer facilities

"Sec. 702. (a) The Housing and Home Finance Administrator (hereinafter in this title referred to as the 'Administrator') is authorized to make grants to local public bodies and agencies to finance specific projects for basic public water facilities (including works for the storage, treatment, purification, and distribution of water), and for basic public sewer facilities (other than 'treatment works' as defined in the Federal Water Pollution Control Act): *Provided*, That no grant shall be made under this section for any sewer facilities unless the Secretary of Health, Education, and Welfare certifies to the Administrator that any waste

material carried by such facilities will be adequately treated before it is discharged into any public waterway so as to meet applicable Federal, State, interstate, or local water quality standards.

"(b) The amount of any grant made under the authority of this section shall not exceed 50 per centum of the development cost of the project: *Provided*, That in the case of a community having a population of less than ten thousand, according to the most recent decennial census, which is situated within a metropolitan area, the Administrator may increase the amount of a grant for a basic public sewer facility assisted under this section to not more than 90 per centum of the development cost of such facility, if the community is unable to finance the construction of such facility without the increased grant authorized under this subsection, and if in such community (1) there does not exist a public or other adequate sewer facility which serves a substantial portion of the inhabitants of the community, and (2) the rate of unemployment is; and has been continuously for the preceding calendar year, 100 per centum above the national average: *And provided further*, That the limitations and restrictions contained in subsection (c) of this section shall not be applicable to any community applying for an increased grant under this subsection.

"(c) No grant shall be made under this section in connection with any project unless the Administrator determines that the project is necessary to provide adequate water or sewer facilities for, and will contribute to the improvement of the health or living standards of, the people in the community to be served, and that the project is (1) designed so that an adequate capacity will be available to serve the reasonably foreseeable growth needs of the area; (2) consistent with a program meeting criteria, established by the Administrator, for a unified or officially coordinated areawide water or sewer facilities system as part of the comprehensively planned development of the area, except that prior to July 1, 1968, grants may, in the discretion of the Administrator, be made under this section when such a program for an areawide water and sewer facilities system is under active preparation, although not yet completed, if the facility or facilities for which assistance is sought can reasonably be expected to be required as a part of such program, and there is urgent need for the facility or facilities; and (3) necessary to orderly community development.

"Grants for neighborhood facilities

"Sec. 703. (a) In accordance with the provisions of this section, the Administrator is authorized to make grants to any local public body or agency to assist in financing specific projects for neighborhood facilities. Any such project may be undertaken by such body or agency directly or through a non-profit organization approved by it: *Provided*, That no grant shall be provided under this section for any project to be undertaken through a nonprofit organization unless the Administrator determines (1) that such organization has or will have the legal, financial, and technical capacity to carry out the project, and (2) that the public body or agency to which the grant is made will have satisfactory continuing control over the use of the proposed facilities.

"(b) The amount of any grant made under the authority of this section shall not exceed 66⅔ per centum of the development cost of the project for which the grant is made (or 75 per centum of such cost in the case of a project located in an area which at the time the grant is made is designated as a redevelopment area under the Area Redevelopment Act or any Act supplementary thereto).

"(c) No grants shall be made under this section for any project unless the Administrator determines that the project will provide a neighborhood facility which is (1) necessary for carrying out a program of health, recreational, social, or similar community service (including a community action program approved under title II of the Economic Opportunity Act of 1964) in the area, (2) consistent with comprehensive planning for the development of the community, and (3) so located as to be available for use by a significant portion (or number in the case of large urban places) of the area's low- or moderate-income residents.

"(d) For a period of twenty years after a grant has been made under this section for a neighborhood facility, such facility shall not, without the approval of the Administrator, be converted to uses other than those proposed by the applicant in its application for a grant. The Administrator shall not approve any conversion in the use of such a neighborhood facility during such twenty-year period unless he finds that such conversion is in accordance with the then applicable program of health, recreational, social, or similar community services in the area and consistent with comprehensive planning for the development of the community in which the facility is located. In approving any such conversion, the Administrator may impose such additional conditions and requirements as he deems necessary.

"(e) The Administrator shall give priority to applications for projects designed primarily to benefit members of low-income families or otherwise substantially further the objectives of a community action program approved under title II of the Economic Opportunity Act of 1964.

"Advance acquisition of land"

"SEC. 704. (a) In order to encourage and assist in the timely acquisition of land planned to be utilized in connection with the future construction of public works or facilities, the Administrator is authorized to make grants to local public bodies and agencies to assist in financing the acquisition of a fee simple estate or other interest in such land.

"(b) The amount of any grant made under the authority of this section shall not exceed the aggregate amount of reasonable interest charges on the loan or other financial obligation incurred to finance the acquisition of such land for a period not exceeding the lesser of (1) five years from the date such loan was made or such financial obligation was incurred, or (2) the period of time between the date such loan was made or such financial obligation was incurred and the date construction is begun on the public work or facility for which the land acquired was planned to be utilized.

"(c) No grant shall be made under this section for any project for the acquisition of land unless the Administrator determines that the public work or facility for which such land is to be utilized is planned to be constructed or initiated within a reasonable period of time (not to exceed five years after a contract to make such grant is entered into) and that construction of such public work or facility will contribute to economy, efficiency, and the comprehensively planned development of the area.

"(d) As a condition to providing assistance under this section, the Administrator may, under terms and conditions prescribed by him, require an applicant to agree to repay such assistance, if (1) the land purchased with such assistance is not utilized within five years after the agreement is entered into in connection with the construction of the public work or facility for which such land was acquired, or (2) such land is diverted to other uses.

"General provisions"

"SEC. 705. (a) In the performance of, and with respect to, the functions, powers, and

duties vested in him by this title, the Administrator shall (in addition to any authority otherwise vested in him) have the functions, powers, and duties set forth in section 402, except subsections (a), (c) (2), and (f) of the Housing Act of 1950.

"(b) The Administrator is authorized, notwithstanding the provisions of section 3648 of the Revised Statutes, to make advance or progress payments on account of any grant made pursuant to this title. No part of any grant authorized to be made by the provisions of this title shall be used for the payment of ordinary governmental operating expenses.

"Definitions"

"SEC. 706. As used in this title—

"(a) The term 'State' means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

"(b) The term 'local public bodies and agencies' includes public corporate bodies or political subdivisions; public agencies or instrumentalities of one or more States, municipalities, or political subdivisions of one or more States (including public agencies and instrumentalities of one or more municipalities or other political subdivisions of one or more States); Indian tribes; and boards or commissions established under the laws of any State to finance specific capital improvement projects.

"(c) The term 'development cost' means the cost of constructing the facility and of acquiring the land on which it is located, including necessary site improvements to permit its use as a site for the facility.

"Labor standards"

"SEC. 707. All laborers and mechanics employed by contractors or subcontractors on projects assisted under sections 702 and 703 shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5). No such project shall be approved without first obtaining adequate assurance that these labor standards will be maintained upon the construction work. The Secretary of Labor shall have, with respect to the labor standards specified in this section, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 1332-15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C. 276c).

"Appropriations"

"SEC. 708. (a) There are authorized to be appropriated for each fiscal year commencing after June 30, 1965, and ending prior to July 1, 1969, not to exceed (1) \$200,000,000 for grants under section 702, (2) \$50,000,000 for grants under section 703, and (3) \$25,000,000 for grants under section 704.

"(b) Any amounts appropriated under this section shall remain available until expended, and any amounts authorized for any fiscal year under this section but not appropriated may be appropriated for any succeeding fiscal year commencing prior to July 1, 1969.

"TITLE VIII—FEDERAL NATIONAL MORTGAGE ASSOCIATION"

"Increase in special assistance authority"

"SEC. 801. (a) Section 305(c) of the National Housing Act is amended by inserting before the period at the end thereof the following: ', which limit shall be increased by \$100,000,000 on the date of the enactment of the Housing and Urban Development Act of 1965, by \$450,000,000 on July 1, 1966, by \$550,000,000 on July 1, 1967, and by \$525,000,000 on July 1, 1968'.

"(b) Section 305(f) of such Act is amended by inserting before the period at the end thereof the following: ': Provided further, That any portion of the total amount of authority set forth in the first proviso of this

subsection, which (1) is not required under the second proviso of this subsection to be kept available for purchases and commitments with respect to mortgages insured under section 809, and (2), on the date of enactment of the Housing and Urban Development Act of 1965 and on each July 1 thereafter, would otherwise be available for making new purchases and commitments pursuant to this subsection, shall be transferred to and merged with the authority granted by subsection (a) and added to the amount of such authority which is available, as of the date of the transfer, for purchases and commitments under subsection (c); and the total amount of authority as set forth in the first proviso of this subsection shall progressively be reduced by the amount of each such transfer'.

"Purchase of mortgages held by Federal instrumentalities"

"SEC. 802. (a) Section 302 of the National Housing Act is amended by—

"(1) striking out 'Federal,' in clause (2) in subsection (b);

"(2) inserting before 'first mortgages' in the first sentence of subsection (c) the following: 'obligations offered to it by the Housing and Home Finance Agency or its Administrator, or by such Agency's constituent units or agencies or the heads thereof, or any'; and

"(3) inserting 'and other obligations' after 'mortgages' in the last sentence of subsection (c).

"(b) Section 306(e) of such Act is amended to read as follows:

"(e) Notwithstanding any other provision of law, the Association is authorized, under the aforesaid separate accountability, to make commitments to purchase, and to purchase, service, or sell any obligations offered to it by the Housing and Home Finance Agency or its Administrator, or by such Agency's constituent units or agencies or the heads thereof, or any mortgages covering residential property offered to it by any Federal instrumentality, or the head thereof. There shall be excluded from the total amounts set forth in subsection (c) the amounts of any obligations or mortgages purchased by the Association pursuant to this subsection.'

"Purchase of below-market interest rate mortgages"

"SEC. 803. Section 302(b) of the National Housing Act is amended by inserting after the first sentence the following new sentence: 'Notwithstanding the provisions of clause (3) in the preceding sentence, the Association may purchase a mortgage under section 305 with an original principal obligation that exceeds \$17,500 per dwelling unit if the mortgage (1) is a below-market interest rate mortgage insured under section 221 (d)(3), and (2) covers property which has the benefit of local tax abatement in an amount determined by the Federal Housing Commissioner to be sufficient to make possible rentals not in excess of those that would be approved by the Commissioner if the mortgage amount did not exceed \$17,500 per dwelling unit and if local tax abatement were not provided.'

"Increase in limitation on mortgages for dwelling units having four or more bedrooms"

"SEC. 804. Section 302(b) of the National Housing Act is amended by inserting before the period at the end of the first sentence the following: '(plus an additional \$2,500 for each such family residence or dwelling unit which has four or more bedrooms).'

"TITLE IX—OPEN-SPACE LAND AND URBAN BEAUTIFICATION AND IMPROVEMENT"

"Change in name of program; findings and purpose"

"SEC. 901. (a) The heading of title VII of the Housing Act of 1961 is amended to read as follows:

"TITLE VII—OPEN-SPACE LAND AND URBAN BEAUTIFICATION AND IMPROVEMENT"

"(b) Section 701 of such Act is amended by redesignating subsection (b) as subsection (c) and inserting after subsection (a) a new subsection as follows:

"(b) The Congress further finds that there is an urgent need both for the additional provision of parks and other open-space areas in the developed portions of the Nation's urban areas and for greater and better coordinated local efforts to beautify and improve open space and other public land throughout urban areas to facilitate their increased use and enjoyment by the Nation's urban population."

"(c) Section 701(c) of such Act (as redesignated by subsection (b) of this section) is amended—

"(1) by striking out 'preserve' and inserting in lieu thereof '(1) provide, preserve, and develop'; and

"(2) by striking out 'purposes,' and inserting in lieu thereof 'uses, and (2) beautify and improve open space and other public urban land, in accordance with programs to encourage and coordinate local public and private efforts toward this end.'

"Development grants for open-space uses"

"SEC. 902. (a) The first sentence of section 702(a) of the Housing Act of 1961 is amended—

"(1) by inserting 'and development' after 'acquisition' the first place it appears; and

"(2) by inserting before the period the following: ', and the development, for open-space uses, of land acquired under this title'.

"(b) Section 702(c) of such Act is amended by striking out 'development costs or'.

"(c) Section 709 of such Act (as redesignated by section 906 of this Act) is amended by adding at the end thereof the following:

"(4) The term 'open-space uses' means any use of open-space land for (A) park and recreational purposes, (B) conservation of land and other natural resources, or (C) historic or scenic purposes."

"Increased grant level for preservation and development of open-space land"

"SEC. 903. The second sentence of section 702(a) of the Housing Act of 1961 is amended to read as follows: 'The amount of any such grant shall not exceed 50 per centum of the total cost, as approved by the Administrator, of such acquisition and development.'

"Contract authorization"

"SEC. 904. Section 702(b) of the Housing Act of 1961 is amended by striking out '\$75,000,000' and inserting in lieu thereof the following: '\$310,000,000: *Provided*, That of such sum the Administrator may contract to make grants under section 705 aggregating not to exceed \$64,000,000, and grants under section 706 aggregating not to exceed \$36,000,000'.

"Open-space planning and program requirements"

"SEC. 905. Section 703(a) of the Housing Act of 1961 is amended to read as follows:

"(a) The Administrator shall enter into contracts to make grants under sections 702 and 705 of this title only if he finds that such assistance is needed for carrying out a unified or officially coordinated program, meeting criteria established by him, for the provision and development of open-space land as part of the comprehensively planned development of the urban area."

"Grants for provision of open-space land in built-up urban areas and for urban beautification and improvement"

"SEC. 906. Title VII of the Housing Act of 1961 is amended by redesignating sections 705 and 706 as sections 708 and 709, respectively, and by inserting after section 704 two new sections as follows:

"Grants for provision of open-space land in built-up urban areas"

"SEC. 705. The Administrator is further authorized to enter into contracts to make grants to States and local public bodies to help finance the acquisition of title to, or other permanent interests in, developed land in built-up portions of urban areas to be cleared and used as permanent open-space land. The Administrator shall make such grants only where the local governing body determines that adequate open-space land cannot effectively be provided through the use of existing undeveloped or predominantly undeveloped land. Grants under this section shall not exceed 50 per centum of the cost of acquiring such interests and of necessary demolition and removal of improvements."

"Grants for urban beautification and improvement"

"SEC. 706. The Administrator is authorized to enter into contracts to make grants, as herein provided, to States and local public bodies to assist in carrying out local programs for the greater use and enjoyment of open-space and other public land in urban areas. The Administrator shall establish criteria for such programs to assure that each program (1) represents significant and effective efforts, involving all available public and private resources, for the beautification of such land and its improvement for open-space uses; and (2) is important to the comprehensively planned development of the locality. Grants made under this section shall not exceed 50 per centum of the amount by which the cost of the activities carried on by an applicant during a fiscal year under an approved program exceeds its usual expenditures for comparable activities: *Provided*, That, notwithstanding any other provision of this section, the Administrator may use not to exceed \$5,000,000 of the sum authorized for contracts under this section for the purpose of entering into contracts to make grants in amounts not to exceed 90 per centum of the cost of activities which he determines have special value in developing and demonstrating new and improved methods and materials for use in carrying out the purposes of this section."

"Labor standards"

"SEC. 907. Title VII of the Housing Act of 1961 is further amended by inserting after section 706 (as added by section 906 of this Act) the following new section:

"Labor standards"

"SEC. 707. (a) The Administrator shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors or subcontractors in the performance of construction work financed with the assistance of grants under this title shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended. The Administrator shall not approve any such grant without first obtaining adequate assurance that these labor standards will be maintained upon the construction work."

"(b) The Secretary of Labor shall have, with respect to the labor standards specified in subsection (a), the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 1332-15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C. 276c)."

"Use of funds for studies and publication"

"SEC. 908. The second sentence of section 708 of the Housing Act of 1961 (as redesignated by section 906 of this Act) is amended to read as follows: 'The Administrator is authorized to use during any fiscal year not to exceed \$50,000 of the funds available for

grants under this title to undertake such studies and publish such information.'

"Conforming amendments"

"SEC. 909. (a) The heading of section 702 of the Housing Act of 1961 is amended to read as follows: 'GRANTS FOR PRESERVATION AND DEVELOPMENT OF OPEN-SPACE LAND'.

"(b) Section 702(a) of such Act is amended by striking out 'acceptable to the Administrator as capable of carrying out the provisions of this title'.

"(c) Section 702(e) of such Act is amended by striking out in the second sentence 'served by the open-space land acquired' and inserting in lieu thereof 'assisted'.

"(d) Section 704 of such Act is amended by striking out in the first sentence 'for which' and inserting in lieu thereof 'for the acquisition of which'.

"TITLE X—RURAL HOUSING"

"Loans for previously occupied buildings and minimum site acquisition"

"SEC. 1001. (a) Section 501(a) of the Housing Act of 1949 is amended—

"(1) by inserting after 'their farms,' in clause (1) the following: 'and to purchase previously occupied buildings and land constituting a minimum adequate site, in order'; and

"(2) by inserting after 'rural areas' in clause (2) the following: 'for the construction, improvement, alteration, or repair of dwellings, related facilities, and farm buildings and to rural residents for such purposes and for the purchase of previously occupied buildings and the purchase of land constituting a minimum adequate site, in order'.

"(b) Section 501(c) of such Act is amended by inserting 'or a rural resident' in clause (1) after 'or that he is the owner of other real estate in a rural area'.

"Interest rate on direct rural housing loans"

"SEC. 1002. Section 502(a) of the Housing Act of 1949 is amended by striking out 'with interest at a rate not to exceed 4 per centum per annum on the unpaid balance of principal' and inserting in lieu thereof the following: 'with interest, in the case of applicants described in clauses (1) and (2) of section 501(a), at a rate not to exceed 5 per centum per annum on the unpaid balance of principal, and, in the case of applicants described in clause (3) of section 501(a) and applicants under sections 503 and 504, at a rate not to exceed 4 per centum per annum on such unpaid balance. Loans made or insured under this title shall be conditioned on the borrower paying such fees and other charges as the Secretary may require'.

"Insured rural housing loans"

"SEC. 1003. (a) Title V of the Housing Act of 1949 is amended by adding at the end thereof the following new sections:

"Insured rural housing loans"

"SEC. 517. (a) The Secretary may insure loans meeting the requirements of section 502, and may make loans in accordance with the requirements of such section to be sold and insured; except that such loans shall—

"(1) if the borrowers are persons of low or moderate income (as defined by the Secretary) (A) not exceed amounts necessary to provide adequate housing, modest in size, design, and cost (as determined by the Secretary), (B) bear interest at a rate not to exceed 5 per centum per annum, and (C) not exceed in the aggregate \$300,000,000 of new loans made or insured in any one fiscal year; and

"(2) if the borrowers are persons other than those described in clause (1), bear interest and provide for insurance or service charges at rates comparable to the combined rate of interest and premium charges in effect under section 203 of the National Housing Act, as determined by the Secretary."

"(b) The Secretary may insure loans in accordance with the requirements of sections

514 (exclusive of subsections (a) (3), (a) (5), and (b)) and 515 (exclusive of subsections (a) and (b) (4)), and may make loans meeting such requirements to be sold and insured. Upon the expiration of ninety days after the original capitalization of the Rural Housing Insurance Fund, created by subsection (e) of this section, no new loans shall be made or insured under section 514 or 515(b), except in conformity with this section.

"(c) The Secretary may use the Rural Housing Insurance Fund for the purpose of making loans to be sold and insured under this section, but the aggregate of such loans which are held by the Secretary at any one time shall not exceed \$100,000,000.

"(d) The Secretary may, in conformity with subsections (a) and (b), insure the payment of principal and interest as it becomes due on loans made by lenders other than the United States, and on loans made from the Rural Housing Insurance Fund which are sold by the Secretary. Any contract of insurance executed by the Secretary hereunder shall be an obligation supported by the full faith and credit of the United States, and shall be incontestable except for fraud or material misrepresentation of which the holder has actual knowledge. In connection with loans insured under this section, the Secretary may take liens running to the United States notwithstanding the fact that the notes evidencing such loans may be held by lenders other than the United States. Notes evidencing such loans shall be freely assignable, but the Secretary shall not be bound by any such assignment until notice thereof is given to and acknowledged by him.

"(e) There is hereby created the Rural Housing Insurance Fund (hereinafter referred to as the "Fund") which shall be used by the Secretary as a revolving fund for carrying out the provisions of this section. There are authorized to be appropriated to the Secretary such sums as may be necessary for the purposes of the Fund.

"(f) Money in the Fund not needed for current operations shall be invested in direct obligations of the United States or obligations guaranteed by the United States.

"(g) All funds, claims, notes, mortgages, contracts, and property acquired by the Secretary under this section, and all collections and proceeds therefrom, shall constitute assets of the Fund; and all liabilities and obligations of such assets shall be liabilities and obligations of the Fund. Loans may be held in the Fund and collected in accordance with their terms or may be sold by the Secretary with or without agreements for insurance thereof. The Secretary is authorized to make agreements with respect to servicing loans held or insured by him under this section and purchasing such insured loans on such terms and conditions as he may prescribe.

"(h) The Secretary is authorized to issue notes to the Secretary of the Treasury to obtain funds necessary for discharging obligations under this section and for authorized expenditures out of the Fund, but except as may be authorized in appropriation Acts, not for the original or any additional capital of the Fund. Such notes shall be in such form and denominations and have such maturities and be subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Each note shall bear interest at the average rate, as determined by the Secretary of the Treasury, payable by the Treasury upon its marketable public obligations outstanding at the beginning of the fiscal year in which such note is issued, which are neither due nor callable for redemption for fifteen years from their date of issue. The Secretary of the Treasury is authorized and directed to purchase any notes of the Secretary issued hereunder, and for that purpose the Secretary of the Treasury is au-

thorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which such securities may be issued under such Act are extended to include purchases of notes issued by the Secretary. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes shall be treated as public debt transactions of the United States. The notes issued by the Secretary to the Secretary of the Treasury shall constitute obligations of the Fund.

"(i) The Secretary may retain out of interest payments by the borrower an annual charge in an amount specified in the insurance or sale agreement applicable to the loan. Of the charges retained by the Secretary, if any, not to exceed 1 per centum per annum of the unpaid balance of the loan shall be deposited in the Fund. Any retained charges not deposited in the Fund shall be available for administrative expenses in carrying out the provisions of this title, to be transferred annually, and become merged with any appropriation for administrative expenses of the Farmers Home Administration, when and in such amounts as may be authorized in appropriation Acts.

"(j) The Secretary may also utilize the Fund—

"(1) to pay amounts to which the holder of the note is entitled in accordance with an insurance or sale agreement under this section accruing between the date of any prepayment by the borrower to the Secretary and the date of transmittal of any such prepayments to the holder of the note; and in the discretion of the Secretary, prepayments other than final payments need not be remitted to the holder until due;

"(2) to pay the holder of any note insured under this section any defaulted installment or, upon assignment of the note to the Secretary at the Secretary's request or pursuant to a purchase agreement, the entire balance outstanding on the note; and

"(3) to pay taxes, insurance, prior liens, expenses necessary to make fiscal adjustments in connection with the application and transmittal of collections, and other expenses and advances to protect the security for loans which are insured under this section or held in the Fund, and to acquire such security property at foreclosure sale or otherwise.

"Rural Housing Direct Loan Account"

"SEC. 518. (a) There is hereby created the Rural Housing Direct Loan Account (hereinafter referred to as the "Account") which shall be used by the Secretary for carrying out the provisions of this section. There are authorized to be appropriated to the Secretary such sums as may be necessary for the purposes of the Account.

"(b) There are transferred to the Account (1) all funds, claims, notes, mortgages, contracts, and property, and all collections and proceeds therefrom, held by the Secretary under the direct loan provisions of this title, including those securing notes issued by the Secretary to the Secretary of the Treasury under section 511 and any unexpended balance of amounts borrowed upon such notes, and (2) all unexpended balances of appropriations for direct loans under this title, including the fund authorized by section 515 (a). All amounts hereafter borrowed by the Secretary from the Secretary of the Treasury under section 511 shall be deposited in the Account. All collections and proceeds from assets acquired by the Account shall be deposited in the Account.

"(c) When and in such amounts as may be authorized in appropriation Acts, the Secretary may issue notes to the Secretary of the Treasury to obtain funds to be deposited in the Account. The form, denominations, maturities, and other terms and conditions of such notes shall be prescribed by the Secretary with the approval of the Secretary of

the Treasury. Each note shall bear interest at the average rate determined by the Secretary of the Treasury, payable by the Treasury upon its marketable public obligations outstanding at the beginning of the fiscal year in which such note is issued, which are neither due nor callable for redemption for fifteen years from their date of issue. The Secretary of the Treasury is authorized and directed to purchase any notes of the Secretary issued hereunder, and for that purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which such securities may be issued under such Act are extended to include the purchase of notes issued by the Secretary. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes shall be treated as public debt transactions of the United States.

"(d) The Account shall remain available to the Secretary for the payment of interest and principal on notes issued by the Secretary to the Secretary of the Treasury under section 511 of this section, and for direct loans and related advances under this title in such amounts as are now authorized by law and in such further amounts as shall be authorized in appropriation Acts. Amounts so authorized for such loans and advances shall remain available until expended."

"(b) Section 511 of such Act is amended—

"(1) by striking out the first sentence and inserting in lieu thereof 'The Secretary may issue notes and other obligations for purchase by the Secretary of the Treasury for the purpose of making direct loans under this title.';

"(2) by striking out the second sentence and inserting in lieu thereof 'The total principal amount of such notes and obligations issued pursuant to this section during the period beginning July 1, 1956, and ending October 1, 1969, shall not exceed \$850,000,000.'; and

"(3) by striking out the fifth sentence and inserting in lieu thereof the following 'Each such note or other obligation shall bear interest at the average rate, as determined by the Secretary of the Treasury, payable by the Treasury upon its marketable public obligations outstanding at the beginning of the fiscal year in which such note or other obligation is issued, which are neither due nor callable for redemption for 15 years from their date of issue.'

"Federal National Mortgage Association secondary market operations for insured rural housing loans"

"SEC. 1004. (a) Section 302(b) of the National Housing Act is amended—

"(1) by inserting immediately after 'which are insured under the National Housing Act' the following: 'or title V of the Housing Act of 1949';

"(2) by inserting after 'any mortgage' in clause (2) of the proviso the following: ', except a mortgage insured under title V of the Housing Act of 1949,'; and

"(3) by inserting before the period in the last sentence the following: 'or title V of the Housing Act of 1949'.

"(b) Section 303(b) of such Act is amended by inserting 'and other' after 'private' in the first sentence.

"Extension of rural housing authorizations"

"SEC. 1005. (a) Section 512 of the Housing Act of 1949 is amended by striking out 'September 30, 1965' and inserting in lieu thereof 'October 1, 1969'.

"(b) Section 513 of such Act is amended—

"(1) by striking out 'September 30, 1965' in clause (b) and inserting in lieu thereof 'October 1, 1969';

"(2) by striking out '\$10,000,000' in clause (c) and inserting in lieu thereof '\$50,000,000', and by striking out 'September 30, 1965' in the same clause and inserting in lieu thereof 'October 1, 1969'; and

"(3) by striking out 'September 30, 1965' in clause (d) and inserting in lieu thereof 'October 1, 1969'.

"(c) Section 515(b)(5) of such Act is amended by striking out 'September 30, 1965' and inserting in lieu thereof 'October 1, 1969'.

"(d) Section 506(a) of such Act is amended by striking out 'sections 501 to 504, inclusive, and sections 514—516', each place it occurs and inserting in lieu thereof 'this title'.

"Sums excess to the needs of the rural housing insurance fund or the rural housing direct loan account"

"Sec. 1006. Title V of the Housing Act of 1949 is amended by adding after section 518 (added by section 1003 of this Act) a new section as follows:

"Sums excess to the needs of the rural housing insurance fund or the rural housing direct loan account"

"Sec. 519. Any sums in the Rural Housing Insurance Fund or the Rural Housing Direct Loan Account which the Secretary determines are in excess of amounts needed to meet the obligations and carry out the purposes of such Fund or Account shall be returned to miscellaneous receipts of the Treasury."

"Definition of a rural area"

"Sec. 1007. Title V of the Housing Act of 1949 is amended by adding at the end thereof (after the new section added by section 1006 of this Act) the following new section:

"Definition of rural area"

"Sec. 520. As used in this title, the terms "rural" and "rural area" mean any open country, or any place, town, village, or city which is not part of or associated with an urban area and which (1) has a population not in excess of 2,500 inhabitants, or (2) has a population in excess of 2,500 but not in excess of 5,500 if it is rural in character."

"TITLE XI—MISCELLANEOUS"

"Annual report on housing and urban development programs"

"Sec. 1101. Section 802(a) of the Housing Act of 1954 is amended to read as follows:

"(a) The Housing and Home Finance Administrator shall, as soon as practicable during each calendar year, make a report to the President for submission to the Congress on all operations and programs (including but not limited to the FHA insurance, urban renewal, public housing, and rent supplement programs) under the jurisdiction of the Housing and Home Finance Agency during the previous calendar year. Such report shall contain recommendations for strengthening or improving such programs, or, when necessary to implement more effectively Congressional policies and purposes, for establishing new or alternative programs."

"Urban planning grants"

"Sec. 1102. (a) The fifth sentence of section 701(b) of the Housing Act of 1954 is amended by striking out '\$105,000,000' and inserting in lieu thereof '\$230,000,000'.

"(b) Section 701(b) of such Act is amended by striking out the period at the end and inserting in lieu thereof the following: 'Provided, That not to exceed 5 per centum of any funds so appropriated may be used by the Administrator for studies, research, and demonstration projects, undertaken independently or by contract, for the development and improvement of techniques and methods for comprehensive planning and for the advancement of the purposes of this section.'

"(c)(1) Section 701 of such Act is amended by adding at the end thereof a new subsection as follows:

"(g) In addition to the planning grants authorized by subsection (a), the Administrator is further authorized to make grants to organizations composed of public officials whom he finds to be representative of the po-

litical jurisdictions within a metropolitan area or urban region for the purpose of assisting such organizations to undertake studies, collect data, develop regional plans and programs, and engage in such other activities as the Administrator finds necessary or desirable for the solution of the metropolitan or regional problems in such areas or regions. To the maximum extent feasible, all grants under this subsection shall be for activities relating to all the developmental aspects of the total metropolitan area or urban region, including, but not limited to, land use, transportation, housing, economic development, natural resources development, community facilities, and the general improvement of living environments. A grant under this subsection shall not exceed two-thirds of the estimated cost of the work for which the grant is made."

"(2) Section 701(b) of such Act is amended—

"(A) by inserting 'planning' immediately before 'grant' the first time it appears in the first sentence, and

"(B) by striking out 'planning' in the fourth sentence.

"(d) Section 701(b) of such Act is amended by inserting after 'Area Redevelopment Act' the following: '(or under any Act supplementary thereto)'."

"Authorization for Federal-State training programs"

"Sec. 1103. (a) Section 802(d) of the Housing Act of 1964 is amended by striking out '\$10,000,000' and inserting in lieu thereof '\$30,000,000'.

"(b) Section 803 of such Act is amended (1) by striking out 'authorized to be', and (2) by striking out 'by section 802(d)' and inserting in lieu thereof 'for the purposes of this part'.

"Authorization for public works planning advances"

"Sec. 1104. The second sentence of section 702(e) of the Housing Act of 1954 is amended by striking out '\$20,000,000' and inserting in lieu thereof '\$70,000,000'.

"Authorization for low-income housing demonstration programs"

"Sec. 1105. Section 207 of the Housing Act of 1961 is amended by striking out '\$10,000,000' and inserting in lieu thereof '\$15,000,000'.

"Advisory committees—Technical provision"

"Sec. 1106. Section 601 of the Housing Act of 1949 is amended by striking out the second sentence.

"Public facility loans"

"Sec. 1107. (a) Section 202(c) of the Housing Amendments of 1955 is amended by adding at the end thereof the following new sentence: 'Notwithstanding any other provision of this title, the Administrator may extend financial assistance, as otherwise authorized by clause (1) of subsection (a) of this section, to any private nonprofit corporation to finance the construction of works for the storage, treatment, purification, or distribution of water or the construction of sewage, sewage treatment, and sewer facilities, if such works or facilities are needed to serve a smaller municipality or rural area, and there is no existing public body able to construct and operate such works or facilities.'

"(b) Section 202(b)(4) of such amendments is amended—

"(1) by striking out the parenthetical phrase in clause (A) and inserting in lieu thereof the following: '(one hundred fifty thousand or more in the case of a community situated in an area designated as a redevelopment area under the Area Redevelopment Act or any Act supplementary thereto)'; and

"(2) by inserting after 'public works or facilities' in the second sentence the following: '(1) in a community in or near which

is located a research or development installation of the National Aeronautics and Space Administration, or (11)'.

"FHA conforming amendments"

"Sec. 1108. (a) Section 2(f) of the National Housing Act is amended by striking out all that follows the first sentence.

"(b) Section 8 of such Act is amended—

"(1) by striking out 'Title I Housing Insurance Fund' in subsection (g) and inserting in lieu thereof 'General Insurance Fund'; and

"(2) by striking out subsections (h) and (i).

"(c) Section 203(k) of such Act is amended—

"(1) by striking out 'a separate section 203 Home Improvement Account to be maintained as hereinafter provided under the Mutual Mortgage Insurance Fund' in clause (3) of the first sentence and inserting in lieu thereof 'the General Insurance Fund';

"(2) by striking out 'the section 203 Home Improvement Account or in debentures executed in the name of such Account' in clause (4) of the first sentence and inserting in lieu thereof 'the General Insurance Fund or in debentures executed in the name of such Fund';

"(3) by striking out all of the third sentence which follows 'refer to this section 203(k)' and inserting in lieu thereof a period; and

"(4) by striking out the fourth, fifth, and sixth sentences.

"(d) Section 204 of such Act is amended—

"(1) by striking out 'or section 210' in the first sentence of subsection (a);

"(2) by striking out all of the second sentence of subsection (c) after the 'mortgagee' and inserting in lieu thereof 'from the Mutual Mortgage Insurance Fund';

"(3) by striking out all of the first sentence of subsection (d) after 'shall be negotiable' the first place it appears and inserting in lieu thereof a period;

"(4) by striking out 'the Fund' each place it appears in subsection (d) and inserting in lieu thereof 'the Mutual Mortgage Insurance Fund';

"(5) by striking out 'or the Housing Fund, as the case may be,' in the fifth sentence of subsection (d);

"(6) by striking out 'or the Housing Fund' in the sixth sentence of subsection (d); and

"(7) by striking out the matter in subsection (f)(1)(i) which follows 'section 203' and precedes the colon.

"(e) Section 207 of such Act is amended—

"(1) by striking out 'and section 210' in the first sentence of subsection (d);

"(2) by striking out 'of the Housing Insurance Fund issued by the Commissioner under this title' in the first sentence of subsection (d) and inserting in lieu thereof the following: 'issued by the Commissioner under any title and section of this Act, except debentures of the Mutual Mortgage Insurance Fund, or of the Cooperative Management Housing Insurance Fund';

"(3) by striking out subsections (f), (m), and (p); and

"(4) by striking out 'the Housing Insurance Fund' and 'the Housing Fund' each place they appear in subsections (b), (h), (i), (j), (k), and (l) and inserting in lieu thereof 'the General Insurance Fund'.

"(f) Section 209 of such Act is amended by striking out 'or account or accounts,' in the second sentence.

"(g) Section 213 of such Act is amended—

"(1) by striking out 'the Housing Fund' in subsection (a)(3) and inserting in lieu thereof 'the Cooperative Management Housing Insurance Fund'; and

"(2) by striking out '(1), (m), (n), and (p)' in subsection (e) and inserting in lieu thereof '(1), and (n)'.

"(h) Section 220 of such Act is amended—

"(1) by striking out 'the section 220 Housing Insurance Fund' each place it appears in subsections (d) (2) and (f) and inserting in lieu thereof 'the General Insurance Fund';

"(2) by inserting 'and' immediately before '(B)' in the second full sentence in subsection (f) (3), and by striking out ', and (C)' and all that follows in such sentence and inserting in lieu thereof a period;

"(3) by striking out subsections (g) and (h) (4); and

"(4) by striking out 'the section 220 Home Improvement Account' each place it appears in subsections (h) (5) and (h) (7) and inserting in lieu thereof 'the General Insurance Fund'.

"(i) Section 221 of such Act is amended—

"(1) by striking out 'the section 221 Housing Insurance Fund' each place it appears in subsections (d) (4), (f), (g) (1), and (g) (3) and inserting in lieu thereof 'the General Insurance Fund';

"(2) by striking out all of subsection (g) (2) after 'mortgages insured under this section' and inserting in lieu thereof '; or';

"(3) by inserting 'and' immediately before '(B)' in the first full sentence in subsection (g) (3), and by striking out ', and (C)' and all that follows in such sentence and inserting in lieu thereof a period; and

"(4) by striking out subsection (h).

"(j) Section 222 of such Act is amended—

"(1) by striking out 'Servicemen's Mortgage Insurance Fund' in subsection (e) and inserting in lieu thereof 'General Insurance Fund'; and

"(2) by striking out subsection (f).

"(k) Section 229 of such Act is amended by striking out 'and Accounts' in the first sentence.

"(l) Section 231 of such Act is amended—

"(1) by striking out 'the section 207 Housing Insurance Fund' in subsection (c) (4) and inserting in lieu thereof 'the General Insurance Fund'; and

"(2) by striking out '(f), (g), (h), (i), (j), (k), (l), (m), (n), and (p)' in subsection (e) and inserting in lieu thereof '(g), (h), (i), (j), (k), (l), and (n)';

"(m) Section 232 of such Act is amended—

"(1) by striking out 'the section 207 Housing Insurance Fund' in subsection (d) (1) and inserting in lieu thereof 'the General Insurance Fund'; and

"(2) by striking out '(f), (g), (h), (i), (j), (k), (l), (m), (n), and (p)' in subsection (f) and inserting in lieu thereof '(g), (h), (i), (j), (k), (l), and (n)';

"(n) Section 233 of such Act is amended—

"(1) by striking out 'the Experimental Housing Insurance Fund' in clause (1) of the third sentence of subsection (f) and inserting in lieu thereof 'the General Insurance Fund';

"(2) by inserting 'and' immediately before '(2)' in the third sentence of subsection (f), and by striking out ', and (3)' and all that follows and inserting in lieu thereof a period; and

"(3) by striking out subsection (g).

"(o) Section 234 of such Act is amended—

"(1) by striking out 'the Apartment Unit Insurance Fund' in subsections (d) (2) and (g) and inserting in lieu thereof 'the General Insurance Fund';

"(2) by striking out subsection (h) and inserting in lieu thereof the following:

"(h) The provisions of subsections (d), (e), (g), (h), (i), (j), (k), (l), and (n) of section 207 shall be applicable to mortgages insured under subsection (d) of this section.; and

"(3) by striking out subsection (i) and redesignating subsection (j) as subsection (i).

"(p) Section 604 of such Act is amended by striking out 'the War Housing Insurance Fund' each place it appears in subsections (c), (d), and (f) (1) (i) and inserting in lieu thereof 'the General Insurance Fund'.

"(q) Section 608 of such Act is amended—

"(1) by striking out 'the War Housing Insurance Fund' each place it appears in subsections (b) (1) and (d) and inserting in lieu thereof 'the General Insurance Fund'; and

"(2) by striking out subsection (f) and inserting in lieu thereof the following:

"(f) The provisions of section 207(k) of this Act shall be applicable to mortgages insured under this section, except that, as applied to such mortgages, the reference therein to subsection (g) shall be construed to refer to subsection (c) of this section."

"(r) The first sentence of section 609(f) of such Act is amended by striking out clause (1) and redesignating clauses (2), (3), and (4) as clauses (1), (2), and (3), respectively.

"(s) Section 707 of such Act is amended by striking out 'the Housing Investment Insurance Fund' and inserting in lieu thereof 'the General Insurance Fund'.

"(t) Section 708 of such Act is amended by striking out 'the Housing Investment Insurance Fund' each place it appears in subsections (c), (e), (g), and (h) and inserting in lieu thereof 'the General Insurance Fund'.

"(u) Section 803 of such Act is amended—

"(1) by striking out 'the Armed Services Housing Mortgage Insurance Fund' each place it appears in subsections (b) (1), (b) (2), (e), (f), and (g) and inserting in lieu thereof 'the General Insurance Fund'; and

"(2) by striking out subsection (h) and inserting in lieu thereof the following:

"(h) The provisions of section 207(k) and section 207(l) of this Act shall be applicable to mortgages insured under this title and to property acquired by the Commissioner hereunder, except that, as applied to such mortgages and property, the reference in section 207(k) to subsection (g) shall be construed to refer to subsection (d) of this section."

"(v) Section 809 of such Act is amended by striking out 'the Armed Services Housing Mortgage Insurance Fund' each place it appears in subsections (b), (e), and (g) and inserting in lieu thereof 'the General Insurance Fund'.

"(w) Section 810 of such Act is amended—

"(1) by striking out 'the Armed Services Housing Mortgage Insurance Fund' in subsection (e) and inserting in lieu thereof 'the General Insurance Fund';

"(2) by striking out '(l), (m), (n), and (p)' in subsection (j) and inserting in lieu thereof '(l), and (n)'; and

"(3) by striking out the proviso in subsection (j) and inserting in lieu thereof the following: "Provided, That wherever the words "Fund" or "Mutual Mortgage Insurance Fund" appear in section 204, such reference shall refer to the General Insurance Fund with respect to mortgages insured under this section."

"(x) Section 903 of such Act is amended by striking out 'the National Defense Housing Insurance Fund' each place it appears in subsection (a) and inserting in lieu thereof 'the General Insurance Fund'.

"(y) Section 904 of such Act is amended—

"(1) by striking out 'the National Defense Housing Insurance Fund' each place it appears in subsections (c) and (d) and inserting in lieu thereof 'the General Insurance Fund'; and

"(2) by striking out all of subsection (e) which follows 'of this Act' and inserting in lieu thereof a period.

"(z) Section 908 of such Act is amended—

"(1) by striking out 'the National Defense Housing Insurance Fund' in subsection (b) (1) and inserting in lieu thereof 'the General Insurance Fund';

"(2) by striking out all of subsection (d) which follows 'of this Act' and inserting in lieu thereof a period; and

"(3) by striking out subsection (f) and inserting in lieu thereof the following:

"(f) The provisions of section 207(k) and section 207(l) of this Act shall be applicable to mortgages insured under this section and to property acquired by the Commissioner hereunder, except that, as applied to such mortgages and property, the reference therein to subsection (g) shall be construed to refer to subsection (c) of this section."

"(aa) Sections 219, 602, 605, 710, 802, 804, 902, and 905 of such Act are repealed.

"(bb) Section 1 of such Act is amended by striking out 'titles II, III, VI, VII, VIII, and IX', each place it appears, and inserting in lieu thereof 'titles II, III, V, VI, VII, VIII, IX, and X'.

"Repeal of special provision in Urban Mass Transportation Act"

"SEC. 1109. Section 9 of the Urban Mass Transportation Act of 1964 is amended by striking out subsection (c) and redesignating subsections (d), (e), and (f) as subsections (c), (d), and (e), respectively.

"Savings and loan associations"

"SEC. 1110. (a) Section 5(c) of the Home Owners' Loan Act of 1933 is amended by adding at the end of the first paragraph a new sentence as follows: 'Structures or parts thereof designed or used as fraternity or sorority houses which include sleeping accommodations for students of a college or university, or designed or used principally for the provision of living accommodations for persons who are students, employees, or members of the staff of a college, university, or hospital, shall be considered, subject to such regulations as the Board may prescribe, "other dwelling units" for the purposes of this subsection.'

"(b) The ninth paragraph of section 5(c) of such Act is amended by striking out 'fifteen years' and inserting in lieu thereof 'ten years'.

"(c) Section 5(c) of such Act is further amended by adding at the end thereof (after the new paragraph added by section 201 (b) (3) of this Act) the following new paragraph:

"No building and loan association incorporated under the laws of the District of Columbia or organized in such District or doing business in such District shall establish any branch or move its principal office or any branch without the prior written approval of the Federal Home Loan Bank Board, and no other building and loan association shall establish any branch in such District or move its principal office or any branch in such District without such approval. As used in the sentence next preceding, "branch" means any office, place of business, or facility, other than the principal office as defined by the Board, of a building and loan association at which accounts are opened or payments thereon are received or withdrawals therefrom are paid, or any other office, place of business, or facility of a building and loan association defined by the Board as a branch within the meaning of such sentence, and as used in such sentence and in this sentence "building and loan association" means any incorporated or unincorporated building, building or loan, building and loan, savings and loan, or homestead association or cooperative bank."

"(d) Section 404 of the National Housing Act is amended by adding at the end thereof the following new subsection:

"(h) (1) Each insured institution shall make such deposits in the Corporation as may from time to time be required by call of the Federal Home Loan Bank Board. Any such call shall be calculated by applying a specified percentage, which shall be the same for all insured institutions, to the total amount of all withdrawable or repurchasable shares, investment certificates, and deposits in each insured institution. No such call shall be made unless such Board determines that the total amount of such call, plus the

outstanding deposits previously made pursuant to such calls, does not exceed 1 per centum of the total amount of all withdrawable or repurchasable shares, investment certificates, and deposits in all insured institutions. For the purposes of this subsection, the total amounts hereinabove referred to shall be determined or estimated by such Board or in such manner as it may prescribe.

"(2) The Corporation, in accordance with such regulations as it may prescribe, shall credit as of the close of each calendar year, to each deposit outstanding at such close, a return on the outstanding balance, as determined by the Corporation, of such deposit during such calendar year, at a rate equal to the average annual rate of return, as determined by the Corporation, to the Corporation during the year ending at the close of November 30 of such calendar year, on the investments held by the Corporation in obligations of, or guaranteed as to principal and interest by, the United States.

"(3) The Corporation in its discretion may at any time repay all such deposits, or repay pro rata a portion of each of such deposits, in such manner and under such procedure as the Corporation may prescribe by regulation or otherwise. Any procedure for such pro rata repayment may provide for total repayment of any deposit, if total repayment of any and all deposits of equal or smaller amount is likewise provided for.

"(4) The provisions of subsection (f) of this section and of the last sentence of subsection (e) of this section shall be applicable to deposits under this subsection, and for the purposes of this subsection the references in such subsection (f) and such last sentence to the prepayments and the pro rata shares therein mentioned shall be deemed instead to be references respectively to the deposits under this subsection and the pro rata shares of the holders thereof, and the references in such subsection (f) to that subsection (except the last such reference) and to subsection (d) of this section shall be deemed instead to be references to this subsection."

"Federal Reserve Act"

"Sec. 1111. Section 24 of the Federal Reserve Act is amended by striking out 'eighteen months', wherever it appears in the third paragraph, and inserting in lieu thereof 'twenty-four months'.

"Repayment of certain planning grants"

"Sec. 1112. Notwithstanding any other provision of law, no advance made under section 501 of Public Law 458, Seventy-eighth Congress; Public Law 352, Eighty-first Congress; or section 702, Housing Act of 1954, Public Law 560, Eighty-third Congress, for the planning of any public works project shall be required to be repaid if construction of such project has been heretofore or is hereafter initiated as a result of a grant-in-aid made from an allocation made by the President under the Public Works Acceleration Act.

"Study concerning relief of homeowners in proximity to airports"

"Sec. 1113. The Housing and Home Finance Administrator shall undertake a study to determine feasible methods of reducing the economic loss and hardship suffered by homeowners as the result of the depreciation in the value of their properties following the construction of airports in the vicinity of their homes, including a study of feasible methods of insulating such homes from the noise of aircraft. Findings and recommendations resulting from such study shall be reported to the President for transmission to the Congress at the earliest practicable date,

but in no event later than one year after the date of the enactment of this Act."

And the Senate agree to the same.

WRIGHT PATMAN,
ABRAHAM MULTER,
WILLIAM A. BARRETT,
LEONOR K. SULLIVAN,
HENRY S. REUSS,
THOMAS L. ASHLEY,
WILLIAM B. WIDNALL,
PAUL A. FINO,
FLORENCE P. DWYER,

Managers on the Part of the House.

JOHN SPARKMAN,
PAUL H. DOUGLAS,
WILLIAM PROXMIER,
HARRISON WILLIAMS,
EDMUND S. MUSKIE,
WALLACE F. BENNETT,
JOHN G. TOWER,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7984) to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate struck out all of the House bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the House bill and the Senate amendment. Except for technical, clarifying, and conforming changes, the following statement explains the differences between the House bill and the substitute agreed to in conference.

TITLE I—PROVISIONS FOR DISADVANTAGED PERSONS

Housing eligible for rent supplements on experimental basis

The Senate amendment contained a provision not in the House bill making rent supplements (subject to a limit of 10 percent of amounts appropriated) available to housing under the section 221(d)(3) below-market rate program (new units), the section 231 program of mortgage insurance for the elderly (new units and those not finally endorsed for insurance), and the section 202 program of direct loans for the elderly (existing and new units), on an experimental basis, for up to 20 percent of the dwelling units in any property.

The conference substitute conforms to the Senate provision but the 20-percent dwelling unit limitation is restricted to existing projects and, in addition, 50 percent of the funds for experimental projects is earmarked for newly constructed section 221(d)(3) below-market interest rate projects in order to assure the equitable allocation of funds as between these projects and projects designed to serve the elderly exclusively.

Operating costs limit

The Senate amendment contained a provision not in the House bill limiting the operating costs of any property aided under the rent supplement program to amounts for similar housing in the community. The conference substitute contains the Senate provision.

Eligibility for rent supplements

The Senate amendment contained a provision not in the House bill making eligible

for rent supplement payments those persons (meeting the income test) whose dwellings are extensively damaged or destroyed in a disaster area after April 1, 1965. The conference substitute contains the Senate provision.

Below-market mortgages not yet endorsed for insurance

It is the intent of the committee that in cases where commitments have been issued at a higher rate of interest than 3 percent, and the mortgages have not been finally endorsed for insurance, the lower interest rate should be made available whenever practicable.

Low-rent housing in private accommodations

The House bill contained a provision not in the Senate amendment authorizing local housing authorities to use as low-rent housing up to 10 percent of the units in an existing privately owned structure, and to make annual contributions to the owner in amounts not exceeding the amounts that would be payable for units in a newly constructed low-rent project. Contracts with owners would be for 12 to 36 months, renewable. Tenants would be selected by owners, subject to the contracts between local authorities and PHA. Rentals would be determined under standards applicable to conventional public housing.

The conference substitute contains the House provision with an amendment stating that the provisions of the new program shall not apply to any locality unless the governing body of the locality has by resolution approved the application of such provisions to such locality.

Rehabilitation grants

The House bill contained a provision authorizing grants for the full cost of necessary repairs (up to \$1,500) to homeowners in urban renewal areas with annual incomes of \$2,000 or less; in the case of owners with larger incomes, grants would be limited to the portion of cost which cannot be financed without increasing housing expense to more than 25 percent of income.

The Senate amendment contained a similar provision except that the income limit for the full cost of repairs was \$3,000. The conference substitute conforms to the Senate provision.

Direct loans for housing for the elderly or handicapped

The House bill removed the existing \$35,000,000 ceiling and terminated the program on October 1, 1969. The Senate amendment simply increased the existing ceiling from \$350,000,000 to \$500,000,000. The conference substitute conforms to the Senate amendment.

Mortgage moratorium

The House bill contained a provision providing a moratorium of up to 3 years on payments under FHA or VA mortgages in the case of a mortgagor unemployed due to closing of a Federal installation. The Senate amendment contained the same provision except that the moratorium period is limited to 1 year. The conference substitute conforms to the Senate amendment.

TITLE II—FHA INSURANCE OPERATIONS

Land development mortgage insurance

The House bill authorized a maximum of \$12,500,000 on the aggregate amount of outstanding mortgages involving a single land development undertaking. The Senate amendment provided a maximum of \$10,000,000, and the conference substitute contains the Senate provision.

Maximum mortgage term

The House bill limited the maturity of land development mortgages to 7 years. The Senate amendment contained a provision permitting a lower maturity (as determined by the Commissioner) to the extent a mortgage is secured by private water and sewer systems. The conference substitute contains the Senate provision.

Water and sewer facilities

The House bill contained a provision requiring a public water and sewerage system after the land is developed under the new FHA program, except that if public ownership is found not feasible an adequately regulated private system may be approved upon assurances of eventual transfer to public ownership. The comparable provision in the Senate amendment permitted either a public system or an adequately regulated private one. The conference substitute conforms to the Senate amendment.

Downpayment for low-income housing demonstration homes

The Senate amendment contained a provision not in the House bill permitting a downpayment under section 203(b) to be made by a person other than the mortgagor on the purchase of a home under the low-income housing demonstration program. The conference substitute contains the Senate provision.

Nondwelling facilities in urban renewal housing

The House bill contained a provision permitting nondwelling facilities to be included in a section 220 mortgage if the Commissioner finds that they contribute to the economic feasibility of the project. The Senate amendment contained a similar provision except that the Commissioner must find that the facilities are essential to the economic feasibility of the project and that the financing will not result in unfair disadvantage to other business enterprises in the vicinity.

The conference substitute conforms to the House language with respect to the finding that the facilities contribute to the economic feasibility of the project and requires the Commissioner to give due consideration to the possible effect of the project on other business enterprises in the community.

Home improvement loans in high-cost areas

The Senate amendment contained a provision not in the House bill authorizing an increase in the amount of loans under sections 220(h), 203(k), and 312 by up to 45 percent when cost levels so require. The conference substitute conforms to the Senate provision.

Mortgages for servicemen

The House bill contained a provision providing minimum downpayments under section 222 the same as the regular section 203(b) program (3 percent of the first \$15,000 of value, 10 percent of the next \$5,000, and 25 percent of all over \$20,000). The Senate amendment contained a provision providing a minimum downpayment of 5 percent of the first \$20,000 (or the amount under the sec. 203(b) program if less) plus 15 percent of all over \$20,000.

The conference substitute provides a minimum downpayment of 3 percent on the first \$15,000 of value, 10 percent on the next \$5,000, and 15 percent on all over \$20,000.

Optional cash payment of insurance benefits

The House bill contained a provision authorizing the FHA Commissioner in his discretion to pay benefits under any FHA program either in cash or in debentures, and authorized Treasury borrowing for cash payments as the Commissioner deems necessary. The Senate amendment contained the same provision except it did not authorize Treasury borrowing.

The Senate receded from its position and accepted the House provision which authorizes the Federal Housing Commissioner to borrow from the Treasury in connection with the making of optional cash payments of insurance benefits rather than the issuance of debentures. The conferees want to make clear that this Treasury borrowing authority is to be used prudently and only if receipts accruing to the insurance fund are inadequate to support continuation of payments in cash and only where such payments would represent a savings to the Government.

FHA loans for veterans

The House bill contained a provision authorizing section 203(b) mortgage insurance for veterans who have not received benefits under the VA program with no downpayment required on the first \$20,000 and 15 percent on all above that amount. The term "veteran" was defined as a person who served in the Armed Forces and was not dishonorably discharged.

The Senate amendment contained a similar provision providing no downpayment on the first \$15,000 of value, 10 percent between \$15,000 and \$20,000, and 15 percent of all over \$20,000. The term "veteran" was defined as a person who served in the Armed Forces on or after September 16, 1940, for at least 90 days (or is certified by the Secretary of Defense as having performed extrahazardous service) and was not dishonorably discharged.

The conference substitute provides for no downpayment on the first \$15,000 of value, 10 percent between \$15,000 and \$20,000, and 15 percent above \$20,000. The definition of "veteran" is the same as the Senate provision except that the limiting eligibility date of September 16, 1940, is deleted.

Refinancing of housing for elderly projects

The House bill contained a provision permitting refinancing of housing projects for the elderly under FHA's section 231 program. The Senate amendment contained no similar provision and none is contained in the conference substitute.

Approval of technically suitable materials

The Senate amendment contained a provision not in the House bill directing the FHA Commissioner to adopt uniform procedure for acceptance of, and to accept, technically suitable materials and products to be used in structures approved for FHA insurance. The conference substitute contains the Senate provision but with an amendment making it clear that the decision that a material or product is technically suitable must still be subject to the financial decision of the Commissioner that it is within the scope of underwriting requirements for mortgage insurance and that he must find that the use of the material or product is consistent with "economic soundness" or "acceptable risk," as the case may be, under the several FHA programs.

The conference substitute language is not intended to lessen the responsibility of the Commissioner to approve products or materials which are shown by acceptable research, testing, or performance to be technically suitable. It should also be clear that if a material or product is shown to be technically suitable and widely accepted in housing financed by conventional mortgage lenders, as being economically sound, these facts should be persuasive upon the Commissioner that such material or product is an acceptable risk for FHA-financed housing.

The conferees expect both Committees on Banking and Currency to observe carefully the actions taken by the FHA Commissioner under the intent of this section and further expect that the FHA Commissioner will exercise extra effort to keep abreast of technological advances and the use of new products where suitable, and that he should bend every effort to minimize the long delays which

have often been experienced before technically suitable materials are determined to be acceptable.

Water and sewer facilities

The Senate amendment contained a provision not in the House bill prohibiting FHA insurance or a VA loan for new housing which is not served by a public or adequate community water and sewerage system, if local officials certify that such a system is economically feasible. The conference substitute contains this provision.

Downpayment requirement under section 203(b)

The Senate amendment contained a provision not in the House bill reducing from 25 to 15 percent the required downpayment on that part of the value of insured property which exceeds \$20,000. The conference substitute reduces the downpayment requirement to 20 percent of that part of the value in excess of \$20,000.

TITLE III—URBAN RENEWAL

General neighborhood renewal plans

The House bill contained a provision permitting general neighborhood renewal plans to cover adjoining areas as well as the urban renewal area. The Senate amendment contained a similar provision but required that adjoining areas have "specially related problems." Also, the provision in the Senate amendment provided that all projects in the plan area need only be initiated in 8 years (rather than completed in 10 years). The conference substitute conforms to the Senate amendment.

Increase of nonresidential exception

The Senate amendment contained a provision not in the House bill increasing from 30 to 40 percent the existing exception to the "predominantly residential" requirement (but only with respect to the new capital grant authority provided by the bill). The conference substitute provides for an increase in the nonresidential exception to 35 percent, making it clear that the 35-percent factor applies only to the new money authorized in the bill. It also makes it clear that this is in addition to amounts previously available (and still unused) for such projects.

Projects financed on three-fourths grant basis

The Senate amendment contained a provision not in the House bill including as gross project costs for projects financed on a three-fourths basis certain expenses incurred for staff services in connection with code enforcement and voluntary rehabilitation programs. It also would have given credit for certain tax losses in case of projects financed on a three-fourths grant basis in the same way as such losses are now credited to projects on a two-thirds grant basis.

The conference substitute contains that part of the provision including expenses for staff services but deletes that part of the provision giving credit for certain tax losses.

Demolition of unsafe structures

The Senate amendment contained a provision not in the House bill authorizing grants (up to two-thirds of cost) to cities, other municipalities, and counties for the demolition of unsafe structures located in urban renewal areas or located in other areas which have workable programs and meet specified conditions. The conference substitute contains the Senate provision.

Concentrated code enforcement program

The Senate amendment contained a provision not in the House bill authorizing grants (up to two-thirds of cost, or three-fourths of cost in the case of cities of less than 50,000) to cities, other municipalities, and counties for programs of concentrated code enforcement in deteriorated or deteriorating areas (rather than only in urban renewal project areas as in existing law).

These programs may include the provision and repair of specified public improvements. The locality would be required to maintain its own code enforcement expenditures at normal levels and to have a satisfactory public improvements program. FHA section 220 housing, and rehabilitation loans under section 312 of the 1964 act, would be available in these areas. The conference substitute contains the Senate provision.

Rehabilitation loan program

The House bill contained a provision eliminating the present \$50,000,000 ceiling on the rehabilitation loan authorization under section 312 of the 1964 act, and terminating the program October 1, 1969. The Senate amendment contained a provision substituting a \$100,000,000 per year ceiling for the existing total \$50,000,000 ceiling and terminating the program October 1, 1969.

The conference substitute conforms to the Senate amendment.

The Senate amendment contained a provision not in the House bill making rehabilitation loans available where the funds needed are not available on "comparable" (rather than "reasonable") terms and conditions and making the revolving fund available for loan servicing expenses (including those incurred by FNMA or other agencies). The conference substitute contains the Senate provision.

Workable program requirement and Indian tribes

The Senate amendment contained a provision not in the House bill providing that the workable program requirement shall be applicable to any Indian tribe, band, or nation only to the extent it has legal jurisdiction and power to carry out the requirement. The conference substitute conforms to the Senate amendment.

Lease guarantees for small business concerns

The House bill contained a provision amending the Small Business Act to authorize SBA to insure the lessor of property to a small business concern displaced by urban renewal against losses resulting from concern's failure to perform the lease. The maximum term of the lease would have been 10 years. The bill would have established an insurance fund with initial capital of \$5,000,000 from SBA's revolving fund. A maximum insurance premium of 1 percent of annual rental payments was authorized.

The Senate amendment contained a provision amending the Small Business Investment Act to authorize SBA to guarantee payment of rentals under leases entered into by small business concerns displaced by any Federal action and concerns eligible for loans under the Antipoverty Act. The SBA fee for the guarantee could not exceed 2½ percent of the minimum annual guaranteed rental. The amendment established a revolving fund with initial capital of \$5,000,000 from SBA's general fund (and increased the authorization for the latter fund by an equal amount).

The conference substitute conforms to the Senate amendment.

Parking facilities

The House bill contained a provision providing that publicly owned parking facilities provided in redevelopment can be counted as local grants-in-aid under the urban renewal program only to the extent that the cost is not anticipated to be recovered from revenues. No comparable provision was contained in the Senate amendment and none is contained in the conference substitute.

Local grants-in-aid

The Senate amendment contained provisions not in the House bill relating to local grants-in-aid for specific urban renewal projects in Jasper, Ala., Joliet, Ill., New Brunswick, N.J., St. Louis, Mo., Norfolk, Va., Reno, Nev., Michigan City, Ind., and Chester, Pa.

The conference substitute contains the Senate provisions.

The conferees were unanimous in their concern over the potential danger of amendments offered on the floor to provide special benefits to specific urban renewal projects. Such procedure does not give the committees sufficient opportunity to study the merits and implications of the proposals. In the future such proposals should be made to the committee early enough so that proper study can be made of each request. By so doing, the proponents of these amendments will protect themselves from the persuasive criticism that they have not been adequately studied and therefore should be rejected.

Waiver of prompt redevelopment requirement

The Senate amendment contained a provision not in the House bill waiving the prompt redevelopment requirement with respect to the sale for industrial purposes of certain land included in an urban renewal project in Texarkana, Ark. The conference substitute contains the Senate provision.

Urban renewal in the District of Columbia

The Senate amendment contained a provision not in the House bill amending the Housing Act of 1954 to authorize the District of Columbia Redevelopment Land Agency to undertake nonresidential projects as contemplated by title I of the 1949 act. The conference substitute conforms to the Senate amendment.

Historic structures

The Senate amendment contained a provision not in the House bill authorizing an urban renewal project to include the cost of relocating historic structures within the area of the project. It is the understanding of the conferees that this provision, which is included in the conference substitute, is meant to apply only to the costs of moving such structures and not to their acquisition or renovation.

TITLE IV—COMPENSATION OF CONDEMNNEES

The House bill contained provisions not in the Senate amendment establishing a uniform Federal land acquisition policy for real property taken under certain federally assisted housing and urban development programs. Continued Federal assistance under these programs was conditioned on certain specified standards of fair treatment for owners whose property is taken by eminent domain. The conference substitute contains the House provisions with amendments (1) adding the urban mass transit program and the new community facilities programs authorized by title VII to the federally assisted programs to which the new provisions would apply, and eliminating the college housing and housing for the elderly programs (because condemnation of property in these programs is so seldom used); and (2) limiting the specified standards under which Federal assistance would be conditioned. Under the standards specified in the conference substitute, every reasonable effort would have to be made to acquire the property by negotiated purchase; no owner could be required to surrender possession of his property before being paid the purchase price agreed to by negotiation, or 75 percent of the appraised value of the property if only the purchase price is in dispute; and the occupant of the property could not be required to surrender possession without 90 days' written notice.

The House bill also broadened and increased the amount of the relocation payments authorized to be paid under certain federally assisted housing and urban development programs and extended these payments to additional federally assisted housing and urban development programs. The conference substitute contains the House

provisions with technical and conforming changes.

TITLE V—LOW-RENT PUBLIC HOUSING

Equivalent elimination

The Senate amendment contained a provision not in the House bill permitting PHA to accept local certification that there has been equivalent elimination of slum housing. The conference substitute contains the Senate provision.

Reallocation of units

The Senate amendment contained a provision not in the House bill permitting PHA (subject to contractual obligations) to reallocate units not under construction within 5 years from the date reserved, without regard to the 15-percent State limit. The conference substitute contains the Senate provision.

Sale of federally owned projects

The Senate amendment contained a provision not in the House bill permitting the PHA to sell a federally owned public housing project to a nonprofit local group (as well as to a local public housing agency), and requires that the sale of such a project be for continued use as low-rent housing. The conference substitute contains the Senate provision.

Per room limitations

The Senate amendment contained a provision not in the House bill increasing the basic per room limit from \$2,000 to \$2,400 (from \$3,000 to \$3,500 in Alaska), and the special per room limit for the elderly from \$3,000 to \$3,500 (from \$3,500 to \$4,000 in Alaska). The conference substitute contains the Senate provision.

Public housing rental gap

The House bill contained a provision eliminating the requirement of 20-percent gap between upper rental limits for admission to public housing and lowest private rents. The provision in the Senate amendment did not eliminate the rental gap requirement but exempted from such requirement, as "displaced families," those whose dwellings are extensively damaged or destroyed in disaster areas after April 1, 1965. The conference substitute conforms to the Senate provision.

Purchase by tenants

The Senate amendment contained a provision not in the House bill permitting tenants to purchase public housing units (in the case of units which are detached, semi-detached, or row housing) on specified terms and conditions. The conference substitute permits such a purchase only in the case of detached and semidetached housing.

TITLE VI—COLLEGE HOUSING

Eligible institutions

The Senate amendment contained a provision not in the House bill making it clear that new colleges are eligible for loans upon providing assurances that they will offer the requisite degree within a reasonable time. The conference substitute contains the Senate provision.

Vocational institutions

The Senate amendment contains a provision not in the House bill making a public educational institution offering technical or vocational instruction eligible for college housing loans, if it is administered by an accredited college or university and provides housing for all or part of its students. The conference substitute contains the Senate provision.

Parking facilities

The House bill contained a provision making parking facilities for faculty and students eligible for loans. No similar provision was contained in the Senate amendment and

none is contained in the conference substitute.

Cosignature of note

The Senate amendment contained a provision not in the House bill permitting waiver of cosignature of the note by an educational institution in the case of a student cooperative when State law prohibits the institution from cosigning the note. The conference substitute contains the Senate provision.

TITLE VII—COMMUNITY FACILITIES

Grants for basic water and sewer facilities

The Senate amendment contained a provision not in the House bill authorizing grants up to 90 percent for a sewer facility in the case of a small community where no such facility exists and unemployment is high. The conference substitute contains the Senate provision.

The Senate amendment also contained a provision not in the House bill specifying that grants for sewers cannot include "treatment works" which are eligible for assistance under the Federal Water Pollution Control Act. The conference substitute conforms to the Senate amendment.

Neighborhood facilities

The provisions in the House bill and the Senate amendment authorizing grants for neighborhood facilities were identical, except that the Senate amendment authorized a local public body receiving such a grant to utilize a nonprofit organization to provide the facilities if the local public body maintains continuing control. The conference substitute conforms to the Senate provision.

Advance acquisition of land

The Senate amendment contained a provision not in the House bill authorizing grants to local public bodies and agencies to assist in the acquisition of land for future construction of public works or facilities. The maximum grant would be determined by aggregate interest charges over a 5-year period. The grantee must initiate construction within 5 years or may be required to repay grant. The conference substitute contains the Senate provision.

Authorization of appropriations

The House bill contained a provision authorizing appropriations without dollar amount for the new programs of grants for water and sewer facilities and neighborhood centers and terminating the programs on October 1, 1969. The Senate amendment authorized appropriations as follows:

[In millions of dollars]

	Fiscal years			
	1966	1967	1968	1969
For water and sewer grants...	\$100	\$200	\$200	\$200
For neighborhood facilities...	50	50	50	50
For advance land acquisition...	25	25	25	25

NOTE.—Amounts authorized for any year remain available to June 30, 1969.

The conference substitute conforms to the Senate provision except that the authorization for water and sewer grants in 1966 is increased to \$200,000,000.

TITLE VIII—FEDERAL NATIONAL MORTGAGE ASSOCIATION

FNMA special assistance authority

Both the Senate amendment and the House bill contained a provision increasing FNMA's special assistance authority by a total of \$1,625,000,000 over a 4-year period and transferring certain unused amounts available for title VIII housing. The provision in the House bill also transferred the amount (approximately \$59,000,000) reserved for section 809 military, NASA, or AEC housing; no similar provision is contained in the Senate

amendment and none is contained in the conference substitute.

Mortgage amount for below-market mortgages

The Senate amendment contained a provision not in the House bill excepting section 221(d)(3) below-market mortgages from the \$17,500 per unit limit on purchasable mortgages under FNMA's special assistance authority. The conference substitute contains the Senate provision with an amendment authorizing the exemption only in cases where local tax abatement is granted in an amount sufficient to keep rentals at the level where they would be if the mortgage amount did not exceed \$17,500 per dwelling unit.

Mortgages held by Federal instrumentalities

The Senate amendment contained a provision not in the House bill authorizing FNMA to purchase mortgages covering residential property offered by other Federal agencies and other obligations offered by HHFA. It also authorized FNMA in its fiduciary capacity to deal in any HHFA obligations. The conference substitute conforms to the Senate amendment.

TITLE IX—OPEN SPACE LAND AND URBAN BEAUTIFICATION AND IMPROVEMENT

Increased grant level

The House bill contained a provision increasing the maximum grant under the open space program from 20 to 30 percent of cost (and from 30 to 40 percent where applicant exercises open space responsibility for all or a substantial portion of the urban area). The provision in the Senate amendment increased the maximum grant for open space projects to 50 percent of cost and the conference substitute conforms to the Senate amendment.

Grant authorization

The Senate amendment contained a provision increasing the existing authorization for grants under the open space and urban beautification program from the present \$75,000,000 to \$310,000,000 and limiting the share of these funds which can be used for the new open space program in built-up areas to \$64,000,000 and the amount for the new program of urban beautification to \$36,000,000. The House bill would have authorized appropriations without dollar limit for this program. The conference report conforms to the Senate provisions.

Development grants for open space uses

The Senate amendment contained a provision, not in the House bill, authorizing grants to assist development, for open space uses (i.e., use for park and recreational purposes, conservation, or historic or scenic purposes), of land acquired with open space grant assistance. The conference substitute conforms to the Senate amendment.

Open space land in built-up areas

The House bill contained a provision authorizing grants up to \$500,000 per project or 40 percent of cost, whichever is less, to assist in providing open space land in built-up urban areas. The Senate amendment contained a provision providing for grants up to 50 percent of cost without dollar limit on individual projects. The conference substitute conforms to the Senate provision.

Urban beautification and improvement

The House bill contained a provision authorizing grants up to 40 percent of a community's increased expenditures for urban beautification and improvement, except that up to \$5,000,000 can be used in making 100-percent grants for demonstrations. The Senate amendment contained a similar provision except that the grant limit would be 50 percent for the basic grants and 66⅔ percent for demonstration grants. The conference substitute conforms to the Senate amend-

ment with respect to the 50 percent maximum for basic grants, but in the case of demonstration grants the maximum is 90 percent.

Open space planning

The Senate amendment contained a provision not in the House bill, permitting grants to be made only if needed for a unified or officially coordinated open space land program to be carried out as part of comprehensive planning for the area (existing law requires only that there be comprehensive planning to which the proposed land use is important). The conference substitute conforms to the Senate amendment.

Use of funds for studies

The House bill contained a provision permitting up to \$100,000 a year of grant funds to be used for studies and publications, while under the Senate amendment these studies would be limited to \$50,000 a year. The conference substitute contains the Senate provision.

TITLE X—RURAL HOUSING

Insurance of rural housing loans

The House bill contained a provision, not in the Senate amendment, requiring a minimum period of 5 years from the date of the note before the insured holder could require the Secretary to repurchase the insured loan under a repurchase agreement. There was no similar provision in the Senate amendment and none is contained in the conference substitute.

The House bill contained provisions, not in the Senate amendment, authorizing the sale of insured loans at market prices, authorizing use of insurance fund to pay fees and charges in connection with such sales, requiring that reimbursement of the insurance fund for the amount of losses from sales at less than par plus related fees and charges paid be made by annual appropriation and prohibiting borrowing from the Treasury to make such reimbursement. There were no similar provisions in the Senate amendment and none are contained in the conference substitute. It is the view of the conferees that by exercise of the authority to use repurchase agreements with minimum periods fixed by the Secretary in accordance with prevailing market conditions, the Secretary will be able to sell the insured loans without loss, and that sales at a loss should not be made.

Interest on Treasury borrowing

The House bill contained a formula for computing interest on loan funds borrowed from the Treasury based on current market yields of Treasury securities while the Senate formula was based on the rate of interest actually paid by the Treasury. The conference substitute contains the Senate formula.

Payment of interest to Treasury

The House bill contained a provision requiring the Secretary to pay interest on future appropriations for making rural housing loans. The Senate amendment contained no similar provision and none is contained in the conference substitute.

Definition of rural area

The House bill contained a provision defining a rural area as a place with a population of 5,500 or less which is not a part of or associated with an urban area. There was no similar provision in the Senate amendment. The conference substitute defines a rural area as a place which is not part of or associated with an urban area, and which (1) has a population not in excess of 2,500, or (2) has a population between 2,500 and 5,500 if it is rural in character. While emphasizing that a place with a population in excess of 2,500 but not in excess of 5,500 must be rural in character, the conferees do not intend to suggest any change in the present administrative rules

for determining whether a place with a population of 2,500 or less is a rural area.

TITLE XI—MISCELLANEOUS

Studies of housing programs

The Senate amendment included provisions not in the House bill requiring special reports on the rent supplement program public housing, FHA land insurance, urban renewal, community facilities, and the open-space and urban beautification program. In lieu of these, the conference substitute amended section 802 of the Housing Act of 1954, which requires the Housing and Home Finance Agency to make annual reports on all its programs and operations, to accomplish the purpose of the Senate provisions. It is the understanding of the conferees that HHFA and its constituent agencies should give special attention in its annual report to the new programs authorized by this act.

Urban planning grants

The House bill contained a provision authorizing appropriations as needed for the urban planning grant program and terminating the program on October 1, 1969. The Senate amendment simply raised the existing authorization from \$105,000,000 to \$230,000,000. In addition, the Senate amendment contained a provision permitting up to 5 percent of the funds appropriated to be used in developing and improving planning techniques, and also authorized grants to organizations of elected officials in metropolitan areas to assist in studies, collection of data, and development of plans and programs. The conference substitute contains the Senate provision with a modification.

The term "elected official" as contained in the original Senate text was changed to read "public official". While the amendment is directed at making eligible organizations of local elected officials, the term "public official" was required to make it clear that the Metropolitan Councils of Governments for Washington and certain other areas are eligible for these grants even though their members may not be elected. For example, the Washington Council has representatives from the Board of Commissioners of the Government of the District of Columbia. These Commissioners are not elected but are appointed by the President.

Federal-State training programs

The House bill contained a provision eliminating the ceiling on the authorization for appropriations for the Federal-State training program and terminating that program on October 1, 1969. The Senate amendment simply increased the authorization from the existing \$10,000,000 limit to \$30,000,000.

The conference substitute contains the Senate provision.

Public works planning advances

The House bill contained a provision removing the ceiling on the amount which can be appropriated for public works planning advances and terminated the program on October 1, 1969. The Senate amendment simply increased the authorization for appropriation from \$20,000,000 to \$70,000,000. The conference substitute contains the Senate provision.

Low income housing demonstration program

The Senate amendment contained a provision not in the House bill increasing the authorization for low income housing demonstration grants from \$10,000,000 to \$15,000,000. The conference substitute contains the Senate provision.

Public facility loans

The House bill contained a provision permitting public facility loans to nonprofit corporations to provide water or sewer facilities for smaller municipalities which are unable to provide them. The Senate amendment contained the same provision except it made it clear that rural areas were included. The conference substitute conforms to the Senate amendment.

The Senate amendment contained a provision not in the House bill permitting public facility loans to communities where NASA installations are located without regard to population (the limitation in present law for such communities is 150,000). The conference substitute conforms to the Senate amendment.

Mass transportation act

The Senate amendment contained a provision not in the House bill repealing the requirement in the Urban Mass Transportation Act that facilities and equipment used under the program be U.S. manufactured. The conference substitute contains the Senate provision.

Federal Reserve Act

The Senate amendment contained a provision not in the House bill which would have authorized national banks to purchase participations in loans secured by real estate and, in addition, would have increased the maximum maturity of industrial, commercial, and residential construction loans from 18 to 30 months. It was felt that further study of the authorization for the purchase of participations is needed, and this authority is not included in the conference substitute. It is the intention of the Committee on Banking and Currency to call hearings as soon as possible to study this proposal. The conference substitute does include a provision extending to 24 months the maximum maturity

of industrial, commercial, and residential construction loans.

Savings and loan associations loans on leaseholds

The House bill contained a provision not in the Senate amendment authorizing savings and loan associations to make loans secured by leaseholds which extend at least 10 years beyond loan maturity in areas where a substantial part of residential land is available only on a leasehold basis.

In place of this the conference substitute amends existing law to permit savings and loan associations generally to make loans on leaseholds which extend or are renewable for at least 10 years beyond the loan maturity. (Present law requires 15 years.) It is the intention of the conferees that where the leasehold is renewable, precautions be taken that it be renewable under terms which do not adversely affect the mortgage security.

District of Columbia savings and loan associations

The House bill provided that associations in the District of Columbia shall have the same investment powers as Federal associations. No similar provision was contained in the Senate amendment and none is contained in the conference substitute.

Deposits in FSLIC

The Senate amendment contained a provision not in the House bill requiring insured institutions to make deposits in FSLIC as required by call of FHLBB. The conference substitute contains the Senate provision.

Investments by Federal savings and loan associations

The Senate amendment contained a provision not in the House bill authorizing Federal associations to invest up to 1 percent of their assets in loans (for Latin American housing) guaranteed by AID under section 224 of the Foreign Assistance Act of 1961. The conference substitute conforms to the Senate provision.

Proximity to airports

The Senate amendment contained a provision not in the House bill authorizing HHFA to study methods of reducing loss and hardship to homeowners whose property has been depreciated by the proximity of airports. The conference substitute contains the Senate provision.

WRIGHT PATMAN,
ABRAHAM J. MULTER,
WILLIAM A. BARRETT,
LEONOR K. SULLIVAN,
HENRY S. REUSS,
THOMAS L. ASHLEY,
WILLIAM B. WIDNALL,
PAUL A. FINO,
FLORENCE P. DWYER,

Managers on the Part of the House.

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
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HIGHLIGHTS: Senate agreed to conference report on housing bill. Sen. Smith inserted letter critical of food stamp program. Sen. Aiken inserted Secretary Freeman's report to President on aid to drought-stricken areas. Sen. Tower commended passage of bill providing FHA loans and grants for rural water systems. Rep. Betts expressed concern over rising food costs. Rep. Hathaway defended rise in potato prices.

SENATE

1. **HOUSING LOANS.** Received and agreed to the conference report on H. R. 7984, the housing and urban development bill (pp. 17630-37). Title X of the bill would provide a new \$300,000,000-per-year program of insured housing loans under the Farmers Home Administration in rural areas.

2. FARM CREDIT. A subcommittee of the Agriculture and Forestry Committee "approved for full committee consideration with an amendment H. R. 4152, to provide for loans to production credit associations by Federal intermediate credit banks without the necessity of collateral." p. D698
3. HEALTH. Received and agreed to the conference report on S. 510, to extend and amend certain expiring provisions of the Public Health Service Act relating to community health services, which includes provisions extending until June 30, 1968, the program of health services to domestic agricultural migratory workers, and providing specific authorization for necessary short-term hospital care for such workers and their families. pp. 17598-9
4. LANDS. The Interior and Insular Affairs Committee reported with amendment S. 625, to authorize the sale of certain isolated or disconnected tracts of land (S. Rept. 512). p. 17555
5. RECLAMATION. The Interior and Insular Affairs Committee reported with amendment S. 1088, to authorize the construction of the Touchet division, Walla Walla project, Oregon-Washington (S. Rept. 511). p. 17555
6. PUBLIC LAW 480. Sen. Miller criticized Public Law 480 assistance to the United Arab Republic, and inserted excerpts from a GAO report stating that "U. S. commercial dollar sales of tallow to the United Arab Republic have been displaced by sales of surplus tallow for foreign currency under title I, Public Law 480, programs." p. 17643
Both Houses received a GAO report "on significant dollar savings available in financing foreign sales agents' commissions on surplus agricultural commodities exported" under title I, Public Law 480. pp. 17548, 17552
7. FOOD STAMPS. Sen. Smith inserted a letter from the welfare director of Portland, Me., critical of the administration of the food stamp program in that area. pp. 17569-70
8. DISASTER RELIEF. Sen. Aiken inserted a report by Secretary Freeman to the President reviewing steps being taken by this Department to provide aid to drought-stricken areas. p. 17569
9. LOANS. Sen. Tower commended provisions of S. 1766, recently passed by the Senate, which would authorize loans and grants by this Department to finance the development of rural water systems. p. 17578
10. FOREIGN AID; CCC. Sen. Simpson inserted an article, "Sleuth of the Senate," commending investigations conducted by Sen. Williams, Del., including references to the diversion of grain shipped to Austria under Public Law 480, and the purchase of soybean oil by CCC. pp. 17577-8
11. POVERTY. Sen. Murphy submitted an amendment to the Economic Opportunity Act which he stated "would bring the remaining VISTA volunteers and all persons employed on community action projects for private nonprofit organizations under the Hatch Act's prohibition on improper political activities"; to Labor and Public Welfare Committee. pp. 17562-3
12. NATIONAL ECONOMY. Sen. Hartke inserted an address by Vice President Humphrey before the National Conference of the American Society of Corporate Secretaries reviewing the status of the national economy. pp. 17591-3

part of any understanding that the committee will reach whether the plan is approved or disapproved (refer to pp. 25 and 26 of the transcript of the hearings) and further that such plan will be placed in the hands of the Executive Reorganization Subcommittee of the Senate Committee on Government Operations by Wednesday, July 21, 1965, or Thursday, July 22, 1965. (Refer to p. 51 of the transcript of the hearings.)

5. That there shall be a position of Director (Chief) of Locomotive Inspection and Assistant Director (Assistant Chief) of Locomotive Inspection who shall be appointed by the Interstate Commerce Commission instead of the President of the United States. Also that the most highly competent and experienced personnel available would be chosen to fill the above positions, using the rules and regulations of the Civil Service Commission whose present requirements or standards shall be maintained. (Refer to pages 49 and 50 of the transcript of the hearings.)

We feel that the above positions should be filled from the ranks of the locomotive inspectors who are the most experienced, qualified, and competent individuals available.

6. It was further agreed that the minimum number of locomotive inspectors will be maintained at the present 50 or more. (Refer to page 22 of the transcript of the hearings.)

In the event the Interstate Commerce Commission fails to conform with these joint understandings, we would have recourse to the Senate Committee on Government Operations who would then require the Interstate Commerce Commission to appear for questioning to show cause why they failed to follow the intent of Congress, and if question still remained thereafter, the law would have to be amended.

This understanding was made clear to all parties participating in the July 20, 1965, hearings. (Refer to page 101 of the transcript of the hearings.)

In conclusion, the major concern of the Brotherhood of Locomotive Firemen & Enginemen is the protection and safety of the employees we represent.

While we are not completely satisfied with Reorganization Plan No. 3, these understandings do meet and correct some of the major objections we have.

JOINT ICC-BUREAU OF THE BUDGET STATEMENT WITH REGARD TO IMPLEMENTATION OF RE- ORGANIZATION PLAN NO. 3 OF 1965

If Reorganization Plan No. 3 of 1965 is permitted to become effective it will be implemented and operate as follows:

1. All of the substantive duties and functions now assigned to the Commission and the Director of Locomotive Inspection under the Locomotive Inspection Act, 45 U.S.C. 22-34, as amended, will continue to be performed after the reorganization becomes effective. Final responsibility therefor will be vested in the Commission. In this connection, it will be unnecessary and neither does the Commission intend to change the basic assignment of locomotive inspection work and functions as reflected in its present organization minutes, table of organization and description of central and field organization as published in the Federal Register. The statutory provisions will be administered by the Commission with the same force and effect as heretofore. Through elimination of certain cumbersome restrictions, as provided in the reorganization plan, and better utilization of resources it is the Commission's intention that more substantive locomotive inspection work will be accomplished.

2. There will continue to be maintained within the Bureau of Railroad Safety and Service, a separate Section of Locomotive Inspection which will provide technical guidance to the locomotive inspection program. The section will be headed by a chief and

an assistant chief. These officers will be delegated the basic locomotive inspection duties and responsibilities comparable to those now assigned by statute to the Director and Assistant Director of Locomotive Inspection.

The existing qualification requirements for the Director and Assistant Directors of Locomotive Inspection will be continued for the chief and assistant chief of the section, respectively.

The Section of Locomotive Inspection and its chief will function under the general direction of the Director of the Bureau of Railroad Safety and Service; and will adhere to the same organizational and administrative channels and procedures established for other organizational components of the Bureau including those engaged in railroad safety, signal inspections, car service, etc.

3. With respect to the field organization the following changes will be made:

DISTRICT SUPERVISORS

The present eight district supervisors of locomotive inspection will be reduced to seven. One supervisor will be assigned to each of the Commission's seven regional offices. With the resultant savings one additional position will be provided for field locomotive inspection activities. We will require the supervisors to conduct locomotive inspections in addition to the work of supervising other locomotive inspectors. Since the district supervisors are generally the more highly skilled locomotive inspectors, they also will be assigned to handle some of the more difficult accident investigations. District supervisors will work under the general direction of the Regional Director of Railroads, however, technical guidance will continue to be provided to them by the Section of Locomotive Inspection. The existing qualification requirements will be continued for district supervisors of locomotive inspection. Our present promotion program will be amended to include the district supervisor positions among those eligible for promotion to the position of Regional Director of Railroads and other positions within the Bureau for which they qualify. District supervisors and inspectors of locomotives have heretofore been deemed ineligible for promotion to such positions due to the rigid provisions of the act.

INSPECTORS OF LOCOMOTIVES

Inspectors of locomotives will continue to perform all of the duties now assigned to them under the Locomotive Inspection Act. They will place primary emphasis on such duties. The existing qualification requirements for inspectors of locomotives will be continued. Selection for these positions will be made in accordance with civil service standards, and only persons qualified by experience and training will be used in these capacities.

After appropriate training we will assign certain additional duties to qualified locomotive inspectors which will in no way interfere with the existing statutory duties. These will include:

(a) Inspecting the records of signal equipment tests on locomotives. These records are normally maintained at the same location as the locomotive inspection records. Also, the inspection of the locomotive signal equipment, now conducted by signal and train control inspectors, will be made by locomotive inspectors after they are trained. This work is closely related to the locomotive inspectors' tests of locomotive brake equipment. Only a little additional time would be required for the locomotive inspector to complete the entire signal inspection. This will relieve the signal and train control inspectors from much of this particular inspection activity and permit them to do other important work.

(b) In the course of their regular duties, it is sometimes necessary for locomotive inspectors to visit remote and isolated points

at which locomotives are housed. These locations include logging camps, sand and gravel pits, and mines. In all these operations, equipment is subjected to rough handling and more safety appliance inspections at these points would be beneficial. Locomotive inspectors will be authorized to make safety appliance inspections at these locations and our safety appliance program improved. It should not be necessary to send safety appliance inspectors and locomotive inspectors to these remote points at approximately the same time.

(c) We frequently receive complaints involving more than one of our railway safety functions. Usually these complaints involve the determination of facts which could be developed by one qualified investigator. In many instances, we could make the required investigation with a single qualified employee, where we now must use two. When appropriate, certain of these complaints will be assigned to qualified locomotive inspectors. In addition to the foregoing, the Commission will, over a reasonable period, review the present 50 geographical districts and make such adjustments as may be necessary to achieve a balanced and equitable workload for each inspector, assure maximum efficiency and economy in the field operations, and integrate the district pattern with the rest of the Commission's field organization.

OTHER RAILROAD SAFETY PERSONNEL

To the extent that other members of the Bureau's field staff are qualified by experience and training they will be given assignments to perform locomotive inspection work when it will further the Commission's safety programs. Cross-use of staff in this manner will make additional qualified manpower available for locomotive inspection work and eliminate the necessity for dual inspections or investigation of complaints at some points. Under no circumstances, will we permit an unqualified employee to inspect a locomotive. The current qualification requirements are set forth in Civil Service Commission examination announcement No. 260B, "Inspector of Locomotives." Only those staff members meeting these requirements will be given locomotive inspection assignments.

INTERSTATE COMMERCE COMMISSION,
Washington, D.C., July 23, 1965.

HON. FRED R. HARRIS,
Acting Chairman, Subcommittee on Executive Reorganization of the Committee on Government Operations, U.S. Senate,
Washington, D.C.

DEAR SENATOR HARRIS: This refers to the Memorandum of Understanding of Reorganization Plan No. 3, 1965, submitted to the subcommittee by the Brotherhood of Locomotive Firemen & Enginemen, a copy of which was given to us by Mr. Nobleman for review.

We agree that the memorandum represents our understanding of how the reorganization plan would be implemented with the following clarification with respect to the specific items contained in brotherhood's memorandum:

Item (1): We interpret the statement reading "sections 3 and 4 of the present Locomotive Inspection Act shall be maintained" to relate to qualifications of the Director (Chief) of Locomotive Inspection, the Assistant Director (Chief) of Locomotive Inspection, and the locomotive inspectors, only. If the plan becomes effective it obviously would abolish those provisions of these sections relating to method of appointment of the Director (Chief) and Assistant Director (Chief) and dividing the territory comprising the several States and the District of Columbia into 50 locomotive boiler-inspection districts.

Item (3): This item apparently refers to Mr. Schnoor's testimony on page 27 of the transcript in which he said, "the reorgani-

zation plan itself does not abolish any of the functions of the present locomotive inspection program except for the function of setting up these 50 districts." We agree that all of the basic statutory functions of the locomotive inspection program would remain unchanged. However, in addition to abolishing the function of dividing the several States and the District of Columbia into 50 districts, the reorganization plan would transfer responsibility for the performance of all locomotive inspection functions to the Commission; and give the Commission authority to appoint the Director (Chief) and Assistant Director (Chief) of Locomotive Inspection.

Item (4): The Commission submitted to the subcommittee on July 21, 1965, a statement entitled "Joint ICC-Bureau of the Budget Statement with Regard to Implementation of Reorganization Plan No. 3 of 1965." It is our intention that this will constitute the detailed plan of operation referred to in this item.

Item (6): It is the Commission's intention to maintain a minimum of 50 locomotive inspectors as long as the Congress authorizes appropriations therefor.

We appreciate the opportunity to comment on the brotherhood's memorandum relating to this matter.

Sincerely yours,

CHARLES A. WEBB,
Chairman.

Mr. JACKSON. Mr. President, I commend the acting chairman of the subcommittee, the distinguished junior Senator from Oklahoma, for the very able manner in which he handled the entire matter.

As a result of the hearings, the committee, in effect, entered into a compact with the Interstate Commerce Commission to the effect that the provisions of the 1911 Act would remain in force and effect insofar as the integrity of the inspection systems are concerned.

The only real change in the 1911 Act stemming from the reorganization plan would be in connection with the organization of the inspection service. The integrity of the systems under which the men work on the trains would be preserved and protected.

The distinguished junior Senator from Oklahoma deserves great credit for working out the plan which resulted in general agreement between the Brotherhood of Locomotive Firemen & Enginemen, the Interstate Commerce Commission, and the Bureau of the Budget.

Mr. MILLER. Mr. President, I also commend the junior Senator from Oklahoma for working out the agreement which I am convinced will satisfy the concern that was expressed about the proposed plan of reorganization.

I understand that the agreement will satisfy the safety requirements that this agency has long been striving for. I do not believe, therefore, that any resolution of disapproval is required.

Mr. HARRIS. Mr. President, both Senators from Washington added materially to the effectiveness of the committee meetings.

Mr. COOPER subsequently said: Mr. President, I have listened with great interest to the statements of the Senator from New York [Mr. JAVITS] and to the Senator from Oklahoma [Mr. HARRIS] regarding the President's reorganization plan affecting the Bureau of Locomotive Inspection.

Although I am not a member of the Senate Committee on Commerce which has jurisdiction of the reorganization plan, I was concerned with the proposal, and like my colleagues wished to be sure that under its provision the highest safety standards would be maintained and improved.

The Brotherhood of Locomotive Firemen & Engineers and all railway brotherhoods are concerned with safety as is the public.

The Brotherhood of Locomotive Firemen & Engineers are very much concerned, inasmuch as firemen no longer work with them on a large proportion of engines in use—moving tremendous trains of great lengths and tonnage. I am very glad that the subcommittee of the Committee on Commerce, under the chairmanship of the Senator from Oklahoma [Mr. HARRIS], and with the active cooperation and interest of the Senator from New York [Mr. JAVITS], and its members, has written into the record the assurance that high standards of safety will be maintained and improved.

HOUSING AND URBAN DEVELOPMENT ACT OF 1965—CONFERENCE REPORT

Mr. SPARKMAN. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill, H.R. 7984, to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER (Mr. TYDINGS in the chair). The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of July 23, 1965, pp. 17415-17433, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. SPARKMAN. Mr. President, I should like to make a statement on the conference report on the housing bill. I do not believe it necessary that my remarks be in great detail because there is a printed report on the desk of each Senator giving full text of the agreed-upon legislation and a statement of managers on the part of the House, explaining the differences between the House bill and the legislation agreed to in conference.

Before I comment on the details, I want to say how pleased I am with the fine job done by the members of the conference committee from both Houses of Congress.

We had before us the most difficult task of resolving significant differences on a total of 82 items, some of which had 4 and 5 subtopics. As you may know, housing is one of the most complex

pieces of legislation that the Congress deals with because it involves so many different programs. Practically all of these programs were involved, in one way or another, in the decisions to be made by the conference committee.

The committee worked together with speed and in a spirit of goodwill and cooperation and completed its work in three sessions held on July 20, 21, and 22. As conferences usually do, there were compromises between the two sides. On the part of the Senate, we remained adamant on several items on which we believed there could be no compromise but naturally gave in on others.

The final agreements result in a good bill of which both the Senate and the House can be proud. I am not wholly in accord with the results on several items and there were several that I voted against but which were finally approved based on the majority vote. However, I believe we have the best compromise that we could get.

Many important items, of course, were not in conference, having already been agreed to by each House.

All in all, this is one of the most comprehensive housing bills ever written by the Congress. It is a 4-year bill, involving extensions of programs, many of which have been in existence for 30 years.

The bill provided a 4-year extension for FHA, urban renewal, college housing, housing for the elderly, public housing, urban planning and rural housing. In addition to extending these programs, amendments were written to improve their workability and to make them more effective in doing the housing job that Congress intended.

The final bill also provided new programs to supplement the existing ones.

The new programs may be considered in three different categories. First, and most important is a program of financial assistance for the construction and rehabilitation of housing for elderly and for families of low income who are living in slums and blighted neighborhoods. The principal provision here is the new rent supplement program under private auspices.

Another category is a program of Federal assistance to the cities and communities of our Nation to help pay the cost of essential public works. Under this the conference committee agreed to a 4-year program of \$800 million of matching grants for water and sewer facilities.

The third category involves a relatively new approach to improve the environment of our communities through acquisition of open spaces, the development of parks, the construction of neighborhood facilities for recreational and cultural purposes, and the provision for beautification of urban areas. Not much attention has been paid to this aspect of the bill, but in the years to come this may well turn out to be one of the most important contributions of the 1965 act.

Mr. President, I should like to make some remarks about a few of the items in which the Senate had a particular interest.

On rent supplements, both Houses made provision in almost identical

terms to authorize this program for a 4-year period. Each House recognized the merits of an alternative program of assistance for families at the public housing level through a new program of housing to be sponsored, built and managed by private enterprise. Although each House of Congress would have limited eligibility for rent supplements to families qualified for public housing, the House bill would have changed the basic public housing law relative to rental gap, the effect of which would be to increase slightly the income ceiling for eligibility for both public housing and for rent supplements. The Senate had no such provision and the conferees agreed with the Senate version.

Also the Senate had a provision for an experimental program for a limited amount up to 10 percent of the rent supplement funds for FHA section 231 program of mortgage insurance for the elderly, section 202 direct Federal loans for the elderly, and FHA section 221(d)(3) below-market rate program. The conference committee agreed to accept the Senate provision with an amendment that no more than 20 percent of units in an existing project could benefit for rent supplements, and that no more than 50 percent of the experimental funds authorized could be used for newly constructed FHA section 221(d)(3) below-market interest rate projects. This was to assure the equitable allocation of funds between these projects and those exclusively for housing for the elderly.

Agreements were reached on the down-payment provisions relative to FHA programs for veterans, servicemen, and for regular sales housing. The conference committee finally agreed to an amendment offered by the House conferees which is quite satisfactory to all and which I believe will act as one of the most important incentives for home ownership in recent years.

Compromise language was written into the report relative to the approval by the FHA Commissioner of technically suitable materials. This issue has been one of the most difficult ones to resolve since it was first discussed by the Housing Subcommittee several months ago. The statement in the House managers' report explains the substitute language by which the conferees intended to clarify the FHA Commissioner's responsibility without changing the intent of the Senate provision. I believe this was an excellent resolution of a most difficult problem and I suggest that the Members read that statement.

On urban renewal, the conferees had a number of differences, the most important of which involved the extent to which urban renewal funds should be used for commercial and other nonresidential uses. The Senate version would have permitted 40 percent of new funds to be used for nonresidential purposes. House conferees disagreed but finally compromised on a 35-percent figure.

The only other items under urban renewal which the House conferees would not agree to were more or less technical matters involving a definition of sub-

standard structures, and limiting acquisition to such structure, a new definition of gross project cost when State law authorizes additional relocation assistance and where certain tax losses are not now included. The House conferees were adamant on these items, believing that more information was needed and in view of the fact that no hearings were held and no committee consideration was given to them, the Senate receded.

Mr. President, at this point, I should like to repeat what I have said several times on the Senate floor relative to items being brought up on the Senate floor for inclusion in the bill. I would never want to foreclose Members from bringing up matters and having them considered without benefit of hearings or committee consideration, but I believe that Senate floor approval of such matters should be given only on extremely rare occasions.

It is not only unfair to the Senate, but such action often prejudices the chance of success of an item in conference because it is so easy to have the other body refuse to accept an item which has not been given full consideration by the committee.

One item which the conference committee agreed to only after considerable discussion involved a House provision on compensation of condemnees. No such provision was included in the Senate version primarily because the entire subject of land acquisition procedures and equitable payment to property owners for land acquired under eminent domain rights is being considered by the Senate Government Operations Committee. I have a bill, S. 1201 and Senator MUSKIE has a bill, S. 1681, which would establish uniform procedures for all Government taking of private property. Nevertheless, the House insisted on some action at this time and the conferees agreed on tentative first steps toward the larger goal, namely that property owners be paid at least 75 percent of the value of the property acquired under rights of eminent domain and, furthermore, that owners not be thrown off their property within less than 90 days after written notice. Senator MUSKIE was active in working out this compromise and everyone seemed quite pleased with the results.

Another good compromise was reached relative to rural housing. The House had proposed language redefining a rural area to include a city or town up to 5,500 population which is not associated with an urban area. The conferees agreed to new language making it clear that rural areas for purposes of the rural housing program could include places over 2,500 population but less than 5,500 population only if such places were rural in character.

Relative to savings and loan legislation, the House conferees receded to the Senate on a provision authorizing new investment powers for non-Federal savings and loan association in Washington, D.C., and the Senate receded to the House on the term of a leasehold securing a mortgage loan made by a Federal savings and loan association. On the latter case, the conferees agreed to a period of

at least 10 years as the proper time beyond which the leasehold should run after expiration of the loan.

The House also receded to the Senate on a provision requiring insured members of the Federal Savings and Loan Insurance Corporation to pay up to 1 percent of deposits upon call of the Federal Home Loan Bank Board. When this item was placed in the Senate bill, it was clearly understood that such a call would be made only to the extent needed to provide liquidity to the Corporation and that reasonable notice would be given to the members of the Board's intentions and that ordinarily a call for deposits would not be made in increments of greater than one-fourth of 1 percent in any 90-day period.

The House also receded to the Senate relative to a provision authorizing Federal savings and loan associations to invest up to 1 percent of their assets in loans guaranteed by the Agency for International Development for Latin American housing. The only objection to this came because of the possibility of an adverse effect on the passage of a pending bill to establish an International Home Loan Bank in which savings and loan associations could invest up to 1 percent of assets to be used to help finance housing in underdeveloped countries abroad. It was my opinion that in no way would the action proposed in the bill be in lieu of the proposal relative to the establishment of the International Bank and, with this in mind, the conferees agreed to approve the Senate provision.

The Senate bill contained two clarifying provisions relating to national banks. One would have made it clear that a national bank may purchase a participation in an existing real estate loan. The other would have increased the maximum maturity of industrial, commercial, and residential loans from 18 to 30 months.

At the present time paragraph 2120 of the regulations of the Comptroller of the Currency states that national banks may purchase or sell participations in existing real estate loans, when the interests of the participating banks are adequately protected by the terms of the participation agreement. And under the provisions of law which authorizes banks to make loans to manufacturing and industrial businesses—when they rely primarily on the borrowers' general credit standing and forecast of operations—without regard to the requirements for real estate loans, national banks may when appropriate make construction loans beyond the statutory limits.

The House conferees did not accept the Senate amendment with respect to the purchase of participations in real estate loans. The report states:

It was felt that further study of the authorization for the purchase of participations is needed, and this authority is not included in the conference substitute.

The conference did, however, increase the maximum maturity of construction loans from 18 to 24 months.

The fact that under current regulations national banks are permitted to carry on

these activities was brought to the attention of the conferees, and it is expected that the current regulations will continue in force.

Mr. President, I have taken more time than I intended in explaining the conference report.

It is an involved bill and I have tried to explain only the more important relevant items. There are many other items which I did not cover which I should be glad to explain if Members have any questions.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. SPARKMAN. I am glad to yield to the chairman of the committee.

Mr. ROBERTSON. First, I wish to take the opportunity to congratulate the chairman of the Subcommittee on Housing and to concur in his statement that this is one of the biggest and most complicated housing bills we have ever had. As a matter of fact, when the bill came from the administration I recommended to the chairman of the subcommittee that it be made into four separate bills. While he did not do that, we took out one proposal to create a new department on housing, but he kept all the other proposals together. I commend him and his subcommittee. The conference report contains 62 pages. If we add the comment by the House managers, it amounts to 78 pages. I have never seen one that big before on a housing bill.

In the debate on the bill, one Senator said it would cost \$15 billion. Another said that there was no way to tell how much it would cost. It will cost far less than it would have cost if it had not been for the Senator from Alabama. He took out the open-end provision, providing a period of 4 years of authorization, and took out the visionary scheme that would build new houses with Federal funds and then invite citizens and industries to come in. I am grateful for the fine work he did in eliminating some of the provisions of the bill. I am also grateful to him and to the Senate conferees in respect to the provision with relation to the city of Norfolk.

It was on a par with the other provisions for cultural and convention centers which, in their benefits, went a little beyond the renewal areas in which they would be located. It was extended to the whole city, so that we had to authorize.

For the benefit of some of the younger Senators, let me make a personal reference. The junior Senator from Virginia and the junior Senator from Alabama qualified for the Senate in November of 1946. In January of 1947, we were both assigned to the Committee on Banking and Currency. We had equal seniority in the Senate, but the rules of the Senate do not recognize equal seniority in a committee. So the Senator from Alabama said to me:

Let us toss a coin to see who will be chairman and who will be the ranking Democrat on the committee.

The junior Senator from Virginia won. However, I wish to say that the ranking Democrat, the Senator from Alabama, has been my right arm on that committee through the years, and I sincerely hope that the great and sovereign

State of Alabama will keep him in the Senate for as long as he cares to serve.

Mr. SPARKMAN. Mr. President, let me express my appreciation to the chairman of the committee. Let me say on behalf of the entire Housing Subcommittee that we could not have had better or finer cooperation than that which we received from the chairman of the full committee. He was frank about the provisions to which he objected, as he always is, but any time we wished the committee assembled for a hearing, he saw to it that it was done.

Mr. LONG of Louisiana. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I am grateful to the Senator from Virginia for his very fine cooperation and the flattering remarks he has made about me.

I am glad to yield to the Senator from Louisiana.

Mr. LONG of Louisiana. The housing bill which the Senate will finally approve today is, in my judgment, the most significant piece of housing legislation I have seen in my 17 years in the Senate. It is not only a comprehensive bill, but it sets up certain new principles whereby we will seek to aid directly those citizens of our country who otherwise could not afford decent housing. We shall aid them to live in homes which otherwise they could not afford without Government help.

The Senator from Alabama should be saluted for his leadership in the housing field. There are many items in the bill which are major improvements and extensions of benefits that we had before to help us improve the Nation, particularly the cities and smaller communities, to provide facilities which they otherwise could not obtain. I pay tribute to the Senator for his great leadership in this field.

It was my privilege, as a member of the Committee on Banking and Currency a number of years ago—to serve under the leadership of the great Senator from Alabama, who was then and is now chairman of the Housing Subcommittee of the Committee on Banking and Currency. I tried to contribute, insofar as I could, to the legislation which was being enacted at that time, and I believe that I made some contribution in the field of community facilities; but there was always our chairman, the Senator from Alabama, who stood as a great stalwart fighting for practically everything that would make it possible for Americans to live better in this great land of ours.

To a considerable extent, the pending bill is undoubtedly the culmination not merely of 2 years work but of 18 to 20 years of hard work which the Senator from Alabama has performed in the housing field.

I salute his magnificent contribution to the housing field, and also pay tribute to the Johnson administration for the part it played in recommending the proposed legislation provided for in the bill, and in helping us by urging its immediate passage.

Mr. SPARKMAN. I thank the Senator from Louisiana for his kind remarks.

Even though this is one of the most important measures, perhaps the biggest we have ever passed, I still adhere to the belief that the Housing Act of 1949 was perhaps the most important of any, because all the programs were new then. A major part of the pending bill will continue and improve upon existing programs, many of which the Senator from Louisiana helped to write when he was a member of the committee. There are many provisions in the law today which have resulted from amendments which were offered by the Senator from Louisiana. I shall always remember his valuable service to the cause of good housing.

In the pending bill, there are only one or two really new programs included. The Senator touched upon one of them, the rent supplement proposal. By the way, that is not a new program. I remember the first year I was on the Housing Subcommittee, when former Senator Taft, and the senior Senator from Louisiana [Mr. ELLENDER], and former Senator Wagner were sponsors of the general housing bill.

At that time, I remember that the real estate boards came before us, urging strongly that instead of public housing we should provide for direct payments of aid to low-income families. The pending bill does this for the first time, although the real estate boards were recommending it 20 years ago.

In the pending bill, there has been considerable criticism of the rent supplemental. The idea was supported this year by such organizations as the American Bankers Association, the Mutual Savings Banks Association, the Catholic Charities of America, the savings and loan associations, the National Association of Home Builders, the Mortgage Bankers Association—I could go on and name organization after organization who approve of this measure, trying to improve on public housing and perhaps to replace public housing with this private enterprise undertaking which the pending bill would provide.

Mr. MAGNUSON. Mr. President, will the Senator from Alabama yield briefly?

Mr. SPARKMAN. I am glad to yield to the Senator from Washington.

Mr. MAGNUSON. No one can appreciate more than the Senator from Washington, without being on the Senator's committee, how complicated and comprehensive a housing bill can be when one is chairman of the Subcommittee on Appropriations. But I was going to ask the Senator if the bill made any substantial change in the need for appropriations, other than exist in the present independent offices bill, which is about ready to go to conference.

Mr. SPARKMAN. No, so far as existing programs are concerned, the Senator from Washington might be interested in this statement: On existing programs which were to be continued, the request had gone from the administration for open end authorizations. We declined to do that. We have always declined to make open end authorizations, but instead we decided to extend the program for 4 years until October 1, 1969, and

to authorize appropriations at the going level for that period of time.

Mr. MAGNUSON. I, as well as many others in the lumber-producing areas of the United States, including that of the Senator from Alabama, was quite interested in section 211 of the pending bill.

Mr. SPARKMAN. Yes; I made a few remarks on that subject earlier.

Mr. MAGNUSON. As I understand, we kept in the conference substitute which contained a further provision, making it clear as to the decision that the material or product which is technically suitable must still be subject to the financial decision of the Commissioner, that is, within the scope of the requirement of mortgage insurance, and that he must provide that use of the material or product is consistent with economic soundness or an acceptable risk, as the case may be.

Can the Senator enlarge on what the conference meant by "further provision"?

Mr. SPARKMAN. The objection had been raised that the Senate language would place a severe burden on the Federal Housing Commissioner for beyond what it was felt he should have. The language was included to clarify the Commissioner's responsibility in approving new material for FHA housing. In other words, what we wish is this: The Senator realizes that if we are to make progress, we must have new materials.

Mr. MAGNUSON. Yes.

Mr. SPARKMAN. And they should be given a fair chance. We wished to stress to him that new materials should be utilized, when he is satisfied and makes a finding that they are suitable and meet the underwriting standards laid down by the FHA.

Mr. MAGNUSON. But not if the material is inconsistent with economic soundness—for example, lumber which might not hold up over a period of time.

Mr. SPARKMAN. Yes.

Mr. MAGNUSON. Then he would still have the authority to agree to the acceptable standards—

Mr. SPARKMAN. That is correct.

Mr. MAGNUSON. As to the type of lumber that would be consistent with economic soundness.

Mr. SPARKMAN. In other words, there would be no compulsion on him to accept materials that would not be economically sound.

Mr. MAGNUSON. I notice one other thing that I hope the Commissioner would take under consideration. The Senator suggests that he should bend every effort to minimize the long delays which have often been experienced by buyers or manufacturers of products that go into houses, when it is not known whether they are acceptable or not acceptable. In some cases no decisions have been made.

Mr. SPARKMAN. The Senator is correct. Many of us have encountered experiences in connection with materials which were perfectly sound and which had met all the tests, but which had to wait for many years before they could be used. I wonder if I might relate a little experience that I had at one time.

A manufacturer in my State made doorlocks. They had been tested, and the Public Housing Administration had found them acceptable. They were perfectly willing to use them. However, the locks had not been approved by the appropriate industry committee. When I checked into the matter, I found that they could not meet the lock specifications of the standards committee within the industry, because the specifications had been written in 1893. Those specifications required a solid block of copper, I believe, to back up a part in the lock.

The company that manufactured the lock had used a light metal, probably magnesium, or something of that kind. It had worked perfectly well, and had replaced a scarce material. It served as a good substitute. However, the company could obtain no action from the industry committee in modernizing the requirement that had been written in 1893.

I kept pushing, until that specification was changed. The manufacturer had come to me, and I was willing to go to work on it. Most people in those circumstances would never think of doing that.

We hope that under this language the Administrator will use his discretion, and that new material can come into use, and perhaps expedite action by industry committees, which serve a useful purpose, if they act promptly.

Mr. HARRIS. Mr. President, I rise to express my appreciation to the Senator from Alabama [Mr. SPARKMAN], first because I had two questions that I raised when the bill was under debate on the floor of the Senate, to answer which I offered amendments on the floor. The Senator from Alabama was understanding in his handling of these questions, despite the fact that these questions had not been brought to my attention before that time, and I had not been able to offer in committee the appropriate amendments. The amendments were adopted on the floor of the Senate because the Senator from Alabama and the distinguished members of his committee did not object to them.

I appreciate the fact that the amendments were kept in the bill, as reported by the conference at page 25 and at page 41 of the conference report, respectively.

Second, and more broadly, I join Senators who have commended the distinguished Senator from Alabama for his courteous, energetic, skillful, wise, and knowledgeable handling of what is magnificent landmark legislation.

On the last note that I may express the Senator from Alabama may wish to strike my remarks, because he may feel that I am not a competent judge, because of my being so lately initiated into this body. However, even though it may be presumptuous on my part, he has evidenced once again all of those great qualities which constitute an outstanding Member of the Senate. I praise him for the remarkable way in which he has handled this proposed legislation.

Mr. SPARKMAN. I appreciate the Senator's statement. The Senator from Alabama would be the last one in the world to try to expunge those remarks from the Record.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. CLARK. I have several questions that I wish to discuss with the Senator from Alabama. I shall also, in due course, pay my tribute to him, and it will be a glowing one.

While the Senator from Washington [Mr. MAGNUSON] is on the floor, I should like to invite the attention of Senators who are interested in urban renewal to page 26 of the conference report. By way of explanation, the very able senior Senator from Washington is now the chairman of the Senate conferees who are dealing with the independent offices appropriation bill. With that background, I ask the Senator from Alabama, with respect to section 304(a), which sets forth the authorization for urban renewal capital grants for the next 4 years, whether this method of financing urban renewal has not been in effect since the first Urban Renewal Act of 1949, and was to a very large extent the brainchild of the late Senator Robert A. Taft. I refer to contract authorizations, as opposed to annual appropriations.

Mr. SPARKMAN. Yes. This refers to contract authority. It has been in the act since 1949.

Mr. CLARK. People who do not like it sometimes refer to it as backdoor financing.

Mr. SPARKMAN. Yes. I have always felt that that was not a very good description.

Mr. CLARK. I quite agree with the Senator. As the Senator from Washington [Mr. MAGNUSON] knows—and he is chairman of the Senate conferees on the Independent Offices appropriations bill—the House wrote a proviso into that bill which would forbid the expenditure of any money for administrative expenses or technical services in connection with a contract authorization for a capital grant. The effect of the proviso would be to make it impossible for the Urban Renewal Agency to implement its new contract authority.

The Senate struck out that proviso. The conferees are now meeting. The House, I am told by my friend, the Senator from Washington, feels very strongly about this question.

My question to the Senator is this: Would not such a proviso, if the House remained adamant, and the proviso stayed in the conference report, inevitably result in the whole system of urban renewal grants being set aside and a system of annual appropriations, under which normal and judicious planning is practically impossible, being put in its place?

Mr. SPARKMAN. Yes; of course, that would be the result of the adoption of that proviso.

I said a moment ago that I did not believe backdoor financing was properly descriptive of this situation. For this type of program I believe this method of financing is the businesslike way of proceeding.

Mr. CLARK. I quite agree with the Senator.

Mr. SPARKMAN. As the Senator says, it permits planning. Furthermore,

it makes it unnecessary to have an appropriation made ahead of time, and to wait until a program is ready before moving forward.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. MAGNUSON. I must leave in a moment. I leave this thought with Senators: The fact that this type of financing has again been put in the bill—

Mr. CLARK. With the concurrence of the House.

Mr. MAGNUSON. With the concurrence of the House—reiterates what we have been doing, and establishes the fact that no urban renewal can be accomplished without some planning; and that, it seems to me, should be very persuasive in conference. Of course, the Senate conferees will do their best to continue the amounts. Secondly, there is another item which has also been agreed to, and that relates to the trainees for urban renewal.

Mr. CLARK. I was coming to that.

Mr. MAGNUSON. A small amount was put in for that purpose.

Mr. SPARKMAN. Yes.

Mr. MAGNUSON. There was no question in the conference between the two legislative committees on this method of urban renewal.

Mr. SPARKMAN. It was not even mentioned. There was no controversy on it at all.

Mr. CLARK. There was no suggestion on the part of the House conferees that this time-honored method should be set aside or changed.

Mr. SPARKMAN. In past years our own committee has changed this procedure in connection with some programs; and we have changed from Treasury borrowing to annual appropriations.

But in a program of this type we have felt that the businesslike way of doing it is as provided.

Mr. CLARK. I am sure that the Senator from Alabama will join me and the members of his subcommittee, and indeed the full committee, in giving complete support to the Senate conferees. What the House desires to do is to eliminate the traditional type of financing by what might be called a backdoor proviso, that is, by denying the money necessary for administration and technical services in connection with contracting for grants. In effect, they would be killing an important, multibillion-dollar program, if their will were to prevail.

The Senator may wish to complete his formal statement.

Mr. SPARKMAN. I have completed it.

Mr. CLARK. I ask the Senator to turn to page 11 of the conference report, at which point reference is made to section 108(a) entitled "Acquisition of Certain Properties Situated at or Near Military Bases Which Have Been Ordered To Be Closed." The genesis of that particular provision was in the House of Representatives, with Representative JOHN KUNKEL of the Harrisburg area.

Mr. SPARKMAN. I wish to stop the Senator at that point. The genesis was a bill which I introduced in the Senate,

which was inserted by our subcommittee in the housing bill we are now discussing before it ever came up in the House.

Mr. CLARK. I am glad to have the Senator make that statement.

Mr. SPARKMAN. After we had written the provision into the bill, it was picked up in the House and added to the House bill.

Mr. CLARK. I am glad to have that statement from the Senator from Alabama. I do not wish to take undue credit on my part for that feature of the bill. But it was the closing of the Olmsted Air Force Base in Pennsylvania which resulted in this particular suggestion coming to fruition and getting into both the bills.

Mr. SPARKMAN. It was the closing of Brookley Field at Mobile, Ala., which suggested it to me, and I introduced a separate bill on that subject early in the session.

Mr. CLARK. I do not wish to take undue credit for that.

Mr. TOWER. Mr. President, will the Senator yield at that point?

Mr. SPARKMAN. I yield to the Senator from Texas.

Mr. TOWER. The Senator from Texas joined the Senator from Alabama.

Mr. SPARKMAN. He certainly did.

Mr. TOWER. We have had a problem at Waco, Tex., and Amarillo, Tex., that might have been some inspiration.

Mr. SPARKMAN. That is true.

Mr. CLARK. Mr. President, will the Senator yield further?

Mr. SPARKMAN. I yield.

Mr. CLARK. I am happy, indeed, to learn that Senators on both sides of the aisle are as deeply interested in section 108(a) as I am. But I point out to the Senator from Texas and the Senator from Alabama that that provision will be no good unless it is funded. In order to fund it, we must obtain an appropriation. The way the section is worded—and I ask my friends if they do not agree with me—the funding ought to come in the military construction appropriations bill, since the Secretary of Defense would be given the authority, and indeed the duty, to carry the proposal into effect.

My information is that the Department of Defense has not the slightest intention of funding that section. At the moment, they are opposed to it. I do not know that any member of the Military Construction Appropriations Committee of the Senate has any particular enthusiasm for the program. It is badly needed in Alabama and Texas. I assure Senators that it is vital to the economy of the Harrisburg, Pa., area. I hope that the Senator from Texas and the Senator from Alabama will do all they possibly can to see that the program is funded, because if it is not funded, it will not do anyone any good.

Mr. SPARKMAN. The Senator is correct; and I plan to do anything that I can to that end.

Mr. CLARK. I suggest that the Senator's senior colleague [Mr. HILL] might be able to help him in that endeavor.

Mr. SPARKMAN. I am sure that he can, because he is a member of the Committee on Appropriations, and I know he is vitally interested in the subject.

Mr. CLARK. If the Senator will bear with me, there is one more question I should like to call to his attention.

Mr. TOWER. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. TOWER. It seems to me that, in the final analysis, the proposal would really not cost very much. There should not be too much difficulty in obtaining the funding. Once acquired, the property will be ultimately disposed of.

The authorization is available. The Appropriations Committee will probably be amendable. I seriously doubt if the Armed Services Committee would do anything on the question one way or the other.

Mr. CLARK. I do not believe that the problem is one to be considered by the Armed Services Committee. I believe that it is a question for the military construction appropriations subcommittee.

Mr. TOWER. The subcommittee of the Appropriations Committee.

Mr. CLARK. And the Pentagon has no interest in the question at all. We have explored that today. They do not want it funded.

I am undertaking to do all possible to persuade the powers that be to press for its funding.

Mr. SPARKMAN. I am glad that the Senator has taken that stand. I promise to do all I can.

Mr. CLARK. Will the Senator turn to page 55 of the conference report, where reference is made to section 1103(a)? In effect, the conferees increased the authorization for a program of Federal-State training from \$10 million to \$30 million, all of which appears more clearly if the Senator will turn to page 76 of the conference report, where, under the heading "Federal-State Training Programs," the following statement appears:

FEDERAL-STATE TRAINING PROGRAMS

The House bill contained a provision eliminating the ceiling on the authorization for appropriations for the Federal-State training program and terminating that program on October 1, 1969. The Senate amendment simply increased the authorization from the existing \$10 million limit to 30 million.

The conference substitute contains the Senate provision.

I ask the Senator whether the House and the Senate were not in accord that the program was a good program, that it should go forward, and that it should be substantially increased.

Mr. SPARKMAN. Yes. The only difference between us was that the House was willing to have an open-end authorization. The Senate, of course, had the policy of no open-end authorization.

Mr. CLARK. The Senator will remember that he took the lead, and I gave him some support during the 8 years I served under him when he was chairman of the Subcommittee on Housing, in getting this Federal-State training program underway. It took us a long time to do it. Finally, we got it into the Housing Act of 1964. We obtained a 3-year authorization for fellowships in city planning.

When the independent offices appropriation bill came to the Senate, the House had deleted the funding for both

of those programs. The Senator from Alabama was not present at that time, but I had spoken to him about it and I undertook to use his name as indicating his keen interest in both those programs. The other day, when the independent offices appropriation bill came to the floor of the Senate, the Senator was not present. The Senate Appropriations Committee reported a bill in which it categorically refused to fund either of those programs.

Thanks to the good offices of the Senator from Washington [Mr. MAGNUSON], and because of the kind heart of the Senator from Colorado [Mr. ALLOTT], who was the acting minority leader when the bill came to the Senate, I was able to persuade them to fund the Federal-State training program to the tune of \$4 million. That was when the authorization was \$10 million. Now the authorization has gone up to \$30 million, but I am told by my friend, the Senator from Washington, that it would be very difficult indeed to hold as much as 1 cent in conference. Even the Senate Appropriations Committee refused to recommend as much as 1 cent for the fellowship program, which was only \$500,000 annually for 3 years.

I raise this question because again I hope that I can have the support of the junior Senator from Alabama in urging the Senate conferees to stand firmly behind at least this modest \$4 million authorization and to do what they can next year to have the fellowship program funded. It is my view—and I do not ask the Senator from Alabama necessarily to agree with it—that when the Congress of the United States passes an authorization program, when the President of the United States signs the bill, and when in another year the President recommends a continuation of the program, I believe it is a rather serious matter for the Appropriations Committee of either body to say, "We do not like what the House did. We do not like what the Senate did. We do not like what the President did. We are not going to fund the program."

Those may be unduly belligerent words. I do not mean them as such. In any event, I hope that we might have the active support of the Senator from Alabama in getting these programs funded as rapidly as we can.

Mr. SPARKMAN. I appreciate the remarks of the Senator from Pennsylvania.

Mr. CLARK. Does the Senator agree?

Mr. SPARKMAN. I certainly do. The Senator knows that throughout the years, primarily because of the need of the smaller cities and towns that could not afford planning offices of their own to meet the need, I felt that a program of the type proposed was needed.

Mr. CLARK. Will the Senator yield further?

Mr. SPARKMAN. I yield.

Mr. CLARK. In my own Commonwealth of Pennsylvania we are having the greatest difficulty in obtaining adequately trained officers for planning boards in a score of cities, on the State level, and in a great many counties. Those people are in short supply. Unless

the Federal Government will make a modest amount available to provide both fellowships and in-service training for those people, we shall not get the caliber of county, municipal, metropolitan area, and State planning which is badly needed.

Mr. SPARKMAN. The Senator is correct.

Mr. JAVITS. Mr. President, I compliment a country boy upon doing so much for the city. I have rarely seen a bill—

Mr. SPARKMAN. Mr. President, I hasten to add that there is a good bit in the bill for the country boys, too.

Mr. JAVITS. That is very true. But really, the Senator from Alabama, with his great devotion to housing, has in this bill been able to provide leadership for a great many programs which the cities urgently need. Many problems remain unsolved, but the bill contains a number of items which are especially helpful and important to the cities. They should be noted, because they indicate the kind of concern over where the housing shoe pinches the most in human misery and deprivation.

I invite attention to some of these provisions such as the allowability of an increase in the per room cost limitations on public housing; to the opportunity to reallocate public housing units not under construction within 5 years from the date reserved without regard to the 15-percent State limit. When one realizes how hard it was to get that, one is appalled at how difficult it is to get things done that seem meritorious.

I invite attention also to the needed increase in compensation to small businesses displaced by urban renewal. I also feel that the remarkable efforts of the committee, under the leadership of the Senator from Alabama [Mr. SPARKMAN], in respect to code enforcement are important aspects of the bill, as is the new breakthrough in rent supplements, which I supported. The efforts to bring the focus of rent supplements upon lower income families with the greatest needs was a most constructive one. The efforts to improve the 221(d)(3) below market interest rate program were also most valuable.

I am pleased to see that the Senate was able to retain the increase from \$50 to \$100 million in the authorization for rehabilitation loans, which I proposed for urban renewal areas. The bill makes contributions to the major and vital needs of low- and middle-income housing.

Finally, I cannot tell the Senator how happy I am and how happy it must be for many other Representatives and Senators who come from highly metropolitan areas with respect to the action taken on airport problems. This is the time to really obtain the research and organizational help of Federal housing officials in the noise abatement field and know that something tangible will be done in terms of examining into what can be done to improve housing near airports and to alleviate many of the existing problems concerning valuation.

Citizens living near airports do not seem to be asking for the millennium;

they know that airports cannot be eliminated; they know that airports have to be near fairly sizable space. But, at least, they want the resulting problems examined and efforts made.

On this ground and many others, I express appreciation for the fine leadership of the Senator from Alabama. I appreciate the sympathetic consideration which he gave to these proposals and many others.

I am proud of the leadership of the distinguished Senator from Texas [Mr. Tower]. He may have agreed or disagreed with particular aspects of the bill; but once the Senate spoke, he was a powerful advocate for doing what the Senate wanted done, and he acted in a most dedicated way.

We owe much, with respect to what has been done in the bill, to the fine collaboration which now exists between the chairman of the Subcommittee on Housing and the ranking minority member.

Mr. SPARKMAN. I thank the Senator from New York.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. CLARK. I would be derelict both in my duty and in common good manners if I did not close my part of the colloquy with an expression of my deep appreciation and real admiration for the work the Senator from Alabama has done in the entire field of housing throughout the years in which he has been chairman of the Subcommittee on Housing of the Committee on Banking and Currency.

It was my privilege to serve under him for 8 years in bringing forward various housing bills. His ingenuity, his complete understanding of the complex, difficult problems, his imagination in being willing to move into new areas are really beyond the bounds of praise.

He said a moment ago that he thought the late Senator Taft was really the man who started housing on its way. Of course, the first Housing Act was passed in the 1930's; but I am perfectly confident that when the history of housing is written, the junior Senator from Alabama will get the principal share of the credit for a program which I think has done more for urban America than anything else in my time as a Senator.

Mr. SPARKMAN. I thank the distinguished Senator from Pennsylvania.

Mr. McINTYRE. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. McINTYRE. Mr. President, as a member of both the Subcommittee on Housing of the Committee on Banking and Currency and the Committee on the District of Columbia, I should like to be among the first to congratulate the distinguished Senator from Alabama [Mr. SPARKMAN] for his role in helping our Nation's Capital to become the beautiful city which it should be. I refer to his success in retaining in conference section 307 of the Senate housing bill, now section 317 of the Housing and Urban Development Act of 1965, which will allow the District of Columbia to exercise the same urban renewal powers in commer-

cial areas which are possessed by every city in the United States.

For 15 years the District of Columbia has tried to obtain this authority, but it was not until today that his long-awaited reform came into view.

I first became aware of this problem when, as a freshman Senator, I was named chairman of the Business and Commerce Subcommittee of the Committee on the District of Columbia. In that capacity, I presided over the hearings and managed on the floor S. 628 of the 88th Congress which was essentially similar to the proposal that is before us today. That bill, which passed the Senate, did not become law, but I was so much impressed by the quality and persuasiveness of the testimony before my subcommittee that I offered an amendment to the Housing Act of 1964 to accomplish the same purpose. Although the Senate accepted that amendment, it did not become law either. This year section 317 of the bill came to the Congress as a presidential proposal, and this year we have succeeded—the District of Columbia urban renewal program will now be able to obtain those powers which every other major city in the United States shares and can make available to small business the benefits of this program which are presently denied under the laws of the District of Columbia.

I commend publicly the efforts of a number of people who have contributed to this triumph. An organization of businessmen and citizens concerned with Washington, Downtown Progress, has consistently been of great assistance over the years in making this day possible. My colleagues on the Senate District Committee have given their full and very essential support. The Senate Subcommittee on Housing, under Senator SPARKMAN, and with active assistance from Senator DOUGLAS, and last year from Senator CLARK, carried the ball on the floor and in conference. I also understand that certain Members of the House played significant roles in making this action of the conference committee possible. Above all, President Johnson's decision to incorporate this section in his bill should be recognized by the people of the District of Columbia as evidence of his constructive concern.

All in all, Mr. President, today represents a great victory for the people of the District of Columbia. Perhaps it is indicative of what may lie in store for the mass transit and home rule bills for the District in this session of Congress.

Mr. SPARKMAN. I thank the Senator from New Hampshire.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. PROXMIRE. Mr. President, as a member of the Subcommittee on Housing, I wish to join in the general commendation of the distinguished chairman of the subcommittee [Mr. SPARKMAN]. The Senator from Alabama is not only "Mr. Small Business" in the Senate; he is also "Mr. Housing." He did a magnificent job. As a member of the committee, I can testify that it was the skill of a professional that was at work.

The bill was highly complicated. It contained scores of differences between

the House and the Senate, many of which could have resulted in a deadlock or could have resulted in extended debate, debate lasting many days. I am sure the Senator from Alabama would join me in saying that the successful result is due also to the cooperation of the minority members of the conference, the Senator from Texas [Mr. TOWER] and the Senator from Utah [Mr. BENNETT], who were most intelligent, discriminating, and cooperative at every turn; also to the Members of the House, including Representative PATMAN, who attended throughout the conference; Representative BARRETT, of Philadelphia, an able man; and, Representative WIDNALL, of New Jersey, a Republican Representative and a real expert in the housing area. All were most cooperative and helpful. Nevertheless, because it was a new bill, because it contained a completely new concept, at least so far as action on rent supplements was concerned, and because it was a comprehensive bill, since, over 4 years, it provides a large sum of money, it was a bill that could have foundered along the way.

I wish to join particularly in the sentiment expressed by the chairman of the Committee on Banking and Currency [Mr. ROBERTSON] by saying that the firm, solid position of the Senator from Alabama in insisting on limited authorizations, in insisting on 4 years, and in insisting that the bill be responsible fiscally, without being economical, was a great service not only to the housing industry, not only to the people who so urgently needed housing and who will be helped so greatly by the bill, but to the general taxpayer.

As a member of the subcommittee, I am delighted to join in congratulating the Senator from Alabama for his excellent work.

Mr. SPARKMAN. I thank the Senator from Wisconsin. I express appreciation to every member of the subcommittee for their fine cooperation. It was a delight to work with the subcommittee.

I have completed my discussion of the bill.

I say again that our being able to write the bill and have it passed was due in large part to the very fine cooperation we received from the Senator from Texas [Mr. TOWER] and the Senator from Utah [Mr. BENNETT] throughout the consideration of the measure in the subcommittee, in the full committee, and in the conference committee.

Mr. TOWER. Mr. President, I thank the distinguished Senator for his kind remarks. I thank my friend the Senator from New York, for making his very generous remarks and expressing the hope that one day we will not think in terms of there being a conflict of interest between the urban and rural citizens in the country, but that rather the mutuality of interest which exists between us all will demonstrate that our differences are not so large that they cannot be reconciled. I trust that, in the good American fashion, they will be reconciled in the future.

I thank my friend the Senator from Wisconsin, for his kind remarks.

Mr. President, the conference report of the omnibus housing bill, in my opin-

ion, represents the best consensus possible under the circumstances.

Certainly I remain adamantly opposed to the concept of the Federal rent supplement program, despite the fact the Congress wisely rejected the administration's proposed subsidies for those of moderate income. The reporting safeguards incorporated into the bill, whereby the Administrator of the Housing and Home Finance Agency must advise the Congress of the operation of the rent supplement program, should help insure its limited scope. The Congress will have the opportunity to alter the course of the program should the desired ends not be achieved.

I do not wish my opposition to rent supplement to overshadow my support in general of various meritorious programs under the Housing and Home Finance Agency's jurisdiction. I did, of course, support the continuance of the Federal Housing Administration, the Federal National Mortgage Association, housing for the elderly and handicapped, college housing, the low-income housing demonstration program, and the rural housing program.

I am happy that the House conferees receded on their proposals for open-end authorizations.

As I have stated, this conference report represents what I believe to be a true consensus of the minority and majority. I wish to again thank my colleague, the very able chairman of the Housing Subcommittee, for his consideration to the minority during the several months we have been working on this bill.

John Sparkman is one of the most forthright men I know. We have had our day in court. We have been allowed to express our support and dissent to various provisions of the bill. We have, I believe, influenced—perhaps to a relatively small degree, but to some degree—the legislative course of this particular legislation. That was possible because the chairman has been very fair in recognizing that the minority view should and must be heard if we are to have a true reflection of opinion in a democratic society.

I believe that perhaps the greatest talent of the Senator from Alabama is his ability to synchronize ideas of two divergent points of view which seem to be diametrically opposed, reflect on them for awhile, and come up with a proposal that seems to satisfy everyone and causes everyone to think he was the author of the idea.

I believe that the Senator from Alabama has demonstrated that legislation does embody the art of compromise and draws together divergent viewpoints. The Senator has produced a measure that I believe does represent the consensus and takes various approaches into consideration.

It has been a great pleasure and an education for me to work with the distinguished Senator from Alabama.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a statement by the Senator from Utah [Mr. BENNETT], who served with me as a minority member of the conference committee.

He is necessarily absent from the Senate today.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR BENNETT

I signed the conference report on the Housing and Urban Development Act of 1965, because I feel that it is a good resolution of the differences in the two bills. I believe that I can say on balance that the conference report is better from my point of view than was either of the House or Senate passed bills. Thus, the conference committee within the limits set by the House and Senate performed a valuable service for the Congress and for the Nation.

Although the final proposals included in this act are a great improvement over the original bill introduced, and many desirable provisions are included in the act, there are also many important new programs which are included that I cannot support, because I feel that they are not in line with the principles of individual initiative and private homeownership that have been so important to the development of housing in this country.

My signature on the conference report therefore does not reflect a reversal of my vote against the original Senate bill.

Mr. THURMOND. Mr. President, I am opposed to this legislation and shall vote "No" on the conference report.

Mr. COOPER. Mr. President, I voted against S. 2213 when it was before the Senate.

I shall also vote against the conference report, which has agreed to include the new program of rent supplements, which I opposed. I do so with regret, because the bill extends other valuable programs which I have supported during my service in the Senate.

In past years, as the Senate and Congress have written legislation for housing programs, I have supported authorizations and appropriations for low-rent public housing, loans for construction of college housing, urban renewal, and urban improvement programs, mortgage insurance and property improvement programs under the Federal Housing Administration, special programs available for the elderly and handicapped, and other programs for rural housing.

I am glad that extensions of these programs are included in the bill, and I know that they will continue to be useful in Kentucky and in other States. I also wish to note that provision is made to continue the community facilities program which has been much used by cities and towns of my own State, and that special attention will be given to the growing needs for facilities in urban areas.

I voted against the bill because of the new program authorized by section 101, which provides for payment of rent supplements by the Federal Government. Although the bill as amended by the Senate does place some limits upon the rent supplement program recommended by the President, the approval of this section by the conference report would, by 1968, raise the annual authorization to \$150 million. Additionally, it is argued that rent supplements would simply provide an auxiliary program for public housing, but the estimated initial cost of the rent supplement program alone would come to some \$6 billion and I believe it will cost billions more.

In the committees on which I serve, and in the Senate, I have worked and voted for programs to provide needed facilities for cities and communities of all sizes. I have cosponsored, supported, and voted for many programs designed to give aid to the unemployed, to the elderly, and the disabled, and to provide equality of opportunity; but the rent supplement program goes beyond the objectives of such legislation.

Inasmuch as under existing law programs are now available to provide loans for housing at a low interest rate not to exceed 3½ percent for the elderly and the handicapped, with an authorization of \$500 million—there is an added reason for not approving the rent supplement program.

I believe that whatever the conception is of the new rent supplement program, it will be impossible to hold it to any reasonable limit. I also believe that it could well bring great difficulties in its administration, with possibilities of unfairness, discouragement of incentive for home owning, as well as great political pressures.

Mr. SPARKMAN. Mr. President, I call attention to the fact that the conference report was signed by all conferees of both Houses.

Mr. President, I move the adoption of the conference report.

The report was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announced that the House had passed, without amendment, the bill (S. 1321) to amend section 501(e) of title 16 of the District of Columbia Code relating to bond requirements in connection with attachment before judgment.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills:

H.R. 70. An act to provide for the conveyance of approximately 80 acres of land to the heirs of Adam Jones, Creek Indian not enrolled;

H.R. 237. An act to make certain provisions in connection with the construction of the Garrison diversion unit, Missouri River Basin project by the Secretary of the Interior;

H.R. 903. An act to add certain lands to the Kings Canyon National Park in the State of California, and for other purposes;

H.R. 1987. An act for the relief of Nabhane M. Nickley (Nabhane M. Karam);

H.R. 1989. An act for the relief of Krys-tyna Stella Hancock;

H.R. 2012. An act for the relief of Dr. Ignace D. Liu;

H.R. 2351. An act for the relief of Teresita Centeno Valdez;

H.R. 2360. An act for the relief of Dr. Antonio R. Perez;

H.R. 2499. An act for the relief of Remedios Ocampo;

H.R. 2913. An act for the relief of Lt. Thomas A. Farrell, U.S. Navy, and others;

H.R. 4131. An act for the relief of Mrs. Phoebe Thompson Neesham;

H.R. 5508. An act to facilitate the work of the Department of Agriculture, and for other purposes;

H.R. 5860. An act to amend the law relating to the final disposition of the property of the Choctaw Tribe;

H.R. 8620. An act to amend the Agricultural Act of 1949 and the Agricultural Adjustment Act of 1938, to take into consideration floods and other natural disasters in reference to the feed grains, cotton, and wheat programs for 1965;

H.R. 8862. An act to amend the Act of August 7, 1935, to increase the authorized annual share of the United States as an adhering member of the International Council of Scientific Unions and Associated Unions; and

H.R. 9041. An act to restore to the heirs of the Indian grantor certain tribal land of the Iowa Tribe of Oklahoma.

The PRESIDING OFFICER. The Chair recognizes the Senator from South Carolina.

Mr. THURMOND. Mr. President, I yield to the distinguished senior Senator from New York.

POSTAL SERVICE IN PHILADELPHIA, MISS.—A CASE HISTORY OF CIVIL RIGHTS AND THE FEDERAL GOVERNMENT

Mr. JAVITS. Mr. President, I have recently intervened in a case which dramatically demonstrates how important is, and must be, the continuing role of the Federal Government in assuring equal rights for all our citizens regardless of race, creed, or color. The case involved the provision of mail service to the section of a town heavily populated by Negroes—an issue which would hardly seem to be a civil rights problem at first glance. But in Philadelphia, Miss.—the site of the murder of three young civil rights workers last summer—it was very definitely a civil rights problem and one to remedy which required firm Federal action.

To obtain that Federal action required a series of letters from civil rights groups and from me, first to the Post Office Department and, finally, to the President. In any event, the necessary action is now being taken, and the regular U.S. mail delivery will be extended on July 31 to the Negroes of Philadelphia, Miss., just as it has been all along to all the other citizens of that town.

I ask unanimous consent that the correspondence on this subject be printed at this point in the RECORD.

There being no objection, the correspondence was ordered to be printed in the RECORD, as follows:

NOVEMBER 25, 1964.

HON. JACOB K. JAVITS,
U.S. Senate, Washington, D.C.

DEAR SENATOR: Our letter of November 17 promised you a further reply concerning extension of city mail delivery at Philadelphia, Miss.

In determining areas where city delivery service may be operated effectively, it has been necessary to fix some minimum standards with relation to civic improvements. These include paved or improved streets to permit travel of vehicles at all times without damage or delay, street signs at intersections, and proper house numbers.

To qualify for delivery to the door, 50 percent of the building sites in the areas proposed for service must be occupied by dwellings or business places and passable walkways provided from the street or sidewalk to the delivery point. Sidewalks are also

required where traffic hazards or weather conditions preclude use of the streets by carriers. Patrons are required to furnish suitable receptacles for delivery of their mail in all instances.

At present, those minimum requirements are not met in several sections of Philadelphia. However, considerable progress has been made in recent months. Some of the streets which were in poor condition have been graded and graveled and bridges have been repaired. There are indications that house numbers and street signs will be provided within a reasonable time.

We appreciate your interest, and assure you delivery will be extended to those areas as soon as the minimum requirements are met. Your correspondence is returned.

Sincerely yours,

A. C. HAHN,
Deputy Assistant Postmaster General.

DECEMBER 2, 1964.

Hon. A. C. HAHN,
Deputy Assistant Postmaster General,
Bureau of Operations, Post Office Department, Washington, D.C.

DEAR MR. HAHN: Thank you for your letter of November 25 concerning extension of city mail delivery at Philadelphia, Miss.

I appreciate the merit, in the ordinary case, of the Department's minimum requirements in regard to civic improvements for mail delivery. However, I am sure the Department must also recognize that such requirements should not be inflexibly applied to a case such as this, in which the Negro community very likely can be shown to have been discriminatorily denied those civic improvements by the city and State authorities.

Your letter states that the minimum requirements will be met within a "reasonable time." I would very much appreciate your estimate of what length of time this may involve, as well as the Department's position on waiving or amending the minimum standards in this case.

With best wishes,
Sincerely,

JACOB K. JAVITS,
U.S. Senator.

DECEMBER 9, 1964.

Hon. JACOB K. JAVITS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR: This refers to your letter of December 2 expressing further your interest in the extension of city mail delivery at Philadelphia, Miss.

The present requirements for mail delivery by city carrier are considered to be minimal. Passable streets, the display of house numbers, and provision of street signs constitute a basis for a dependable service. Waiving these fundamental requisites could result in confusion and delay in delivery of mail.

Our letter of November 25 advised there were indications that house numbers and street signs would be provided within a reasonable time. We have no definite information as to when these improvements may be completed. The Department has no jurisdiction over maintenance of streets, assignment of house numbers, or erection of street signs. These have always been the responsibility of local governmental authority.

Your continued interest is appreciated, and we will advise you promptly of any further developments in this matter.

Sincerely yours,

A. C. HAHN,
Deputy Assistant Postmaster General.

JANUARY 5, 1965.

Hon. LYNDON B. JOHNSON,
President of the United States,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: It has been brought to my attention that there is no home de-

livery of mail to the Negro section of Philadelphia, Miss., because the civic improvements in that section do not meet the minimum requirements as to paved streets, street signs, and proper house numbers, which are imposed by Post Office Department regulations.

I have looked into the matter with the Department, emphasizing that, while their minimum requirements are reasonable in the ordinary case, they should not be inflexibly applied to a case such as this, in which the Negro community very likely can be shown to have been discriminatorily denied those civic improvements by the city and State authorities. I have requested that the Department waive or amend the minimum standards in this case.

The Department's response is that there are indications that the minimum standards will be met "within a reasonable time," but that they have "no definite information as to when these improvements may be completed." Yet the Department refuses to waive the requirements.

I believe the Department's position in this instance, while perhaps it can be justified under existing regulations, is inconsistent with the policy of your administration and the policy which the Congress has enunciated in regard to the nondiscriminatory use of Federal funds, and I respectfully request your review of the matter.

With warm regard.

Sincerely yours,

JACOB K. JAVITS,
U.S. Senator.

JUNE 18, 1965.

Hon. JACOB K. JAVITS,
U.S. Senate, Washington, D.C.

DEAR SENATOR: This has reference to our letter of December 9 concerning your interest in extension of mail delivery at Philadelphia, Miss.

Further attention has disclosed the city government has requisitioned street signs and expects to complete installation by July 15. We also have been informed the city plans to supply house numbers without cost to the residents.

Since the streets have been placed in suitable condition, delivery service will be extended to these areas as soon as the improvements mentioned above are completed.

Sincerely yours,

A. C. HAHN,
Deputy Assistant Postmaster General.

JULY 21, 1965.

Hon. JACOB K. JAVITS,
U.S. Senate, Washington, D.C.

DEAR SENATOR: This has reference to our letter of June 18 concerning your interest in extension of mail delivery at Philadelphia, Miss.

We have been informed by our regional office in Memphis, Tenn., which has jurisdiction over post offices in the State of Mississippi, that the city officials at Philadelphia plan to have street signs installed and provide house numbers by Saturday, July 31, at which time the region will institute appropriate delivery service.

Your interest in this matter is greatly appreciated.

Sincerely yours,

A. C. HAHN,
Deputy Assistant Postmaster General.

COMMENDATION OF ACTIONS OF YOUNG AMERICANS FOR FREEDOM

Mr. THURMOND. Mr. President, earlier today the Senator from Arkansas [Mr. FULBRIGHT] delivered a most disturbing speech on this floor. I say "disturbing" because of the central theme of his remarks and because of the language he used while describing an outstanding

and patriotic organization which is dedicated to the best interests of this Nation and the free world. The Senator from Arkansas described Young Americans for Freedom, this country's largest and most responsible conservative youth group, as "extremist," and a "vigilante group."

Mr. President, if anyone who is connected with Young Americans for Freedom is an extremist, then there are 39 Members of this Congress who should be so classified because we serve as members of the National Advisory Board of Young American for Freedom.

I ask unanimous consent, Mr. President, to have this list inserted in the RECORD at the conclusion of these remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. THURMOND. Mr. President, I also ask unanimous consent to have the statement of principles of this fine organization, called the Sharon statement, inserted in the RECORD at the conclusion of these remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. THURMOND. Mr. President, I ask every Member of this body to read this statement, and then ask himself if this is extremism. I can answer here and now, Mr. President, that the Sharon statement and indeed all the public utterances of Young Americans for Freedom are based upon the enduring documents of this Nation: the Constitution and the Declaration of Independence.

Furthermore, Young Americans for Freedom is no secret vigilante group skulking about in the night. They have been in business since September of 1960 and have been the object of editorial comment and commendation in countless publications across America, including Life magazine, which has described Young Americans for Freedom as responsible. None of these publications has seen fit to describe or characterize Young Americans for Freedom as extremist. They could not because Young Americans for Freedom is not.

In addition, Young Americans for Freedom has received the George Washington Honor Medal from the Freedoms Foundation of Valley Forge, "For outstanding achievement in helping to bring about a better understanding of the American way of life." Young Americans for Freedom has also received a national award from the All-American Conference to Combat Communism, which is composed of such groups as the American Legion, the Catholic War Veterans, the Jewish War Veterans, the Elks, and Lions International.

Typical of the many words of encouragement Young Americans for Freedom has received were those of former President Dwight D. Eisenhower in 1963, on the occasion of a Young Americans for Freedom testimonial dinner for Congressman WILLIAM CRAMER of Florida. Said President Eisenhower:

I join wholeheartedly in the salute that Young Americans for Freedom are rendering.

Or consider the words of former Vice President of the United States, Richard

DIGEST of Congressional Proceedings

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HIGHLIGHTS: House agreed to conference report on housing bill. Rep. Monagan criticized rise in potato prices. Senate subcommittee voted to report Labor-HEW appropriation bill. Rep. St. Onge inserted statements favoring bill to establish marketing order for table eggs. Sen. Metcalf commended results of wheat certificate plan.

HOUSE

1. **HOUSING LOANS.** Agreed to the conference report on H. R. 7984, the housing and urban development bill (pp. 17743-51). Title X of this bill would provide a new \$300,000,000-per year program of insured housing loans under the Farmers Home Administration in rural areas. This bill will now be sent to the President.

2. HEALTH. Agreed to the conference report on H. R. 6675, to provide a hospital insurance program for the aged under the Social Security Act with a supplementary health benefits program and an expanded program of medical assistance, to increase benefits under the Old-Age, Survivors, and Disability Insurance System, etc. pp. 17729-43

Agreed to the conference report on S. 510, to extend and amend certain expiring provisions of the Public Health Service Act relating to community health services, which includes provisions extending until June 30, 1968, the program of health services to domestic agricultural migratory workers, and and providing specific authorization for necessary short-term hospital care for such workers and their families (pp. 17752-3). This bill will now be sent to the President.

3. FARM PROGRAM. The committee report on H. R. 9811, the farm bill (see Digest 131), includes a summary of major provisions of the bill as follows:

"Dairy (title I).--The class I dairymen's base plan authorized in the first title seeks to reduce surplus milk production and stabilize the income of dairy farmers in Federal milk order areas by removing the necessity for dairymen to maintain maximum production in order to preserve individual participation in the markets for milk for fluid consumption. The dairy title... would assign to each producer in/a milk order area a fluid milk base, which would enable him to receive the higher price for milk consumed in fluid form on a specified quantity of his production, in lieu of a blended price on total production used for fluid consumption and for manufacturing into butter, cheese, powdered milk, and other milk products. This title was not a part of the original omnibus bill proposed by the administration.

"Wool (title II).--The administration's proposal for changes in the wool program, to permit a system of graduated payments to producers based upon various levels of production, was not approved by the committee, which decided to continue the National Wool Act of 1954 through December 31, 1969. A floor of 77 percent of parity is set on wool price supports.

"Feed grains (title III) --This title continues for 4 years the provisions of the present feed grains program for price-support loans, purchases, and in-kind payments to program participants. In keeping with the price-support range at 65 to 90 percent of parity for corn (with comparable levels for grain sorghum, barley, oats, and rye), it provides the basis for support prices around levels of recent years. Participants by diverting acreage from feed grain production to conservation uses would receive, as in the past, payments in kind to help maintain income. Payments would be based on a percentage of price-support rates, on per-acre yields, and on acreage diverted, as previously. The Secretary of Agriculture could permit the diverted acreage to be devoted to guar, sesame, safflower, sunflower, castor beans, mustard seeds and flax, but not to soybeans. However, under certain conditions soybeans could be grown on permitted acres without loss of price support payments. Price support payments in kind could be varied and made only on part of the acreage planted for harvest.

"Cotton (title IV).--The one-price cotton program, wherein American mills buy U. S. cotton at the same price it is offered to foreign mills, is extended for 4 years, through 1969, with modifications. The new bill (1) continues the 16-million-acre national minimum allotment, but establishes a domestic allotment within the farm allotment which will be not less than 65 percent of each farm allotment, (2) requires at least a 15-percent reduction from farm acreage allotment for participation in the program, (3) permits any producer to stay out of the program and plant and sell without penalty at the market price

Negotiations will be slow and difficult. But the growing strength of our dollar means at last that there is reason to hope for a successful outcome.

THE MESS IN VIETNAM—XVIII

Mr. GRUENING. Mr. President, Walter Lippmann, the internationally known columnist, in his syndicated column printed in this morning's Washington Post entitled "Asian War," is saying precisely what I have been saying for nearly a year and a half, starting with my full-length address to the Senate on March 10, 1964.

I can only wish that President Johnson would follow the course that is clearly implicit in this appraisal of our unfortunate, unnecessary, and unjustified military commitment in southeast Asia, with its steadily mounting toll of American lives and its foreseeable disastrous consequences.

I ask unanimous consent that Walter Lippmann's column appearing in today's Washington Post entitled "Asian War" be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, July 27, 1965]

TODAY AND TOMORROW: ASIAN WAR

(By Walter Lippmann)

We are about to pit Americans against Asians on the continent of Asia. Except for the diminishing and disintegrating South Vietnamese Army, we have only token or verbal support from any Asian country. No great Asian power, Japan, India, or Pakistan, is allied with us. None of our European allies is contributing anything beyond scattered verbal support. We have no mandate from the United Nations as we had in Korea, none from NATO, none from the nations of this hemisphere.

The situation in which we find ourselves is unprecedented, and the best the administration has been able to achieve by way of approval and support from our own people is a reluctant and depressed acquiescence. For there has been no proof, not even a real attempt to prove, that the security of the United States is vitally threatened in this war as it was, for example, when Hitler was in sight of the conquest of Britain and the capture of the British fleet, or when Japan with a great navy threatened to command the whole Pacific Ocean including Hawaii and the coast of California.

Nations fight well when they are defending themselves, when, that is to say, they have a vital interest. It is the lack of an American vital interest which explains the current mood of depression and anxiety, which explains why our intervention in southeast Asia has for 10 years been so gingerly, so furtive, so inadequate.

There are in truth two main reasons why we are becoming ever more deeply involved in Vietnam. The first, must be the more powerful of the two, is a proud refusal to admit a mistake, to admit the failure of an attempt, begun 10 years ago, to make South Vietnam a pro-American and anti-Chinese state. More than anything else we are fighting to avoid admitting a failure—to put it bluntly, we are fighting to save face.

There is a second reason which weighs heavily with many conscientious people. It is a respectable reason. As stated by the New York Herald Tribune on Sunday:

"We're in Vietnam at the express invitation of the Vietnamese Government; we're fighting there for the Vietnamese people. But we're fighting also for the millions of people in the other threatened lands beyond,

people who haven't the power to defend themselves from the Chinese colossus, and whose lives, safety, and freedom depend on the strong arm of the policeman—which only we can provide."

My own view is that the conception of ourselves as the solitary policeman of mankind is a dangerous form of self-delusion. The United States is quite unable to police the world, and it is dangerous to profess and pretend that we can be the policeman of the world. How many more Dominican Republics can the United States police in this hemisphere? How many Vietnams can the United States defend in Asia?

The believers in America as the world policeman get around these practical difficulties by making an assumption—that what happens in Vietnam will determine what happens elsewhere in Asia, that what happens in the Dominican Republic will determine what happens all over Latin America. This notion of the decisive test is a fallacy. The Korean war, in which we successfully defended South Korea, did not determine the outcome in Indochina. What we have done in the Dominican Republic will not protect any other Latin American country from the threat of revolution.

Revolutionary wars are indeed dangerous to order and it is baffling to know how to deal with them. But we may be sure that the phenomenon of revolutionary wars, which is latent in all of the underdeveloped regions of the world, cannot be dealt with by American military intervention whenever disorder threatens to overwhelm the constituted authority. On the contrary, it is more likely that in making Vietnam the test of our ability to protect Asia, we shall in fact provide revolutionary China with just the enemy it needs in order to focus popular hatred against us—a white, rich, capitalistic great power. We are allowing ourselves to be cast in the role of the enemy of the miserable and unhappy masses of the emerging nations.

DEATH OF ADLAI STEVENSON

Mr. WILLIAMS of New Jersey. Mr. President, at a time when our country was caught in a tide of complacency, Adlai Stevenson summoned the Democratic Party in 1962:

Let's talk sense to the American people * * * there are no gains without pains. * * * This is the eve of great decisions, not easy decisions * * * but a long, patient, costly struggle which alone can assure triumph over the great enemies of mankind.

Despite the odds, Adlai Ewing Stevenson never stopped talking sense. To a nation parading its nuclear might, he warned the dangers of atmospheric testing. To a people already wearied by the complexities of the cold war, he cautioned against the easy panacea.

Yet, two election defeats never daunted his courage, never dampened his devotion to his country. As our Ambassador to the United Nations which he helped construct 20 years earlier, he took upon his shoulders the criticisms directed at all Americans, and by so doing, blunted, and softened the accusations of our critics.

Adlai Stevenson represented the finest in our American heritage. In the forum of world politics, he was at once our spokesman and our ideal. We, and history, will mourn his loss.

AMBASSADOR ARTHUR GOLDBERG

Mr. YARBOROUGH. Mr. President, yesterday Arthur Goldberg was sworn in

as our Ambassador to the United Nations. Very few times in the history of this great land of ours has a man left the security, quiet, and prestige of the Supreme Court for a position as demanding and soul-trying. I join my many fellow Americans in praising the former Mr. Justice and now Ambassador, Arthur Goldberg for taking this courageous step.

All Americans can again feel at ease that our country is being represented before the nations of the world by a man who typifies the best attributes of our people. We all felt this was true while Adlai Stevenson was our representative at the U.N., and I know that I, as I am sure was true with the rest of my fellow Americans, felt greatly reassured when it was announced that then Mr. Justice Goldberg had agreed to assume this awesome burden.

Ambassador Goldberg has a brilliance of mind which made him a great private lawyer, a widely respected Secretary of Labor, and a greatly admired member of the Court. Long before he reached such high position, this brilliance was recognized. My old friend and teacher, the eminent professor of law, Leon Green, of the University of Texas, has often stated with pride that while he was dean of the Northwestern University Law School, his star pupil was Arthur Goldberg. My own acquaintance with the Ambassador runs back more than 10 years.

Ambassador Goldberg throughout his illustrious career has always been one of those who advance the frontiers of thought. As a jurist this has been typified by his concern for the innocent victims of crime. This is a field in which I have long been interested, and was greatly encouraged by Ambassador Goldberg's continued advocacy of a plan to provide compensation for the victims of crime. A man of his caliber, one who becomes increasingly concerned with the victims of crime while it is fashionable jurisprudence to concentrate solely on constitutional rights of the accused, is a man who is excellently qualified to represent our Government and our people before the nations of the world.

H.R. 7984, HOUSING ACT OF 1965

Mr. WILLIAMS of New Jersey. Mr. President, the Congress in passing H.R. 7984, the Housing Act of 1965, has taken another step in solving this Nation's farm labor problems. Section 905 of this bill increases from \$10 to \$50 million the total appropriation authorized through 1969 for Federal assistance grants for the construction of low-rent housing for American farm labor.

As chairman of the Migratory Labor Subcommittee, I have carefully studied the problems of our Nation's agricultural workers and have found that one of the main reasons Americans are reluctant to work in our Nation's fields is the lack of adequate family housing.

The expiration of Public Law 78 has brought about a massive interstate recruitment program of American farmworkers. Adequate housing facilities for these American farmworkers who travel with their families is at the present time nonexistent. I realize that in

the past family type farm housing was not in great demand especially in those areas of our Nation which were heavy users of foreign farmworkers. Foreign farmworkers were either single males or traveled without their families. They were often housed in barrack type structures dormitory style. These structures were equipped with three decker bunks as sleeping accommodations and lacked family type sanitation and cooking facilities. For example, California, the Nation's largest user of foreign farm labor, in 1964 had 158,222 farm housing units for single males as opposed to 9,875 family housing units. Obviously, this type of accommodation is not suitable for a worker who is accompanied by his family.

The farmer who employs American farm labor has a unique labor problem in that he generally must provide housing for his employees. This housing is an extra item of labor costs; it has no economic value to the farmer beyond enabling him to attract employees and is only occupied for short periods of the year.

I realize that many farmers do not have adequate financial means to build family housing. The \$50 million authorized by H.R. 7984 for Federal grants in this area is an insignificant amount indeed when compared with the need for such housing.

A recent study by the State of California showed that there were 250,000 farmworkers in that State who earned less than \$2,700 a year. A great majority of these workers lived in dilapidated and deteriorated housing. In the heart of the California farm community an eight-county survey reported that 80 percent of the farmworker housing violated minimum standards of health, safety and sanitation. Sixty-five percent of such housing was deteriorated or dilapidated; 33 percent had inadequate sanitation facilities; 30 percent had no bathing facilities and 25 percent were without running water.

The lack of family housing is most acute in communities which have high seasonal, short-term labor demands. In California's Monterey, Santa Cruz, and Santa Clara Counties in the heart of that State's strawberry-producing area, there are only 183 family housing units.

The State of California estimates that in order to provide adequate housing for these farmworkers the cost would be \$4,000 per housing unit. These costs cannot be paid for by the farmworker since his low family income limits his opportunity of obtaining normal financing. The States with their already strained budgets cannot be expected to pay the entire amount.

Federal assistance such as is provided in H.R. 7984 is needed in order to better the lot of our Nation's agricultural workers. I realize, however, that low-rent housing cannot compensate for the effect of public policy which up until now has excluded American agricultural workers from such basic social legislation as minimum wage, collective bargaining and unemployment insurance. Federal grants for the construction of farm housing must only be a part of a

broader overall social economic program to better the lot of our agricultural workers.

OUR PACIFIC TRUST TERRITORY— TIME FOR REAPPRAISAL

Mr. FONG. Mr. President, a timely and perceptive editorial on the political alternatives facing Pacific island peoples has been published in the Honolulu Star-Bulletin. I offer the editorial as another useful item to add to the information available for discussion among the growing number of those concerned with the present and future status of non-self-governing peoples of the Western Pacific.

As the Nation charged with administering the Trust Territory of the Pacific Islands under a trusteeship agreement with the United Nations Security Council, the United States has an obligation to promote greater self-government among the 87,000 Micronesians who live in the former Japanese mandated islands. We are doing this with some success despite many difficulties.

Nearly 20 years have passed since we began administering the Pacific Trust Territory. It is time to take stock of our national policies and to seek a consensus on the eventual destiny for the peoples of the trust territory.

As the Star-Bulletin editorial cogently noted:

Of one thing we may be sure. Colonialism under the cloak of United Nations Trusteeship is not the final answer.

I ask unanimous consent to have printed in the RECORD the Honolulu Star-Bulletin editorial of July 22, 1965, titled "Too Poor for Independence."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Honolulu Star-Bulletin,
July 22, 1965]

TOO POOR FOR INDEPENDENCE

Pacific island leaders, meeting in New Guinea, almost without exception indicated that they do not want to be cut adrift from their more powerful protectors: the United States, France, Britain, New Zealand, Australia.

The one exception is Nauru, rich with phosphate, which is one of the few Pacific islands with resources enough to be economically independent. But even Nauru realizes that it would still have to depend upon Australia, which administers it under United Nations trust, for defense and some services.

None of the scattered island groups under U.S. trusteeship is economically viable in today's world at anything beyond the barest subsistence level. It is unlikely that the people of those islands, having known a higher standard of living than bare subsistence, will want to revert to the primitive economies they never knew.

A colonial status under the United States, or any other power, is an anachronism not sanctioned by today's enlightened political thought—or by the U.N. Charter. And yet these small island groups are too poor to be independent. Their leaders for the most part are well aware of this. While appreciative of the internal self-government that is coming their way, they fear the consequences of being cast adrift on their own.

It is against this background that the proposal to incorporate the Pacific islands in the State of Hawaii emerges as one practical, if complex, way out. Senator Fong has

placed the idea before Congress and a study of the possibilities, if nothing else, may be forthcoming.

Of one thing we may be sure, colonialism under the cloak of United Nations trusteeship is not the final answer.

PUERTO RICO CELEBRATES 13TH ANNIVERSARY OF THE FOUNDING OF ITS COMMONWEALTH

Mr. GRUENING. Mr. President, on Sunday, July 25, Puerto Ricans celebrated the 13th anniversary of the establishment of the island's Commonwealth. It was a day of rejoicing, made notable by addresses of the Governor, the Honorable Roberto Sanchez Vilella, of Secretary of the Interior Stewart L. Udall, and others.

Because the establishment of the Commonwealth—an inaccurate translation really of the political status of Puerto Rico, a literal translation of its Spanish nomenclature being "associated free state"—has been so successful and has set such a fine example of what can be accomplished in eliminating colonialism in consonance with the wishes and needs of the people affected, I think it desirable that the two principal addresses—those of Governor Vilella and Secretary of the Interior Udall—be inserted in the RECORD, and I ask unanimous consent that they be printed in the RECORD.

There being no objection, the addresses were ordered to be printed in the RECORD, as follows:

SPEECH DELIVERED BY GOV. ROBERTO SANCHEZ VILELLA ON THE 13TH ANNIVERSARY OF THE COMMONWEALTH OF PUERTO RICO, JULY 25, 1965

Honorable representative of the President of the United States, distinguished guests of honor, honorable visitors, members of the three branches of government, friends, and fellow citizens, today we commemorate once again the greatest act of political creativity which our people have accomplished. Exactly 3 years ago, on a similar occasion, two historic letters were made public. Former Gov. Muñoz Marín wrote to the late President John F. Kennedy that our people should again be consulted on their political relations with the United States of America. The late President was in total agreement with this aspiration. On that same occasion, we were honored to have among us the man who is now President of the Nation. Lyndon B. Johnson said then that the exchange of letters constitutes: "a historic reaffirmation of our belief in the self-determination of peoples, when exercised with the acceptance of the responsibilities of freedom."

As a result of that exchange and that belief, a commission was created—composed of American citizens from Puerto Rico and from the continent, and with representation from all sectors of opinion—to study all the aspects of our relations with the United States of America. The commission is making this study because we are proud of our present relationship with the United States, and because we want to improve it. It is also making this study because we want finally to liberate the energies of our people from the narrow dilemma of political status. We will succeed.

I am confident that the work of the commission and the subsequent acts of our people and of Congress will result in the reaffirmation of our will, expressed time and again in the ballots: the will to associate with the United States on the basis of a compact of political equality. But regardless of the deliberations and studies made by the

Tupper	Watkins	Wolff
Tuten	Watts	Wright
Udall	Weitner	Wyatt
Ullman	Whalley	Wylder
Van Deerlin	White, Idaho	Yates
Vanik	White, Tex.	Young
Vigorito	Widnall	Zablocki
Vivian	Wilson,	
Walker, N. Mex.	Charles H.	

NAYS—116

Abbitt	Dole	May
Abernethy	Dorn	Michel
Adair	Dowdy	Mize
Anderson, Ill.	Downing	Morton
Andrews,	Duncan, Tenn.	Murray
George W.	Edwards, Ala.	Nelsen
Andrews,	Erlenborn	O'Neal, Ga.
Glenn	Findley	Passman
Andrews,	Fisher	Pickle
N. Dak.	Flynt	Poage
Arends	Ford, Gerald R.	Poff
Ashbrook	Fountain	Pool
Baring	Frelinghuysen	Quie
Battin	Fuqua	Quillen
Belcher	Gathings	Reid, Ill.
Bennett	Gross	Rhodes, Ariz.
Berry	Hagan, Ga.	Rivers, S.C.
Betts	Haley	Rogers, Tex.
Bolton	Hall	Roudebush
Bray	Halleck	Rumfeld
Brook	Hansen, Idaho	Satterfield
Brown, Ohio	Harsha	Scott
Buchanan	Harvey, Ind.	Selden
Burleson	Hébert	Shriver
Burton, Utah	Jarman	Skubitz
Cabell	Jonas	Smith, Calif.
Calaway	Jones, Mo.	Smith, Va.
Casey	Kornegay	Springer
Clancy	Laird	Stephens
Clausen,	Langen	Teague, Tex.
Don H.	Latta	Thomson, Wis.
Clawson, Del.	Lennon	Tuck
Collier	Lipscomb	Utt
Cooley	Long, La.	Waggoner
Curtis	McMillan	Walker, Miss.
Davis, Ga.	MacGregor	Whitener
Davis, Wis.	Mahon	Whitten
Derwinski	Marsh	Williams
Devine	Martin, Ala.	Wilson, Bob
Dickinson	Martin, Nebr.	Younger

NOT VOTING—11

Blatnik	Colmer	Watson
Bonner	Keogh	Willis
Bow	McVicker	
Cahill	Toll	

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Keogh for, with Mr. Colmer against.
Mr. Blatnik for, with Mr. Watson against.

Until further notice:

Mr. Toll with Mr. McVicker.
Mr. Willis with Mr. Bonner.

Mr. HALEY changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

COMMITTEE ON EDUCATION AND LABOR

Mr. AYRES. Mr. Speaker, I ask unanimous consent that the Committee on Education and Labor may be permitted to sit during general debate this afternoon.

The SPEAKER pro tempore (Mr. ALBERT). Is there objection to the request of the gentleman from Ohio?

There was no objection.

HOUSING AND URBAN DEVELOPMENT ACT OF 1965—CONFERENCE REPORT

Mr. PATMAN. Mr. Speaker, I call of the conference report on the bill (H.R.

7984) to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of July 23, 1965.)

Mr. PATMAN (interrupting the reading of the statement). Mr. Speaker, I ask unanimous consent that since this statement is published in the RECORD and available to every Member, further reading of it be dispensed with.

The SPEAKER pro tempore (Mr. ALBERT). Is there objection to the request of the gentleman from Texas?

There was no objection.

GENERAL LEAVE TO EXTEND

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that all Members may extend their remarks and insert any germane extraneous matter on this conference report we are considering today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, it gives me great pride to call up the conference report on the housing bill, H.R. 7984. This conference report is the culmination of long months of hard work and close study on both sides of the Capitol. Our Housing Subcommittee held 2 weeks of public hearings shortly after the bill was submitted by the President and heard testimony representing every point of view. After the subcommittee reported to the full committee, we called 2 days of closed sessions at which administration witnesses and public interest representatives gave us the benefit of their comments, and every member of the full Committee on Banking and Currency had an opportunity to participate in the discussions, become fully informed on the bill, and contribute to the shaping of its final form. When the committee bill came to the floor, it was approved by a vote of 245 to 169, a substantial margin for a bill as broad as this. Subsequently, the Senate approved their amendment to the housing bill by a vote of 54 to 30 and we took the two versions to conference.

As always, there were strong feelings expressed on particular points by the conferees from both sides, and there were difficult issues to solve. The conference committee met in 3 days of long, hard sessions to work out these differences the last session lasted 7 hours. However, I believe that it is fair to say that we had relatively few fundamental issues to resolve; and, as a result, this conference report is very similar to the bill which passed the House on June 30 by a margin

of 76 votes. I further believe that the work of the conferees has perfected the legislation so that the margin of approval should be even larger on the conference report. Yesterday, the Senate approved the conference report by a voice vote. Therefore, the only question before the House today is to vote the conference report up or down, and I am confident that it will be accepted.

It is essential that we approve this conference report because a number of our basic programs in the field of housing, home ownership, and community development have exhausted the authorizations provided in existing law or are rapidly approaching expiration dates. In particular, there is an urgent need to approve this conference report to extend the FHA program of mortgage insurance which is vital to a healthy homebuilding industry and which has done so much to encourage home ownership. If we fail to approve this legislation, the FHA program will expire on September 30. I do not need to describe the disruption of the homebuilding industry and the problems of mortgage lenders if this were to happen.

Mr. Speaker, the House bill and the Senate amendment had some 80 points of difference which were in conference. I would like to explain to the House the action of the conference on the major differences.

The President's rent supplement program which was the main point of controversy in both Houses was basically not in conference because both the House bill and the Senate amendment were identical on most points. The House conferees insisted that the Senate accept our amendment emphasizing the potential for eventual homeownership under this program for those whose incomes rise enough to permit them to afford the housing without Government aid. For our part we accepted, after careful consideration, this provision which is strongly supported by the National Association of Home Builders and groups interested in housing for the elderly. This provision would authorize the experimental use of one-tenth of the rent supplement funds in connection with new and existing housing for the elderly and new housing financed with below-market interest rate loans under FHA section 221(d)(3). The Committee on Banking and Currency will be watching the whole rent supplement program carefully with particular attention to this experimental aspect to evaluate its progress in meeting the pressing housing problems of our low-income families.

Mr. Speaker, there were two other important sections in title I which were in conference. On the first one, authorization for FNMA to pool below-market interest rate mortgages in order to obtain private financing for a substantial part of this program, the Senate receded and accepted our provision. The second item, low-rent housing in private accommodations, is also contained in the conference report. This provision will make it possible for local public housing authorities to take advantage of existing vacancies in the private housing supply by enabling them to lease such units on a short-term

basis when they are offered for this purpose by the owner. The Senate accepted this provision with an amendment requiring local government approval of the housing authorities' action.

The House and Senate versions of the new program of FHA land insurance for subdivisions were very close together but there was one disagreement in which many Members of the House had expressed an interest. That was the section dealing with the role of private water and sewer companies. I believe some of the concern expressed by private water companies over the House provision magnified the question out of proportion in view of the action by both the bodies of the Congress eliminating the Administration's request for land insurance for whole new communities; but, in any case, the House conferees accepted the Senate language on this point which was preferred by private water companies.

I am very pleased to report to the House that the conference substitute provides no-downpayment loans for our veterans, reduces downpayments for those still in the service, and reduces the downpayments under FHA's section 203 homeownership program generally. Under the provisions adopted in conference veterans can obtain FHA financing with no downpayment on loans up to \$15,000, while for the more expensive homes they would be required to pay only 10 percent of value between \$15,000 and \$20,000 and 15 percent of any amount above \$20,000. The requirements for servicemen would be the same, except that they would be required to pay 3 percent down on the first \$15,000. For FHA borrowers generally the requirement of 3 percent down on the first \$15,000 and 10 percent down on the next \$5,000 remains the same as they are in existing law, but the amount required on value above \$20,000 is cut from 25 percent to 20 percent. This liberalization of FHA terms should help to encourage home ownership and enable families to acquire homes better suited to their needs and, very importantly, it should stimulate homebuilding which is the one major sector of our economy that fails to show a gain over year-ago levels.

Mr. Speaker, many Members of the House have expressed interest in a provision contained in the Senate amendment but not included in the House bill requiring the FHA Commissioner to accept any technically suitable material for use in FHA financed housing. While the Senate conferees fought hard for their provision, our side felt deep concern at the language in the Senate amendment which would have tied the FHA Commissioner's hands and allowed him little, if any, discretionary judgment. In place of that language the conference adopted a modified version which was drafted with the help of the Housing Agency. This compromise restores a large measure of discretionary control to the Commissioner but, at the same time, strongly encourages him to accept any technically suitable materials and products which can be shown to be generally acceptable to conventional mortgage lenders.

The Senate amendment had a provision in the urban renewal title which

would have increased from 30 percent to 40 percent the share of the new grant authorization which could be used for nonresidential projects. Strong feelings were expressed on both sides on this difference and the conferees reached a compromise at a 35 percent figure.

The Senate amendment also contained two related urban renewal provisions which appear to have general support. These called for assistance under the program for the demolition of unsound structures and for an expanded program of code enforcement. Our committee is generally sympathetic with the objectives of these provisions and the House conferees accepted them.

The House bill would have sharply restricted the amount of credit which a city could receive under the urban renewal program for parking facilities. On this point the Senate was adamant and I know that many Members of the House shared their concern over the possible effect of this on the urban renewal program. In view of this the House conferees receded and the provision is not in the conference report.

Mr. Speaker, one of the sharpest points of controversy in the entire conference was the debate over provisions relating to specific local grants-in-aid under the urban renewal program. This section alone added a full day to the conference and came very close to resulting in a complete deadlock. The most serious problem involved those amendments which had been adopted on the floor by each body and which required lengthy explanation and reports from the Housing Agency before the conferees were in a position to judge them. I would like to call the attention of all of the Members of the House to the comments in the statement of managers, on page 69 of the conference report, expressing the unanimous concern of the conferees over this procedure. While ultimately we accepted these provisions, such a procedure does not allow adequate attention by the committees and sufficient knowledge for evaluation. All members should be put on notice that if they wish to obtain such provisions in the future, they should be brought to the attention of the committee at the time hearings are held to allow full study or should be made on the subject of private bills. We cannot allow a conference on an entire housing bill to become deadlocked over provisions like these.

Mr. Speaker, one other point of strong controversy was on a provision in the House bill limiting the interest rate on college housing loans to 3 percent. In my opinion, this is most important if we are to enable our institutions of higher learning to cope with their rapidly rising enrollments. Without this provision the interest rate would go to 4 percent largely nullifying the benefits of Federal loans under this widely supported program. It was only with great reluctance that the Senate conferees accepted the House provision.

Another disagreement between the House bill and the Senate amendment which touched on a number of our housing programs was the question of additional authorization. The House bill contained the administration recommen-

dations for open-end authorizations while the Senate amendment imposed dollar ceilings. The programs affected were housing for the elderly, rehabilitation loans, community facilities grants, the open-space program, urban planning grants, the Federal-State training program, and public works planning advances. After long and thorough debate and vigorous insistence by the Senate conferees on their provision, the House conferees accepted the Senate ceilings which appear to be generally in line with the needs of these programs over the 4-year period covered by the bill.

In the last title of the bill there were two main points of disagreement. The House bill included a provision urgently wanted by the savings and loan associations to permit them to make loans on property secured by leaseholds extending at least 10 years beyond the loan maturity in place of the requirement in existing law of a 15-year period. I am pleased to report that we were able to obtain the agreement of the Senate conferees at this point. The other difference in title XI was a provision in the Senate amendment authorizing national banks to purchase participations in loans secured by real estate and jumping the maximum maturity of construction loans from 18 months to 30 months. In the debate on the provision affecting purchase of participations, I believe it became evident that the conferees needed additional facts and consideration since our side had never held hearings on this point and that provision was omitted from the conference report. In the case of construction loans, the conferees accepted a compromise extending maturities only to 24 months.

Mr. Speaker, I have discussed the main actions of the conferees and, of course, all of the differences between the House bill and the conference report are set forth in the statement of managers which was filed with the conference report last Friday and printed in the CONGRESSIONAL RECORD for that day. This conference report is similar to the House-approved bill in all major points and includes a number of modifications which I am sure have the support of most Members of the House. I urge all of my colleagues to vote for the conference report and make these important improvements in our housing programs and the vital extensions of authorizations for programs such as FHA mortgage insurance which have reached or are fast approaching the limits set in existing law.

Mr. DUNCAN of Oregon. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I am glad to yield to the gentleman from Oregon.

Mr. DUNCAN of Oregon. This last item to which the gentleman referred is of great interest to me. I come from a lumber-producing area where the establishment of uniform grades and standards for lumber is of great importance to us.

I was concerned when I read the Senate language that it would destroy the traditional role of the American Lumber Standards Committee in setting up the standards and grades for lumber and lumber products in FHA approved housing.

As I read the conference committee report, I am of the opinion that the recommended language now does not destroy this role of the American Lumber Standards Committee.

Am I correct in my understanding?

Mr. PATMAN. I believe the gentleman is correct. May I invite the gentleman's attention to the fact that the Senate committee amendment went rather far—we thought it went too far. While we believed in using any suitable material in home construction that is good, we realized that housing contracts are insured for up to 30, 35, and 40 years.

Material that has lasted 5 or 10 years may not last 35 or 40 years; therefore, we changed the language to read that any material that is accepted in conventional financing for home building should be considered by the Commissioner. This fact should be persuasive to the Commissioner. Yet that language is not in there, but having written that particular part, I had in mind "persuasive" but not "conclusive." It is still up to the Commissioner to decide, because it is his responsibility. I believe that conforms to the statement expressed by the gentleman.

Mr. DUNCAN of Oregon. I think it does, and I thank the gentleman.

Mr. HALL. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Missouri.

Mr. HALL. I have one question to ask the distinguished gentleman:

In view of the provisions in here for rent or ownership of homes for people displaced by the closing of a Federal installation, or for many other reasons under title I or other titles, either in the original bill or conference report; my question is: Is there any relief for elderly people, people handicapped, or otherwise, who are displaced by reason of land acquisition or condemnation by the right of eminent domain for big dam impoundments, Corps of Engineers, and Air Force missile sites, etc.?

Mr. PATMAN. I think it would include them. I believe it would. You will find it contained in title 4 of the bill entitled "Compensation of Condemnees."

The SPEAKER pro tempore. The time of the gentleman from Texas has expired.

Mr. PATMAN. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania [Mr. BARRETT].

Mr. BARRETT. Mr. Speaker, this is one of the proudest moments in my life. As the Members of the House know, this is the first year that I have been privileged to be chairman of the Subcommittee on Housing. I want to express my gratitude to the distinguished chairman of our committee, the gentleman from Texas [Mr. PATMAN], and to all members of the Housing Subcommittee, particularly our ranking minority member, the gentleman from New Jersey [Mr. WIDNALL]. Their hard work and sincere constructive efforts have helped us to shape a sound and forward-looking housing bill which marks a major forward step in our efforts to improve our communities and the housing conditions

of our people. While those who oppose certain sections of the housing bill fought hard and earnestly for their viewpoints—and the conference report now before us reflects a number of modifications made to accommodate their views—I believe the important fact to be kept in mind is that the House approved the bill by a 76 vote margin on June 30. The bill now before us is essentially that same bill.

Mr. Speaker, the bill is a great victory for President Johnson and will give him an important set of tools to help us in our march toward achieving the goals of the Great Society. The bill is truly a landmark bill which can proudly stand in prominence with the other great housing bills in our history, the National Housing Act of 1934, the Housing Act of 1937, the Housing Act of 1949, and the Housing Act of 1961.

The bill's combination of adequate authorizations to continue existing programs and the new programs which it authorizes should give a powerful boost in our constant efforts to achieve the goal of a decent home for every American family and to improve the environment, the health, and the economic strength of the cities and towns of our great Nation.

Mr. Speaker, there is another extremely important aspect of this great housing bill which I do not think has received enough emphasis. Its many features will provide an important stimulus to homebuilding, to urban renewal programs in our cities and towns, and to the construction of vitally needed community facilities. All of these should have a most beneficial effect upon our economy and with the additional jobs it will create it will help us to lower the ranks of the unemployed and help us toward our ultimate goal of full employment so that all Americans can enjoy the fruits of our great and affluent society.

Our distinguished chairman has explained the major differences between the original housing bill and the conference report. I would like to comment further on some of the important provisions of the bill, which were not changed in conference.

Mr. Speaker, the bill of course contains the new rent supplement program recommended by the President which has such great potential in meeting the still unsolved problem of providing housing for our low-income families. The new rent supplement program will unleash the resources of private industry and private capital to provide homes for hundreds of thousands of our disadvantaged low-income families who are either elderly or handicapped, displaced by public programs, living in slums, or victims of natural disasters.

Those who were fearful that the new rent supplement program would be competitive with or replace the low-rent public housing program need have no fear. The bill before us authorizes 60,000 additional low-rent public housing units for each of the next 4 years. This is a substantial increase over the annual rate of 35,000 units which was the most we

were able to achieve in recent years. In addition, the bill will permit us to make greater use of vacant existing dwellings for public housing so that we can furnish immediate housing aid to many low-income families, particularly families with large numbers of children.

I am particularly pleased that we were successful in persuading the distinguished conferees of the other body to accept Mr. WIDNALL's new rent certificate program. This program would authorize local housing authorities to use low-rent housing in existing privately owned structures and the local housing authority would pay to the landlord the difference between the economic rental and the rent which the low-income family can afford to pay. This is a promising new program and we are very hopeful that it will make an important contribution to our objective of providing decent housing for our lowest-income families.

I am also particularly pleased that the bill places great weight on meeting the housing problems of our senior citizens. The bill provides ample authorization to continue the successful direct loan program of housing for the elderly and it provides that these loans shall be made at a maximum interest rate of 3 percent which will bring rents down within the economic reach of more of our elderly citizens. And I should like to point out that senior citizens of low income will be eligible for the new rent supplement program and they will also be given special advantages in the low-rent public housing title of the bill. I think it is particularly fitting that we provide these very substantial housing aids to senior citizens at the same time that the Congress is sending to the President the great medicare bill which will at long last provide the hospital and medical attention most needed in the later years of life.

Veterans of our Armed Forces will be given special preference under the FHA program which is fitting as the benefits of the great GI home loan program are being phased out. Veterans will be able to purchase FHA homes up to \$15,000 with no downpayment and with very modest downpayments in price ranges above \$15,000.

The bill will continue and expand our great national effort to renew and rebuild our cities with the Federal aid provided under the urban renewal program. The bill also provides greatly liberalized relocation payments and other benefits to displaced families and businesses to minimize the inevitable hardship suffered by some as a result of these great improvement programs.

While the urban renewal program has proven its value in restoring the vitality of our towns and cities, none of us can ignore the painful personal problems of people who are displaced from their homes or places of business. Last year the Congress authorized payments of \$1,500 to displaced small business concerns to compensate them at least partly for their loss and to help them get started in a new location. This bill raises that grant substantially to \$2,500.

In the case of homeowners in urban renewal areas, this bill makes a major

breakthrough, one which seems to be such plain commonsense that it is surprising it has eluded us this long. I refer to the President's proposal for grants up to \$1,500 for homeowners in urban renewal areas who cannot afford the necessary repairs to bring their homes up to building code standards. Without this provision, many of our poorest families, many of them advanced in years, would have their homes condemned and taken away from them. When this happens there is already the cost to the Government of relocation benefits and possibly the cost of public housing, since these families have no place else to go. Instead of that, this bill authorizes the necessary aid to enable these families to improve their homes and remain in the neighborhood.

The bill will help us intensify the President's program to improve and beautify our cities and suburbs. It will help cities provide more parks and open-space land both in the central city and in the surrounding suburbs.

The gentleman from Texas has already spoken with justifiable pride about our success in persuading the Senate conferees to continue the college housing loan program with a maximum interest rate of 3 percent. Our institutions of higher learning are a priceless asset to our national welfare and security, and the bill will help these institutions provide the housing needed by our students and faculty.

The bill will also continue the below-market interest rate section 221(d)(3) program established in 1961 with a maximum interest rate of 3 percent. Under this program, which is now gathering momentum, nonprofit groups and cooperatives are able to supply decent housing at modest rentals for families of moderate income.

I am also very proud of the community facilities title of the bill. I urge my colleagues to look more closely at this title, because it has not received the attention it deserves. For the first time we are providing vitally needed Federal grant aid to our cities and towns to meet the grave problem of adequate water and sewer facilities. It is about time we came to grips with this problem and the \$200 million in matching grants authorized annually over the next 4 years will be a powerful weapon to help our urban and suburban areas provide the water and sewer facilities they so desperately need.

As an adjunct to the antipoverty program the bill authorizes a new program of two-thirds grants to local public bodies to provide neighborhood facilities, including neighborhood community centers, youth centers, health stations, and other public buildings to provide health or recreational or similar social services. This new program is an important step forward in helping us combat the heavy costs of ill health and deprivation and in combating crime and juvenile delinquency.

Mr. Speaker, although I come from one of our great urban centers, I would like to mention with pride title 10 of our bill which continues and improves our programs to provide better housing in

the rural areas of our Nation. The new program of insured housing loans under the Farmers Home Administration should greatly increase the availability of mortgage credit on reasonable terms in rural areas which are particularly handicapped by a shortage of such credit facilities. The problem of slum housing and the shortage of decent housing at modest prices and rentals is every bit as severe in rural and farm areas and we believe the new rural housing programs in the bill will furnish much needed help.

Mr. Speaker, while there are many other provisions in this truly comprehensive bill, I think I have covered its main features. I am confident that a majority of our colleagues will join with us in passing this great forward-looking bill and sending it to the President for signature. I would ask those who might be on the margin of indecision to consider what the gentleman from Texas has said about the bill, what I have said, and what our distinguished colleague, the gentleman from New Jersey [Mr. WIDNALL], the ranking minority member of the committee, will say in support of the bill. This bill should have the support of every Member on the grounds of compassion, on the grounds of commonsense, and on the grounds of concern for our general public welfare. It will provide decent housing for our disadvantaged poor. It will give decent shelter to our aging citizens of limited income. It will help us rebuild, restore, and revitalize our cities and towns from the smallest hamlet to the greatest metropolis. It will help us replace rural slum housing with decent housing. It will help us make our cities more healthful and beautiful places in which to live. It will stimulate our economy and provide jobs for our unfortunate unemployed. It will do all these things and many more. All of us who have a stake in our great country and in its future growth and betterment have no other choice than to support this great and vitally needed bill.

Mr. Speaker, I urge our colleagues on both sides of the aisle to cast their vote in the affirmative and make this bill a reality of our great legislative heritage.

(Mr. BARRETT asked and was given permission to revise and extend his remarks.)

ONE OF THE BEST HOUSING BILLS IN 11 YEARS

Mrs. SULLIVAN. Mr. Speaker, I am happy to support the conference report on the housing bill, and I am proud that I was accorded the great privilege of helping to work out its details during the 3 days of our conference meetings. This bill marks an important step forward toward the achievement of our goal, as a Nation, of a decent home and a suitable environment for every American family. It is one of the best housing bills to originate in the Subcommittee on Housing of the Committee on Banking and Currency during the 11 years we have had such a subcommittee. For this, I congratulate our subcommittee chairman, the gentleman from Pennsylvania [Mr. BARRETT], and the chairman of the parent committee, the gentleman from Texas [Mr. PATMAN], both of whom contributed much to this

legislation and to the success of the conference in reaching final agreement on significant new programs and ideas.

MOST BENEFICIARIES OF FEDERAL HOUSING AID PAY THEIR OWN WAY

Much as I have enjoyed serving on the Subcommittee on Housing during the entire period of its existence, I have nevertheless recognized the fact that the programs we provide for in our legislation are terribly complex and not easily understood or explained. Anyone who has ever purchased a residence for his family knows how complicated the process is of transferring real estate, or building a structure. In the legislation we consider in the subcommittee we are attacking the problems of housing millions of families. Most of the benefits of the legislation we recommend go to the private building industry—and this bill is no exception. About 95 percent of the families which benefit from our housing programs—and this would surprise most people, I am sure—are families which pay their own way and make their own way and need no Government handouts or charity. But without the FHA insured-loan program, and other programs which assure the provision of good housing for average-income and higher-income families, we would never have succeeded so dramatically in the private housing field, and I think every enterpriser and businessman in that field will acknowledge the truth of my statement.

NEW PROGRAMS TO MEET CHANGING NEEDS

But much more complex than the provisions for private housing assistance, through mortgage insurance or other aids, are the programs which remake the faces of our cities and towns; which bring nonprofit organizations into the challenging service of providing specialized housing for the elderly and for families which have incomes too high for public housing but not high enough for adequate private housing; and the new programs in this bill for the rehabilitation of older housing and the launching of a new type of special-help program for additional families in the income range of public housing.

Nowhere are the complexity of the legislation and the difficulty of its administration more clearly demonstrated than in the case of the urban renewal program. Back in 1949, when it was begun, it was thought of and referred to primarily as a slum clearance program—the focus being on the elimination of dreadful pockets of misery and urban decay which characterized much of our central city areas. Fifteen years later, we are still using this program to eliminate slums and blighted areas, but as many projects long in the planning and execution have neared completion, we have seen an entirely new and exciting dimension unfold—in the beautification of our cities, as well as in their transformation. Not every urban renewal project is a great architectural masterpiece, but on balance, the quality of architecture has been high and the opportunities for imagination and innovation have been tremendous. In my own city of St. Louis, we are thrilled and delighted with what has been done to transform warehouse and rundown

industrial as well as slum areas into magnificent plazas of good housing and beautiful surroundings.

**A SIGNIFICANT REDUCTION IN COSTS IN A
ST. LOUIS PROJECT**

I have just today received word from the Housing and Home Finance Agency of a most interesting development in connection with our big Mill Creek project in St. Louis—which shows it is even more successful from a financial standpoint than we had originally hoped. This will come as a further surprise to many people, including, I am sure, many of the Members here, but our Mill Creek project, I have just learned, has been so attractive to investors and developers, that land values have risen appreciably at the same time that costs have been reduced, so that the Federal Government will save more than 20 percent of the money it had previously intended to put into the project.

Instead of costing Uncle Sam \$23,900,000, the project will—it is now estimated—cost the Federal Government \$18,750,000. That is a very substantial reduction. Local costs of the project will also be reduced substantially, from \$11,467,000 to \$10,050,992. These savings reflect both higher prices received for land in the project, and lower costs in land acquisition, relocation, and demolition. It is a good record, and proves that costs do not have to go in one direction only—upward.

**MAKING THE RENEWAL PROGRAM MORE
HUMANE**

This bill authorizes funds to carry the urban renewal program for the next 4 years, but perhaps more important it includes provisions to make the program more humane and better suited to the needs of the people most directly affected.

The housing needs of families displaced by Government-aided programs—always a severe problem—will be eased by the nearly 400,000 new privately owned and managed units expected to be built under President Johnson's rent supplement proposal. The relocation needs will be further eased by the nearly quarter of a million low-rent public housing units also authorized by this bill—particularly in view of the improvements made in that program to permit utilization of existing housing.

Those whose homes or places of business are acquired under housing programs, such as urban renewal, will benefit from the new requirements in this legislation for relocation payments and for fair procedures to compensate condemnees.

**ENABLING THE HOMEOWNER TO "STAY PUT"
IN A RENEWAL AREA**

In the long run, it may well prove to be that one of the most important provisions in this bill is the new authority for home repair grants for homeowners living in urban renewal areas to enable them to bring their houses up to code standards. These grants can cover the full cost of such repairs up to a maximum of \$1,500, for families of lowest income. Until now, impoverished homeowners who could not afford to bring their housing up to standard usually had their homes condemned and they

were evicted. Previous legislation had tried to meet this problem by providing relocation payments, and offering rehousing in public housing projects when units were available. This not only failed usually to satisfy the displaced homeowner but it carried a high cost in plain dollars and cents. Now, under this bill, we are offering direct aid so that we can accomplish the purposes of urban renewal by improving the units, but without the personal sacrifice and substantial public cost of displacing these people who now live in them, and who much prefer to stay.

To supplement these new rehabilitation grants, the conference bill also authorizes a fivefold increase in the authorization for the very promising program of 3 percent rehabilitation loans authorized by last year's housing act. These loans, available to improve homes and stores alike, reduce financing costs sharply and make it possible for businessmen and families in a great many cases to improve their property and thereby avoid eviction. The independent offices appropriations bill includes funds to put this program into effect, and I am hopeful that the bill which emerges from conference will carry enough money to give this loan program a meaningful start.

OF SPECIAL IMPORTANCE TO ELDERLY FAMILIES

These aids are intended to benefit all of those living in blighted areas where it is possible to save the structures, but they have a very special importance for our senior citizens. Elderly families and individuals account for a very high proportion of those living in neighborhoods which once were among the most pleasant in our cities but which, over the years—as the cities have grown and land use patterns have changed, have been left behind by progress, and have been allowed to deteriorate through no fault of the people who live there.

Where they fit into the city's plans for growth, such neighborhoods are potentially valuable assets, and can offer the advantages of living close to the heart of a city. I strongly believe in saving such areas. They should never be abandoned lightly. The aid provided by this bill will make it possible to renovate existing properties, restore neighborhoods to the high standards that they formerly knew, and let them serve the same people who have lived there for a long time and, in many cases, for all their lives. Moving them out in order to clear a site for new housing for others is often a cruel thing, although sometimes it is the only solution. But, where possible, rehabilitation of a neighborhood's soundly built existing housing for continued occupancy by present residents is a much better solution whenever it can be achieved and whenever the neighborhood lends itself to this kind of restoration from a practical standpoint.

HELPING SMALL BUSINESS

The bill also liberalizes the benefits available to displaced small business firms many of which are largely dependent on the established trade in their familiar neighborhoods to stay in business. Last year, in addition to moving expense allowances, we provided in the

law for payments up to \$1,500 to displaced small businesses to tide them over the interruption to business and to help them become established in new locations. This bill now raises that payment to \$2,500; and I believe the increase, modest in terms of our overall program, will make the difference between survival and bankruptcy for many small establishments.

In addition, this bill authorizes an entirely new program of least guarantees for displaced small business which will help them compete successfully for good locations.

**IN NO HOUSING ACT HAVE WE MADE MORE
PROGRESS**

Mr. Speaker, we cannot yet say that all of our problems are solved by H.R. 7984 or that the dynamic process of renewing our cities will not still have problems. But over the years we have made tremendous strides in the field of housing and in no single act have we done more to improve it than we are doing in this act. I urge all of my colleagues to support this conference report.

Mr. PATMAN. Mr. Speaker, I yield 5 minutes to the gentleman from New Jersey [Mr. WIDNALL].

Mr. WIDNALL. Mr. Speaker, I am supporting the conference report that is being submitted to the House today. I would like to report, as the ranking House Republican on the conference, that there was very extensive discussion of differences between the House and Senate bills. There was also a fine spirit of compromise and cooperation in trying to advance the best interest of the country toward a sound housing program. I believe out of the final results we can achieve what has been a longtime goal—a decent housing and decent living environment for millions of our Americans.

I would like to compliment the chairman of the subcommittee, the gentleman from Pennsylvania [Mr. BARRETT], for his attitude right from the start on this housing legislation.

Contrary to the many times when you find yourself as a member of the minority in a situation where there is unwillingness to discuss minority proposals with respect to legislation, there was, with Congressman BARRETT, a complete open door for discussion, for valid argument, and in this particular case there was acceptance by the majority of many new programs that were being sponsored by the minority.

There was a spirit of cooperation and a willingness to advance the best interest of all our people, without partisanship.

At the same time, in the conference the chairman of our full committee argued vigorously for a number of the minority proposals which were in the bill, and really fought for the House version. As a result, such proposals are in the final bill.

We also had fine cooperation from the Senate side, encouraged by both majority and minority members. Senator SPARKMAN, Senator TOWER, and Senator MUSKIE worked hard with others on the Senate side to achieve the final report.

We in the minority are quite proud of the acceptance of the rent-certificate plan which had been proposed by us a

year ago. This goes beyond what was sought through the rent-supplement plan, the much-debated issue before the House. The rent-certificate plan is important because it can provide now—not after building new accommodations, but now—the means of housing thousands of our low-income citizens with voluntary participation on the part of the property owner.

We are also proud of the acceptance of a new program in connection with condemnation proceedings. Those displaced from their housing as a result of clearance for urban renewal or other governmental housing projects will be able to obtain 75 percent of their potential award immediately rather than years later when the courts act. They will not have to suffer from the lack of funds as they attempt to relocate in new quarters.

There is a new FHA veterans housing proposal, which can prove to be one of the largest programs within this bill. There is a potential of 21 million homes. It will give entitlement to all veterans who have been discharged under conditions other than dishonorable. I say it will be available to practically all veterans and those who have not used their previous GI entitlement, they may obtain homes with no downpayment up to \$15,000, with a 10-percent downpayment for the amount between \$15,000 and \$20,000, and with a 15-percent downpayment from \$20,000 to \$30,000. This is extremely important, as the present VA program is being phased out. There are thousands and thousands, even millions of our veterans who have served and have served well, and some who are serving presently in the very dangerous areas of the world such as Vietnam, Santo Domingo and other outposts, who have not been covered by our GI assistance programs. They deserve action now for their future.

There are also changes in the code enforcement part of the bill, which are wholesome, which can provide, I believe, better housing. These will provide better tools for the municipality to work with.

I am also pleased that there is a \$400 million authorization for the rehabilitation and modernization loan program which was enacted a year ago. This will provide some very strong means within urban renewal areas to accomplish what is acknowledged to be necessary to truly obtain the promise of urban renewal. This has great potential, if wisely used by the Administrator.

Mr. SAYLOR. Mr. Speaker, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman from Pennsylvania.

Mr. SAYLOR. I should like to direct a question to the gentleman from Pennsylvania [Mr. BARRETT]. I commend him on his statement, but if this bill is to do all of these things for the great American workingman, why do you have section 1109? This is the "buy American" provision in the mass transit bill of 1965. It was in this bill when it passed the House.

Mr. BARRETT. I am glad that the gentleman brought up this question. This is not altogether "buy American." This is quite different from "buy Amer-

ican." This question involves private industry and the governmental position.

Let me point out to the gentleman that concrete and allied products imports in 1963 amounted to \$13 million.

In the same year, we exported \$72.1 million.

Mr. SAYLOR. The important thing is you have not answered my question. This bill takes out the "buy American" provision. The House receded. It was in the bill, and that was one of the reasons why you got the vote to pass the bill in the House, because it retained that provision.

The SPEAKER pro tempore. The time of the gentleman has again expired.

Mr. PATMAN. Mr. Speaker, I yield the gentleman 4 additional minutes.

Mr. SAYLOR. Mr. Speaker, will the gentleman yield further?

Mr. WIDNALL. I yield to the gentleman.

Mr. SAYLOR. One of the reasons why this bill passed the House—because it had the "buy American" provision in it. When you went to conference the House receded without a debate.

Mr. BARRETT. If the gentleman will yield further so that I may answer more fully, I just want to point out to the gentleman that at all times we must use our own best judgment and change our minds when it is necessary in the interest of the people of the United States. I just read you this one group of imports and exports, concrete and allied products. Now, we have rails and truck materials where the United States imported in 1963 \$1 million and the U.S. exports were \$19.2 million. In office and computing equipment, in 1963 the U.S. imports were \$93.9 million and the exports were \$359.6 million.

Gentlemen, not wishing to take up the time of the House, this is a matter that runs this way consistently pertaining to all kinds of material. We have gained tremendously. This is not "buy American," but it is buy what a private enterprise thinks they should buy.

Let me give you what I think is one potent answer to your question. Let us say that the Baldwin Locomotive Works of the United States decided to buy a certain ball bearing which is better suited for their purpose. Your amendment would stop this industry from buying this type of material which would be beneficial to the transportation system of America.

Mr. SAYLOR. I am satisfied that would be because the men who make it in America make better ball bearings than are made anywhere else in the world. What you have done by your action is to place the American workingman in jeopardy and are threatening to reduce his living standard to that of our foreign competitors.

Mr. WIDNALL. Mr. Speaker, there are two other programs I would like to comment on briefly. These are the college housing program and the elderly housing program. These have been highly successful with no defaults but both programs would have been phased out because of the rise in interest rates. The minority sponsored a realistic rate for these two programs, which was accepted in conference. This will mean

that the nonprofit organizations and labor organizations, the churches and institutions who have sponsored housing for the elderly will be able to continue these worthwhile programs. It will mean also lower dormitory rents can be provided in the colleges and lower rents in elderly housing projects. I think these are very meaningful sections of the bill and we worked hard together in order to obtain approval in conference.

Mr. HALL. Mr. Speaker, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman.

Mr. HALL. I just wanted to make an observation. I appreciate the gentleman yielding.

I tabulated the statements in the statement on the part of the managers of the House. It says it contains the Senate provision in 56 instances, I believe, on 12 pages, but not once does it say that the position of the House prevailed.

Mr. WIDNALL. Mr. Speaker, I yield back the balance of my time.

Mr. PATMAN. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. DOWDY].

(Mr. DOWDY asked and was given permission to revise and extend his remarks.)

Mr. DOWDY. Mr. Speaker, when this bill originally came on for consideration in the House, debate was cut off after discussion of only one of its many titles, namely, the title dealing with subsidized rents. The way money is considered here in Washington, and as far as money is concerned, the rent subsidy title was one of the minor titles in the bill—it involves only a few hundred million dollars.

The other titles in the bill involve the spending of thousands of millions of dollars—\$6 billion. Those titles received little or no attention, and included among them is the urban renewal title, calling for the spending of \$3 billion. I wanted to talk about that title at the time, as did some of the other Members of the House, but we were not even allowed 30 seconds time; we felt that the House and its Members were entitled to know a little something about what they were being asked to vote for, but for some reason the managers of the bill preferred to keep the Members uninformed, and required them to vote blindly.

For a number of years, we have heard a great deal about images—a person's image—a program's image—a nation's image. I believe we should brush aside the images, and get down to the substance of things.

An attempt has been made to build an image for Federal urban renewal; it has been described as a program that will give everyone a fine house; that is the image picture painted for the uninformed. Let us look behind the image, to find the substance.

Several hundred thousand homes have been destroyed by the bulldozer, in the name of urban renewal; only 25,000 homes have been built to replace them—and this when we were already running short of places for people to live.

When we look behind the false image, we find that Federal urban renewal, we find that it is actually a reversion to the past—a turning-back of the clock to the

17th and 18th centuries when the reigning princes of a country controlled all the land, and gave the use of it to their favorite vassals. That is exactly what is happening under Federal urban renewal. The average homeowner can no longer call his home his own; the small businessman is helpless before the favored wealthy and powerful interests who covet his place of business for their own.

That brings us to the particular item in this conference report that I want to direct attention, and it is section 317 of the bill.

I have no interest in this matter, except my feeling and compassion for those average homeowners and small businessmen who are the victims of this wholly heartless piece of legislation.

I mentioned images; the desired image of a committee, of course, is that it is omnipotent, of all-encompassing knowledge and infallable wisdom. Does this great committee deserve that image? When this bill was introduced in the House, it contained section 317, purporting to authorize Federal urban renewal for commercial districts of the District of Columbia. The committee struck that section from the bill, and did not have any hearings on same, even though the affected businessmen, the intended victims of the section, sought to be heard by the subcommittee. They were positively denied the right to testify and be heard. When the House conferees voted 5 to 4 to agree with the Senate to reinsert section 317, they did it without benefit of any hearings, and without any knowledge of the effect of their action, and wholly disregarding the interests, well-being and property of their victims. The committee in the other body had no hearings on this section, either. It is no way legislative.

Admitting that the House of Lords has infinite wisdom, nevertheless I believe a committee of the House is stripping away its own desired image when it takes such wanton action as is displayed here.

When Congress enacted an urban renewal law for the District of Columbia, it excluded commercial sections; its purpose was to remove slums, and provide decent housing for the slum-dwellers. One hundred thirty million Federal tax dollars have been spent in the District, tearing down homes, and many thousands of people made homeless; yet to this date, not one low-rent or middle-income rent dwelling has been built in any urban renewal area in the District of Columbia. Now, by section 317, it is proposed to spend additional hundreds of millions of dollars destroying the business and commercial areas of the city.

In the 88th Congress, the Banking and Currency Committee had a bill before it containing a similar provision to the present section 317; that committee acknowledged that such provision was not appropriate and out of place in a national housing bill, and so removed it. When the other body wrote it in, the House conferees faithfully stuck to the position rightfully taken, and refused to outrage common decency by rolling over and playing dead.

In this 89th Congress, the bill, as introduced, again contained the repugnant

provision, which is an unwarranted invasion of the jurisdiction of a sister committee of the House. The chairman of the Committee on the District of Columbia, the gentleman from South Carolina [Mr. McMILLAN] conferred with the chairman of the Committee on Banking and Currency while this bill was still in committee, and advised such chairman, the venerable and able gentleman from Texas of the presumptuous grab of jurisdiction. By agreement, the provision was amended out of the bill. It was not properly a part of the bill, and was therefore stricken.

Now, in the conference with the other body—and we must bear this in mind—section 317 was rewritten into the bill in the conference by a vote of 5 to 4 of the House conferees, as disclosed by two of those conferees who felt betrayed by this disregard of the results of the former conference with the chairman of the Committee on the District of Columbia. If the chairman of the House conferees had not voted for it, this section 317 would not be in the conference report today. By a tie vote it would have been defeated. So the small businessmen and the homeowners in the District of Columbia—the small businessmen who are going to the guillotine—the homeowners who are going to lose their homes in the District of Columbia, know that one man's vote did it—if the chairman had not voted, they would be safe.

My compassion for the weak and helpless victims of Federal urban renewal, whether homeowners or small businessmen, cause me to try to shield them, as much as I can, from the machinations of that agency without a heart. I wish all of the Members of the House could have heard the testimony and would read the records that were produced before my subcommittee about the lack of human feelings and the downright cruelty that was practiced on men, women, and children right here in the Nation's Capital, merely because their homes or businesses stood in the way of greedy landgrabbers, backed by the power of eminent domain in the hands of that agency without a heart.

Nobody else has listened to them; nobody else has even recognized the fact that there will be victims of this grandiose scheme to wipe out and rebuild almost all of downtown Washington; but my subcommittee of the District of Columbia Committee has heard witnesses, and we heard, as well, the witnesses from the District of Columbia Redevelopment Land Agency, and from the little group which calls itself downtown progress, to see what they planned to do. We wanted to hear, and did hear both sides.

My esteemed and well-beloved friend, the gentleman from Texas, has been many years building a reputation as a friend of small business. He could not have read any part of the hearing record of my subcommittee; if he had, he could not have possibly given the slightest thought or consideration to rewriting section 317 into this conference report now before us. It purports to apply to downtown Washington. Does my friend know there are 5,000 businesses in downtown Washington, and that the District

of Columbia Redevelopment Land Agency freely admitted, when before our subcommittee, that it is their intention to permanently do away with 2,200 of those businesses—completely and wholly put them out of business—because, in their high-handed, heartless way, they only want 3,000 businesses downtown?

Of the remaining 3,000 businesses, great numbers of them will be newcomers to the area, as very few, except the large and wealthy businesses, are permitted to remain in the commandeered area after it comes into the hands of the favorites of the planners.

This destruction of small business is not purely anticipatory. We can look to the past actions of this heartless agency. In the Southwest urban renewal project area here in the District of Columbia, 62 percent of the proprietorships were permanently put out of business by urban renewal; a few were permitted to remain, but most of the replacements were big and wealthy chains. And in the Nation as a whole, some 200,000 small businesses have been displaced, many of them permanently and totally destroyed.

In addition to the small businesses in the downtown area, according to the testimony brought before my subcommittee, produced from the mouths of the despoilers themselves, they intend to bulldoze the homes, and throw 19,000 more citizens of the District of Columbia out of those homes, adding them to the many thousands of families already ousted by urban renewal.

Urban renewal has taken the homes of more than a million people in our Nation; I am now just referring to its cruel plan for a portion of our Nation's Capital; this is what section 317 does to the District of Columbia. A person with any of the milk of human kindness could not do this to innocent people. I believe the gentleman from Texas, the chairman of the Committee on Banking and Currency, to be a man of compassion. I cannot believe he would have done this had he known the facts. I beseech him to join me in correcting this gross injustice; tell the Members of the House that it was a lapse, caused by lack of knowledge of the true facts.

I believe this bill—I know this bill, for the sake of all that is right and good, should be recommitted to the conference committee, so that, at the very least, this section 317 can be deleted. This conference report should be voted down.

The SPEAKER pro tempore (Mr. ALBERT). The time of the gentleman from Texas has expired.

Mr. PATMAN. I yield the gentleman 1 additional minute.

Mr. McMILLAN. Mr. Speaker, will the gentleman yield?

Mr. DOWDY. I yield to the gentleman from South Carolina.

Mr. McMILLAN. I thank the gentleman for yielding.

I wonder if the chairman of the Committee on Banking and Currency could explain to me and to other Members of the House just how one committee can take legislation from another committee when the chairman objects.

Mr. DOWDY. Well, I was going to ask that question a while ago, except that the

gentleman from Texas did not yield to me at that time.

Mr. PATMAN. Mr. Speaker, will the gentleman yield?

Mr. DOWDY. I yield to the gentleman from Texas.

Mr. PATMAN. We respect the gentleman's wishes on the House side but we have no control over what the other body does.

Mr. DOWDY. But the gentleman had control and it was his vote that controlled it in the conference, as far as the House conferees were concerned. The gentleman does not mean to say that the Members of the other body control, or controlled his vote in conference, or that of any of the others of the House conferees?

Mr. PATMAN. The conferees decided—it was a free conference—to act according to our own will and wishes, and our decision was to do what was done.

Mr. DOWDY. And that was a 5-to-4 vote of the House conferees?

Mr. PATMAN. It was the decision of the conference.

Mr. DOWDY. That was what the newspapers reported, and the same information given to us by House conferees on the day the action was taken.

Mr. PATMAN. Well, the newspapers fortunately or unfortunately were not there. It was a closed meeting. We have no transcript of the proceedings.

Mr. DOWDY. Well, that is correct, is it not?

Mr. PATMAN. It may not be incorrect—it was a closed meeting as you know, and no record was kept.

The SPEAKER pro tempore. The time of the gentleman from Texas has again expired.

Mr. PATMAN. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. SISK].

(Mr. SISK asked and was given permission to revise and extend his remarks.)

Mr. SISK. Mr. Speaker, I feel somewhat out of place in talking on this particular piece of legislation. But I do want to comment upon the remarks which were made by my good friend, the gentleman from Texas [Mr. Dowdy]. I have great respect for the gentleman and for him as chairman of a subcommittee on the District of Columbia. I know the gentleman has worked very diligently on this entire subject of urban renewal. In philosophy he and I simply do not see eye to eye on what has been accomplished, or obtained, under the urban renewal program.

I would like to cite here today the fact that last year some of us tried on several occasions to get legislation which would do exactly what this provision would provide to the full House, but because of the fact that we were being asked to swallow a lot of undesirable things, at least in my opinion, undesirable things—we were never able to obtain it.

Mr. Speaker, personally I support this provision in the conference report. I am very happy that the other body made it possible for us to enable the District of Columbia to do exactly what every other city in America is enable to do under the basic law.

Mr. Speaker, it was only through a technical error in the basic act upon which the court ruled that caused the District of Columbia and the business people in nonresidential areas to be denied a right that every other city and every other State in our country has enjoyed.

Mr. Speaker, in this instance, we are simply correcting that error and I would hope, of course, that the House will support the conference report and support the gentleman from Texas [Mr. PATMAN], in what I believe to be a very excellent report.

Mr. PATMAN. Mr. Speaker, I yield 2 minutes to the distinguished minority leader, the gentleman from Michigan [Mr. GERALD R. FORD].

(Mr. GERALD R. FORD asked and was given permission to revise and extend his remarks.)

Mr. GERALD R. FORD. Mr. Speaker, this is in some respects a very notable day in the history of the House of Representatives.

Less than an hour ago we passed the House-Senate conference report on medicare.

Now it appears that we are about to approve the conference report on the housing bill which includes among other things the very controversial rent supplement provision, or what some have rather charitably referred to as renticare.

Mr. Speaker, within an hour of one another, billions have been authorized for medicare and now billions will be authorized for renticare.

In short, I think it would be entirely fitting to designate this afternoon's labor or proceedings as "Fedicare Day."

In future years, Mr. Speaker, when the taxpayers come face to face with the billions of dollars required to support these two programs, among many others, perhaps we will similarly devote a few hours, I hope in the House as well as in the other body, to a measure that will then be called Dedicare Day.

Mr. MATSUNAGA. Mr. Speaker, it must be noted that what has just been enumerated is the result of efforts on the part of those of us Who-do-care.

Mr. REUSS. Mr. Speaker, section 1109 of the conference report would repeal a provision in the Urban Mass Transportation Act of 1964 which requires that contractors, in providing mass transportation facilities or equipment financed with loan or grant assistance under that act "shall use only such manufactured articles as have been manufactured in the United States."

This repeal is an administration proposal. When the President signed the Urban Mass Transportation Act in 1964, he expressed hope that the provision would be repealed. He said it is incompatible with the trade policy this Nation is pursuing under the Trade Expansion Act.

The provision in the Urban Mass Transportation Act that would be repealed was put in the act as a result of an amendment offered on the House floor by the gentleman from Pennsylvania, Representative SAYLOR, to provide more protection to American manufacturers and industrial interests.

The repealed provision, however, is against the overall national interest because it opens the way for other countries to retaliate against exports of this country.

The Department of State has had protests from Canada, Japan, and the European Economic Community concerning this provision. These countries did not refer to any specific projects, but protested on the ground that the provision was contrary to this country's commitments on trade with those countries.

The Department of State testified during hearings on the bill that unless repealed the provision could damage our foreign trade relations out of all proportion to the small volume of materials it might protect.

To demonstrate the accuracy of their statements, witnesses for the Department of State gave the following figures on imports and exports involved in the provision:

[In millions of dollars]

	U.S. imports, 1963	U.S. exports, 1963
Concrete and allied products.....	13.0	72.1
Rails and track material.....	1.0	19.2
Office and computing equipment.....	93.9	359.6
Assorted machinery.....	119.4	1,431.0
Electric power machinery.....	21.9	292.1
Electric distributing equipment.....	9.5	49.2
Telecommunications apparatus.....	211.5	472.6
Railway vehicles.....	1.6	139.5

The existing provision in the law is very undesirable because the United States cannot expect foreign countries to follow relatively liberal policies in trade, which we recommend, where we do not follow the same policies. We should not say "Do as we say, not as we do."

There is no need for the provision. U.S. industry competes very well on the open market with foreign industry—as demonstrated by the figures above.

Mr. DONOHUE. Mr. Speaker, I hope this body will quickly and resoundingly accept this conference report on H.R. 7984, the Housing and Urban Development Act of 1965.

The legislative subject of housing and its related activities vitally affects the welfare of the family which is the basic unit of all civilized society. Prudent and reasonable legislative advances in this special area should, therefore, be and they are of major concern to this House.

Over these past 15 years, the Congress has consistently and increasingly demonstrated its particular interest and fulfilled its legislative obligation in this field by the enactment of programs designed to sensibly increase the availability of decent housing for our lowest income families and to help our burdened cities cope with the vexing problems of urban and suburban expansion.

Today we have another opportunity to take several further steps forward, by adopting this conference report, in the improvement of our existing programs of housing, slum clearance, urban renewal, community facilities, college housing expansion, assistance to displaced businesses and many other related fields.

The conference report is the well balanced result of the long, hard and exhaustive work and study, with noticeable

and commendable bipartisan effort, of the parent House and Senate committees and the particular and exacting cooperative concentration and agreement of the conference committee. Their final recommendations to us very clearly represent a most conscientious and patriotic attempt to prudently and effectively deal with the complex subject of housing for the American people.

Mr. Speaker, the past record shows that, in general, our housing programs have been well administered and they have been exceptionally free from misuse of funds or authority. The provisions contained in this report now before us surely seem essential, from every objective viewpoint, for the vigorous continuation of programs that are vital to our efforts and our obligation to encourage more wholesome living conditions in better housing for all of our people.

Because it appears obviously in full accord with our national traditions, because it is designed to reasonably meet a fundamental national need and because it unquestionably tends to promote the health, safety and happiness of all our citizens, I hope this report will be overwhelmingly approved without further delay.

Mr. MULTER. Mr. Speaker, section 317 of this bill amends section 316(2) of the Housing Act of 1954 by making the provisions thereof applicable in the District of Columbia so that the District of Columbia Redevelopment Land Agency may undertake nonresidential projects in Washington, D.C.

That provision was in the Senate bill. It was not in the House bill.

It was not considered either in subcommittee, in full committee, or on the floor of the House, neither during debate nor under the 5-minute rule.

When consideration was sought in full committee, it was stated that the section had been eliminated from the House bill so that the matter could be studied at a later time.

This provision should not have been accepted by the House conferees.

The urban renewal program in the District of Columbia is the worst in the country. The District Committee has spent days studying the problem.

Several amendments to improve the District program had been unanimously approved by the District Committee which should be a part of any section extending this act to the District of Columbia. No opportunity is afforded us to accomplish that.

My objection to this provision being included in the bill goes beyond the matter of the Banking and Currency Committee's invasion of the jurisdiction of the District Committee. It goes to the dangerous procedure of legislating without hearings and without consideration. It is bad enough to have inadequate hearings. It is inexcusable to have no hearings.

Mr. PATMAN. Mr. Speaker, I move the previous question.

The previous question was ordered.

The **SPEAKER** pro tempore. The question is on the conference report.

Mr. PATMAN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 251, nays 168, answered "present" 2, not voting 12, as follows:

[Roll No. 204]

YEAS—251

Adams	Griffiths	Ottlinger
Addabbo	Hagan, Ga.	Patman
Albert	Hagen, Calif.	Patten
Anderson, Tenn.	Halpern	Pepper
Annunzio	Hamilton	Perkins
Ashley	Hanley	Philbin
Aspinall	Hanna	Pickle
Bandstra	Hansen, Iowa	Pike
Barrett	Hansen, Wash.	Poage
Bates	Hardy	Powell
Beckworth	Harris	Price
Bingham	Hathaway	Pucinski
Boggs	Hawkins	Purcell
Boland	Hays	Quillen
Bolling	Hechler	Race
Brademas	Helstoski	Randall
Brooks	Hicks	Redlin
Brown, Calif.	Hollifield	Reid, N.Y.
Burke	Holland	Resnick
Burton, Calif.	Horton	Reuss
Byrne, Pa.	Howard	Rhodes, Pa.
Callan	Hungate	Rivers, Alaska
Cameron	Huot	Rodino
Carey	Irwin	Rogers, Colo.
Celler	Jacobs	Ronan
Chelf	Jarman	Roncalio
Clark	Jennings	Rooney, N.Y.
Cleveland	Joelson	Rooney, Pa.
Clevenger	Johnson, Calif.	Roosevelt
Cohelan	Johnson, Okla.	Rosenthal
Conyers	Jones, Ala.	Rostenkowski
Corbett	Karsten	Roush
Corman	Karth	Roybal
Craley	Kastenmeier	Ryan
Culver	Kee	St Germain
Daddario	Keith	St. Onge
Daniels	Kelly	Schisler
Davis, Ga.	King, Calif.	Schmidhauser
Dawson	King, Utah	Schweiker
Delaney	Kirwan	Secrest
Dent	Kluczynski	Senner
Denton	Krebs	Shipley
Diggs	Kunkel	Sickles
Dingell	Landrum	Sisk
Donohue	Leggett	Slack
Dow	Lindsay	Smith, Iowa
Dulski	Long, Md.	Stafford
Duncan, Oreg.	Love	Staggers
Dwyer	McCarthy	Stalbaum
Dyal	McDade	Steed
Edmondson	McDowell	Stephens
Edwards, Calif.	McFall	Stratton
Ellsworth	McGrath	Stubblefield
Evans, Colo.	Machen	Sullivan
Everett	Mackay	Sweeney
Evins, Tenn.	Mackie	Tenzer
Fallon	Madden	Thomas
Farbstein	Mathias	Thompson, N.J.
Farnsley	Matsunaga	Thompson, Tex.
Farnum	Meeds	Trimble
Fascell	Miller	Tunney
Feighan	Mills	Tupper
Fino	Minish	Tuten
Flood	Mink	Udall
Fogarty	Moeller	Ullman
Ford, William D.	Monagan	Van Deerlin
Fraser	Moorhead	Vanik
Friedel	Morgan	Vigorito
Fulton, Pa.	Morrison	Vivian
Fulton, Tenn.	Morse	Watkins
Gallagher	Mosher	Watts
Garmatz	Moss	Weltner
Gialmo	Multer	Whalley
Gibbons	Murphy, Ill.	White, Idaho
Gilbert	Murphy, N.Y.	Widnall
Gilligan	Natcher	Willis
Gonzalez	Nedzi	Wilson, Charles H.
Grabowski	Nix	Wolff
Gray	O'Brien	Wright
Green, Oreg.	O'Hara, Ill.	Wylder
Green, Pa.	O'Hara, Mich.	Yates
Greigg	O'Konski	Young
Grider	Olsen, Mont.	Zablocki
	Olson, Minn.	
	O'Neill, Mass.	

NAYS—168

Abbitt	Arends	Betts
Abernethy	Ashbrook	Bolton
Adair	Ashmore	Bray
Anderson, Ill.	Ayres	Brock
Andrews, George W.	Baldwin	Broomfield
Andrews, Glenn	Baring	Brown, Ohio
Andrews, N. Dak.	Belcher	Broyhill, N.C.
	Bell	Broyhill, Va.
	Bennett	Buchanan
	Berry	Burleson

Burton, Utah	Gurney	Pelly
Byrnes, Wis.	Haley	Pirnie
Cabell	Hall	Poff
Callaway	Halleck	Pool
Carter	Hansen, Idaho	Quile
Casey	Harsha	Reid, Ill.
Cederberg	Harvey, Ind.	Reifel
Chamberlain	Harvey, Mich.	Reinecke
Clancy	Hébert	Rhodes, Ariz.
Clausen, Don H.	Henderson	Rivers, S.C.
Clawson, Del	Herlong	Roberts
Collier	Hosmer	Robison
Conable	Hull	Rogers, Fla.
Conte	Hutchinson	Rogers, Tex.
Cooley	Ichord	Roudebush
Cramer	Johnson, Pa.	Rumsfeld
Cunningham	Jonas	Satterfield
Curtin	Jones, Mo.	Saylor
Curtis	King, N.Y.	Schneebeli
Dague	Kornegay	Scott
Davis, Wis.	Laird	Selden
de la Garza	Langen	Shriver
Derwinski	Latta	Sikes
Devine	Lennon	Skubitz
Dickinson	Lipscomb	Smith, Calif.
Dole	Long, La.	Smith, N.Y.
Dorn	McClory	Smith, Va.
Dowdy	McCulloch	Springer
Downing	McEwen	Stanton
Duncan, Tenn.	McMillan	Talcott
Edwards, Ala.	MacGregor	Taylor
Erlenborn	Mahon	Teague, Calif.
Findley	Mailliard	Teague, Tex.
Fisher	Marsh	Thomson, Wis.
Flynt	Martin, Ala.	Tuck
Foley	Martin, Mass.	Utt
Ford, Gerald R.	Martin, Nebr.	Waggoner
Fountain	Matthews	Walker, Miss.
Frelinghuysen	May	Walker, N. Mex.
Fuqua	Michel	White, Tex.
Gathings	Mize	Whitener
Gettys	Moore	Whitten
Goodell	Morris	Williams
Griffin	Morton	Wilson, Bob
Gross	Murray	Wyatt
Grover	Nelsen	Younger
Gubser	O'Neal, Ga.	
	Passman	

ANSWERED "PRESENT" 2

Scheuer Todd

NOT VOTING—12

Battin	Cahill	Macdonald
Blatnik	Colmer	Minshall
Bonner	Keogh	Toil
Bow	McVicker	Watson

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Keogh for, with Mr. Colmer against.
Mr. Toll for, with Mr. Bonner against.
Mr. McVicker for, with Mr. Watson against.
Mr. Blatnik for, with Mr. Battin against.
Mr. Macdonald for, with Mr. Minshall against.

Mr. PIKE changed his vote from "nay" to "yea."

Mr. ROBERTS changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

(Mr. SCHEUER asked and was given permission to address the House for 1 minute.)

Mr. SCHEUER. Mr. Speaker, I would like to clarify for the record that on rollcall No. 204 concerning H.R. 7984, I was present but did not vote because I felt I had a direct personal interest in the legislation, and, under rule 8 of the House was precluded from voting thereon.

CORRECTION OF THE RECORD

Mr. O'HARA of Michigan. Mr. Speaker, on page 17474 of the CONGRES-

SIONAL RECORD for Monday, July 26, I am quoted as saying:

I did not have any reference to voluntary contributions through the so-called buck drives or coke drives conducted by many organizations.

The word "coke," obviously is incorrect. What I actually said was "COPE drives."

I ask unanimous consent that the word "COPE" be substituted in the permanent RECORD for the word "coke" in my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

COMMUNITY HEALTH SERVICES EXTENSION AMENDMENTS OF 1965

Mr. HARRIS. Mr. Speaker, I call up the conference report on the bill (S. 510) to extend and otherwise amend certain expiring provisions of the Public Health Service Act relating to community health services, and for other purposes and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Clerk read the statement.

(For conference report and statement see proceedings of the House of July 23, 1965.)

Mr. HARRIS. Mr. Speaker, this conference report is on the extension of several very important and necessary programs. It will be recalled that the Congress in the past established a program of intensive community immunization programs, established a program of health services for domestic agricultural migratory workers, and established programs of grants for State health programs and special projects for community health services.

H.R. 2986, extending these programs, passed the House some time back by a vote of 347 yeas to no nays. We then substituted this text for the text of S. 510, a similar bill that had passed the other body. The amendment went to the other body and they agreed to a conference. We went to conference, and we have endeavored to resolve the differences. I feel that we have fairly well maintained the position of the House. There was some modification in the position of both Houses, and we bring to you today a unanimous conference report.

There are three questions involved. First is the immunization program. The House proposed to extend the present program for 3 years with an authorization of \$11 million a year. The Senate included a 5-year program with \$8 million a year. The conferees agreed on an extension of 3 years and \$11 million, which was the same as the House had passed.

There was another difference in the immunization program between the House amendment and the Senate bill

in that the Senate version permitted advance payments on the basis of estimates to the States and local agencies carrying out immunization programs, and modified certain record-keeping requirements. The House bill had no such provision.

We accepted the provision for advance payments on the basis of estimates, but the conference report does not include the provision relating to a modified record keeping. In view, however, of the conference substitute, and in view of the language already in the act which authorizes grants for costs reasonably attributable to the protection of the eligible age group, the conferees expect that the Surgeon General will review with the States and local agencies affected methods for simplifying record-keeping requirements. We think by this method it will work out satisfactorily and will alleviate unnecessary burdens.

The second difference between the two Houses in connection with this conference report has to do with the provision of health services for domestic agricultural migratory workers. The Senate bill extended the program for a period of 5 years and for this 5-year program, they would have authorized a total of \$34 million. Since the House has established a pattern of authorizing these programs for 3-year periods in order that the Congress may at the end of that time review what the programs have accomplished, the House version provided a straight extension of 3 years with the current authorization of \$3 million. In view, however, of the expected demand the conferees extended the program for 3 years as provided in the House bill and for fiscal year 1966, we authorized \$7 million; \$8 million for 1967 and for the third and final year this authorization of \$9 million. These were the amounts authorized in the Senate version.

We believe that these amounts will be sufficient to provide the needs anticipated in this program for the next 3 years.

The conference agreement also includes specific authorization for necessary short-term hospital care for domestic agricultural workers and their families. This was a provision in the Senate bill, but it was not in the House amendment. It is the intention of the conferees that the authority for hospital care will be utilized on a limited basis and in accordance with the priorities established by the Surgeon General. We wanted to make this abundantly clear and we feel that where emergencies arise they will be taken care of, and yet it will not put a burden upon local hospital facilities.

The third point of difference in this conference has to do with the schools of public health. Many of our colleagues here in the House were quite concerned about the lack of increased authorization for these schools when the bill was reported and considered in the House. We authorized for these 12 public health schools in the United States a straight extension of the existing \$2½ million authorization. The Senate provided a \$5 million authorization. In view of the fact that there are 12 of these schools and

that they have increased their enrollment, and that we are establishing two additional schools of public health, the House conferees felt that the Senate authorization would be more justified and consequently we adopted the authorization included by the other body of \$5 million.

I think many Members in the House will be gratified that the House conferees agreed to this provision of the Senate amendment. The conferees feel that this program is a very necessary program.

We feel that the conference agreement is a reasonable compromise, and, therefore, we urge the adoption of the report.

(Mr. HARRIS asked and was given permission to revise and extend his remarks.)

Mr. HARRIS. Mr. Speaker, I yield to the gentleman from Illinois [Mr. SPRINGER] such time as he may require.

Mr. SPRINGER. Mr. Speaker, several programs of proven merit are included in this bill. The value of immunization programs is well enough known and needs no extensive justification at this time. Extension of the program to include measles has become feasible because of a breakthrough in scientific research which should make it possible to eradicate this common but dangerous disease, mostly in children. Because of the progress made in recent years in the means to vaccinate against diseases which killed or maimed large numbers within our population, it seems wise to leave the door open for prompt action in the event that other dramatic developments make new immunization programs practical. This bill does so.

The health of migratory workers poses acute problems for those communities to which they come for relatively short periods of time each year. Although there may not be one easy answer which would apply to each and every situation, we do know that the Nation must take cognizance of the problems. The provision of extra manpower for the affected health service agencies has proved to be most useful within the communities affected. Because of the peculiarity and diversity of State laws and local ordinances the provisions of emergency hospital services has been difficult or impossible in many cases. The funds provided by this bill are not meant to solve this dilemma in its entirety but it does provide for emergency hospital services on a limited scale until better answers can be found.

Grants to support general public health services and special project grants for community health services throughout the Nation are not new. This bill would merely extend the program for 1 year at present levels.

A comprehensive look at this situation must be taken by the next Congress. The reappraisal is called for only because of the evolutionary changes in community health services. I would not want to see any cutting back or any changes whatsoever in this particular program until we have the benefit of studies now underway.

I believe we did as good a job in conference as the House could expect and I believe the conference report is such that it ought to be approved.



Public Law 89-117
89th Congress, H. R. 7984
August 10, 1965

An Act

79 STAT. 451.

To assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Housing and Urban Development Act of 1965".

Housing and Urban Development Act of 1965.

TITLE I—SPECIAL PROVISIONS FOR DISADVANTAGED PERSONS

FINANCIAL ASSISTANCE TO ENABLE CERTAIN PRIVATE HOUSING TO BE AVAILABLE FOR LOWER INCOME FAMILIES WHO ARE ELDERLY, HANDICAPPED, DISPLACED, VICTIMS OF A NATURAL DISASTER, OR OCCUPANTS OF SUBSTANDARD HOUSING

SEC. 101. (a) The Housing and Home Finance Administrator (hereinafter referred to as the "Administrator") is authorized to make, and contract to make, annual payments to a "housing owner" on behalf of "qualified tenants", as those terms are defined herein, in such amounts and under such circumstances as are prescribed in or pursuant to this section. In no case shall a contract provide for such payments with respect to any housing for a period exceeding forty years. The aggregate amount of the contracts to make such payments shall not exceed amounts approved in appropriation Acts, and payments pursuant to such contracts shall not exceed \$30,000,000 per annum prior to July 1, 1966, which maximum dollar amount shall be increased by \$35,000,000 on July 1, 1966, by \$40,000,000 on July 1, 1967, and by \$45,000,000 on July 1, 1968.

(b) As used in this section, the term "housing owner" means a private nonprofit corporation or other private nonprofit legal entity, a limited dividend corporation or other limited dividend legal entity, or a cooperative housing corporation, which is a mortgagor under section 221(d)(3) of the National Housing Act and which, after the enactment of this section, has been approved for mortgage insurance thereunder and has been approved for receiving the benefits of this section: *Provided*, That, except as provided in subsection (j), no payments under this section may be made with respect to any property financed with a mortgage receiving the benefits of the interest rate provided for in the proviso in section 221(d)(5) of that Act. Subject to the limitations provided in subsection (j), the term "housing owner" also has the meaning prescribed in such subsection.

"Housing owner."

75 Stat. 150.
12 USC 17151.

Post, p. 454.

(c) As used in this section, the term "qualified tenant" means any individual or family who has, pursuant to criteria and procedures established by the Administrator, been determined—

"Qualified tenant."

(1) to have an income below the maximum amount which can be established in the area, pursuant to the limitations prescribed in sections 2(2) and 15(7)(b)(ii) of the United States Housing Act of 1937, for occupancy in public housing dwellings; and

Post, p. 457.
63 Stat. 422.
42 USC 1415.

(2) to be one of the following—

- (A) displaced by governmental action;
- (B) sixty-two years of age or older (or, in the case of a family to have a head who is, or whose spouse is, sixty-two years of age or over);

(C) physically handicapped (or, in the case of a family, to have a head who is, or whose spouse is, physically handicapped);

(D) occupying substandard housing; or

(E) an occupant or former occupant of a dwelling which is (or was) situated in an area determined by the Small Business Administration, subsequent to April 1, 1965, to have been affected by a natural disaster, and which has been extensively damaged or destroyed as the result of such disaster.

The terms "qualified tenant" and "tenant" include a member of a cooperative who satisfies the foregoing requirements and who, upon resale of his membership to the cooperative, will not be reimbursed for any equity increment accumulated through payments under this section. With respect to members of a cooperative, the terms "rental" and "rental charges" mean the charges under the occupancy agreements between such members and the cooperative.

(d) The amount of the annual payment with respect to any dwelling unit shall not exceed the amount by which the fair market rental for such unit exceeds one-fourth of the tenant's income as determined by the Administrator pursuant to procedures and regulations established by him.

(e) (1) For purposes of carrying out the provisions of this section, the Administrator shall establish criteria and procedures for determining the eligibility of occupants and rental charges, including criteria and procedures with respect to periodic review of tenant incomes and periodic adjustment of rental charges. The Administrator shall issue, upon the request of a housing owner, certificates as to the following facts concerning the individuals and families applying for admission to, or residing in, dwellings of such owner:

(A) the income of the individual or family; and

(B) whether the individual or family was displaced by governmental action, is elderly, is physically handicapped, or is (or was) occupying substandard housing or housing extensively damaged or destroyed as the result of a natural disaster.

(2) Procedures adopted by the Administrator hereunder shall provide for recertifications of the incomes of occupants, except the elderly, at intervals of two years (or at shorter intervals in cases where the Administrator may deem it desirable) for the purpose of adjusting rental charges and annual payments on the basis of occupants' income, but in no event shall rental charges adjusted under this section for any dwelling exceed the fair market rental of the dwelling.

(3) The Administrator may enter into agreements, or authorize housing owners to enter into agreements, with public or private agencies for services required in the selection of qualified tenants, including those who may be approved, on the basis of the probability of future increases in their incomes, as lessees under an option to purchase (which will give such approved qualified tenants an exclusive right to purchase at a price established or determined as provided in the option) dwellings, and in the establishment of rentals. The Administrator is authorized (without limiting his authority under any other provision of law) to delegate to any such public or private agency his authority to issue certificates pursuant to this subsection.

(4) No payments under this section may be made with respect to any property for which the costs of operation (including wages and salaries) are determined by the Administrator to be greater than similar costs of operation of similar housing in the community where the property is situated.

(f) Section 101(c) of the Housing Act of 1949 is amended by inserting "(i)" after "a mortgage under" in the first proviso and by inserting immediately before the colon at the end of such proviso the following: ", or (ii) section 221(d)(3) of the National Housing Act if payments with respect to the mortgaged property are made or are to be made under section 101 of the Housing and Urban Development Act of 1965, except that no such mortgage shall be insured, and no commitment to insure such a mortgage shall be issued, with respect to property in any community for which a workable program for community improvement was required and in effect at the time a contract for a loan or capital grant was entered into under this title, or a contract for annual contributions or capital grants was entered into pursuant to the United States Housing Act of 1937, unless there is a workable program for community improvement which meets the requirements of this subsection in effect in such community at the time of such insurance or commitment".

68 Stat. 623.
42 USC 1451.

(g) The Administrator is authorized to make such rules and regulations, to enter into such agreements, and to adopt such procedures as he may deem necessary or desirable to carry out the provisions of this section. Nothing contained in this section shall affect the authority of (1) the Federal Housing Commissioner with respect to any housing assisted under this section and under sections 221(d)(3) and 231(c)(3) of the National Housing Act, or (2) the Housing and Home Finance Administrator with respect to any housing assisted under this section and under section 202 of the Housing Act of 1959, including the authority to prescribe occupancy requirements under other provisions of law or to determine the portion of any such housing which may be occupied by qualified tenants.

50 Stat. 888.
42 USC 1430.

75 Stat. 150;
73 Stat. 665.
12 USC 1715l,
1715v.
73 Stat. 667.
12 USC 1701q.

(h) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section, including, but not limited to, such sums as may be necessary to make annual payments as prescribed in this section, pay for services provided under (or pursuant to agreements entered into under) subsection (e), and provide administrative expenses.

(i) Section 114(c)(2) of the Housing Act of 1949 is amended by inserting before the colon at the end of the first proviso the following: ", or a dwelling unit assisted under section 101 of the Housing and Urban Development Act of 1965".

78 Stat. 788.
42 USC 1465.

(j) (1) For the purpose of assisting housing under this section on an experimental basis, subject to the limitations of this subsection, the term "housing owner" (in addition to the meaning prescribed in subsection (b)) includes—

(A) a private nonprofit corporation or other private nonprofit legal entity, a limited dividend corporation or other limited dividend legal entity, or a cooperative housing corporation, which is a mortgagor under a mortgage which receives the benefits of the interest rate provided for in the proviso in section 221(d)(5) of the National Housing Act and which, after the date of the enactment of this Act, has been approved for mortgage insurance under section 221(d)(3) of the National Housing Act and has been approved for receiving the benefits of this section;

Post, p. 454.

(B) a private nonprofit corporation or other private nonprofit legal entity which is a mortgagor under a mortgage insured under section 231(c)(3) of the National Housing Act and which, after the date of the enactment of this Act, has obtained final endorsement of such mortgage for mortgage insurance and has been approved for receiving the benefits of this section; and

79 STAT. 454.

73 Stat. 667.
12 USC 1701q.

(C) a private nonprofit corporation, a public body or agency, or a cooperative housing corporation, which is a borrower under section 202 of the Housing Act of 1959 and has been approved for receiving the benefits of this section: *Provided, That*, with respect to properties financed with loans under such section made on or before the date of the enactment of this Act, payments shall not be made with respect to more than 20 per centum of the dwelling units in any property so financed.

(2) Of the amounts approved in appropriation Acts pursuant to subsection (a) for payments under this section in any year, not more than 5 per centum in the aggregate shall be paid with respect to properties of housing owners as defined in paragraph (1)(A) of this subsection, and not more than 5 per centum in the aggregate shall be paid with respect to properties of housing owners as defined in paragraphs (1)(B) and (1)(C) of this subsection.

EXTENSION OF FHA SECTION 221 PROGRAMS; MODIFICATION OF INTEREST RATE; POOLING OF MORTGAGES FOR SALE

78 Stat. 779.
12 USC 17151.

SEC. 102. (a) The fifth sentence of section 221(f) of the National Housing Act is amended by striking out "subsection (d) (2) or (d) (4) after September 30, 1965, or under subsection (d) (3) after September 30, 1965," and inserting in lieu thereof "this section after October 1, 1969,".

75 Stat. 152.

(b) The proviso in section 221(d) (5) of such Act is amended by striking out "not less than the annual rate of interest determined" and inserting in lieu thereof "not less than the lower of (A) 3 per centum per annum, or (B) the annual rate of interest determined".

73 Stat. 661;
75 Stat. 181.
12 USC 1715c.

(c) The third sentence of section 212(a) of such Act is amended by striking out "described in subsection (d) (3)" and all that follows and inserting in lieu thereof "described in subsection (d) (3) or (d) (4)."

78 Stat. 800.
12 USC 1717.

(d) Section 302(c) of such Act is amended by inserting before the last sentence thereof the following: "If there shall be included within one or more of the trusts or other agencies created pursuant to the authority of this subsection any mortgages bearing a below-market interest rate and insured under section 221(d) (3) after the date of the enactment of the Housing and Urban Development Act of 1965, there are authorized to be appropriated from time to time such amounts as may be necessary to reimburse the Association for the amount of the differential (including interest, other costs, and a fair proportion of administrative expense) between (1) the total outlay with respect to outstanding participations or other instruments which, at the time of issuance, were predicated upon or otherwise related to such below-market interest rate mortgages, and (2) the total receipts from such mortgages."

LOW-RENT HOUSING IN PRIVATE ACCOMMODATIONS

SEC. 103. (a) The United States Housing Act of 1937 is amended by redesignating section 23 as section 24, and by adding after section 22 the following new section:

50 Stat. 899;

63 Stat. 431.

42 USC 1422.

“LOW-RENT HOUSING IN PRIVATE ACCOMMODATIONS

“SEC. 23. (a) (1) For the purpose of providing a supplementary form of low-rent housing which will aid in assuring a decent place to live for every citizen and promote efficiency and economy in the program under this Act by taking full advantage of vacancies or potential vacancies in the private housing market, each public housing agency shall, to the maximum extent consistent with the achievement of the objectives of this Act, provide low-rent housing under this Act in the form of low-rent housing in private accommodations in accordance with this section where such housing in private accommodations can be provided at a cost equal to or less than housing in projects assisted under other provisions of this Act.

“(2) The provisions of this section shall not apply to any locality unless the governing body of the locality has by resolution approved the application of such provisions to such locality.

“(3) As used in this section, the term ‘low-rent housing in private accommodations’ means dwelling units in an existing structure, leased from a private owner, which provide decent, safe, and sanitary dwelling accommodations and related facilities effectively supplementing the accommodations and facilities in low-rent housing assisted under the other provisions of this Act in a manner calculated to meet the total housing needs of the community in which they are located; and the term ‘owner’ means any person or entity having the legal right to lease or sublease property containing one or more dwelling units as described in this section. Definitions.

“(b) Beginning as soon as practicable after the date of the enactment of this section, each public housing agency shall conduct a continuing survey and listing of the available dwelling units within the community or communities under its jurisdiction which provide decent, safe, and sanitary dwelling accommodations and related facilities and are, or may be made, suitable for use as low-rent housing in private accommodations under this section.

“(c) Each public housing agency, by notification to the owners of housing listed under subsection (b), or by publication or advertisement, or otherwise, shall from time to time make known to the public in the community or communities under its jurisdiction the anticipated need for dwelling units in such community or communities to be used as low-rent housing in private accommodations under this section, inviting the owners of such dwelling units to make available for purposes of this section one or more of such units (not exceeding 10 per centum of the units in any single structure except to the extent that the agency, because of the limited number of units in the structure or for any other reason, determines that such limit should not be applied). The public housing agency shall conduct appropriate inspections of the units offered to be made available in any residential structure by the owner thereof in response to such invitation, and if—

“(1) it finds that such units are, or may be made, suitable for use as low-rent housing in private accommodations within the meaning of subsection (a) (3), and

“(2) the rentals to be charged for such units, as negotiated and agreed to by the agency and the owner of the structure in a manner consistent with subsection (d) (2), are within the financial range of families of low income,

such agency may approve such units for use as low-rent housing in private accommodations in accordance with (and subject to the applicable limitations contained in) this section. Each public housing agency shall maintain and keep current a list of units approved by it under this subsection, including such information with respect to each such unit as it may consider necessary or appropriate.

“(d) To the extent of contracts for annual contributions entered into by the Authority with a public housing agency under section 10(e), such agency may enter into contracts with the owners of structures containing dwelling units approved under subsection (c) for the use of such units in accordance with this section. Each such contract with an owner shall provide (with respect to any unit) that—

“(1) the selection of tenants for such unit shall be the function of the owner, subject to the provisions of the contract between the Authority and the agency;

“(2) the rental and other charges to be received by the owner shall be negotiated and agreed to by the agency and the owner, and the rental and other charges to be paid by the tenant shall be determined in accordance with the standards applicable to units in low-rent housing projects assisted under the other provisions of this Act;

“(3) the agency shall have the sole right to give notice to vacate, with the owner having the right to make representations to the agency for termination of a tenancy;

“(4) maintenance and replacements (including redecoration) shall be in accordance with the standard practice for the building concerned, as established by the owner and agreed to by the agency; and

“(5) the agency and the owner shall carry out such other appropriate terms and conditions as may be mutually agreed to by them.

Each contract between a public housing agency and an owner entered into under this subsection shall be for a term of not less than twelve months nor more than thirty-six months, and shall be renewable by such agency and owner at the expiration of such term.

“(e) The annual contribution under this Act for a project of a public housing agency for low-rent housing in private accommodations under this section in lieu of any other guaranteed contribution authorized by section 10 shall not exceed the amount of the fixed annual contribution which would be established under this Act for a newly constructed project by such public housing agency designed to accommodate the comparable number, sizes, and kinds of families. The period over which payments will be made to a public housing agency for a project of low-rent housing in private accommodations under this section, and the aggregate amount of such payments, under a contract for annual contributions, shall be determined on the basis of the number of units in the community or communities under the jurisdiction of such agency which are in use (or can reasonably be expected to be placed in use) as low-rent housing in private accommodations under this section, taking into account the terms of the leases under which such units are (or will be) so used. In addition, contracts for financial assistance entered into by the Authority with a public housing agency pursuant to this section shall provide for reimbursement of reasonable and necessary expenses incurred by such agency in conducting surveys, listings, and inspections described in subsections (b) and (c).

“(f) The provisions of sections 10(h) and 15(7) of this Act, and the workable program requirement in section 10(e) of this Act and section

75 Stat. 163.
42 USC 1410.

68 Stat. 631;
63 Stat. 422.
42 USC 1410,
1415.

101(c) of the Housing Act of 1949, shall not apply to low-rent housing in private accommodations provided under this section." *Ante*, p. 453.

(b) The last sentence of section 2(1) of such Act is amended by striking out "Income limits for occupancy and rents" and inserting in lieu thereof "Except as otherwise provided in section 23, income limits for occupancy and rents". 73 Stat. 680.
42 USC 1402.

PARITY OF TREATMENT FOR THE HANDICAPPED AND ELDERLY IN PUBLIC HOUSING

SEC. 104. Section 2(2) of the United States Housing Act of 1937 is amended to read as follows: 78 Stat. 794.

"(2) The term 'families of low income' means families (including elderly and displaced families) who are in the lowest income group and who cannot afford to pay enough to cause private enterprise in their locality or metropolitan area to build an adequate supply of decent, safe, and sanitary dwellings for their use. The term 'families' includes families consisting of a single person in the case of elderly families and displaced families, and includes the remaining member of a tenant family. The term 'elderly families' means families whose heads (or their spouses), or whose sole members, have attained the age at which an individual may elect to receive an old-age benefit under title II of the Social Security Act, or are under a disability as defined in section 223 of that Act, or are handicapped within the meaning of section 202 of the Housing Act of 1959. The term 'displaced families' means families displaced by urban renewal or other governmental action, or families whose present or former dwellings are situated in areas determined by the Small Business Administration, subsequent to April 1, 1965, to have been affected by a natural disaster, and which have been extensively damaged or destroyed as the result of such disaster." 49 Stat. 622;
70 Stat. 815.
42 USC 401-425.

DIRECT LOANS TO PROVIDE HOUSING FOR THE ELDERLY OR HANDICAPPED

SEC. 105. (a) Section 202(a)(4) of the Housing Act of 1959 is amended by striking out "\$350,000,000" and inserting in lieu thereof "\$500,000,000". 78 Stat. 783.
12 USC 1701q.

(b) Effective with respect to loans made on or after the date of the enactment of this Act, section 202(a)(3) of such Act is amended by striking out "the higher of (A) 2¾ per centum per annum, or" and inserting in lieu thereof "the lower of (A) 3 per centum per annum, or". 73 Stat. 667.

REHABILITATION GRANTS TO HOMEOWNERS IN URBAN RENEWAL AREAS

SEC. 106. (a) Title I of the Housing Act of 1949 is amended by adding at the end thereof the following new section: 63 Stat. 414.
42 USC 1450-1465.

"REHABILITATION GRANTS

"SEC. 115. (a) Notwithstanding any other provision of this title, the Administrator may authorize a local public agency to make grants (and the urban renewal project may include the making of such grants) as prescribed in this section. Any such grant may be made only to an individual or family, as described in subsection (b), who owns and occupies a structure in an urban renewal area, and only for the purpose of covering the cost of repairs and improvements necessary to make such structure conform to public standards for decent, safe, and sanitary housing as required by applicable codes or other requirements of the urban renewal plan for the area. Any contract for financial assistance under this title shall provide that the capital grant

79 STAT. 458.

otherwise payable for the project shall be increased by an amount equal to the total amount of the grants under this section and that no part of the total amount of such grants shall be required to be contributed as part of the local grant-in-aid.

"(b) A grant authorized by this section may be made to an individual or family whose income does not exceed \$3,000 a year, and such grant may be in the amount which does not exceed the lesser of (1) the actual (and approved) cost of the repairs and improvements involved, or (2) \$1,500. In case the income of the individual or family exceeds \$3,000 a year, a grant may be made under this section, subject to the limitations specified in clauses (1) and (2) of the preceding sentence, but only in an amount not to exceed that portion of the cost of the repairs and improvements which cannot be paid for with any available loan that can be amortized as part of such individual's or family's monthly housing expense without requiring such monthly housing expense to exceed 25 per centum of such individual's or family's monthly income."

(b) Any contract with a local public agency which was executed under title I of the Housing Act of 1949 before the date of enactment of this Act may be amended to provide for grants authorized by section 115 of the Housing Act of 1949.

63 Stat. 414.
42 USC 1450-
1465.

MORTGAGE RELIEF FOR HOMEOWNERS WHO ARE UNEMPLOYED AS THE
RESULT OF THE CLOSING OF A FEDERAL INSTALLATION

SEC. 107. (a) For the purposes of this section—

(1) The term "mortgage" means a mortgage which (A) is insured under the National Housing Act, or (B) secures a home loan guaranteed or insured under the Servicemen's Readjustment Act of 1944 or chapter 37 of title 38, United States Code.

48 Stat. 1246.
12 USC 1701.
58 Stat. 284;
72 Stat. 1203,
1273.
38 USC 1801-
1825.

(2) The term "Federal mortgage agency" means—

(A) the Federal Housing Commissioner when used in connection with mortgages insured under the National Housing Act, and

(B) the Administrator of Veterans' Affairs when used in connection with mortgages securing home loans guaranteed or insured under the Servicemen's Readjustment Act of 1944 or chapter 37 of title 38, United States Code.

(3) The term "distressed mortgagor" means an individual who—

(A) is unemployed, although willing to work, as the result of the closing (in whole or in part) of a Federal installation, and

(B) is the owner-occupant of a dwelling upon which there is a mortgage securing a loan which is in default because of the inability of such individual to make payments of principal and/or interest under such mortgage.

(b) (1) Any distressed mortgagor, for the purpose of avoiding foreclosure of his mortgage, may apply to the appropriate Federal mortgage agency for a determination that suspension of his obligation to make payments of principal and/or interest under such mortgage during a temporary period is necessary in order to avoid such foreclosure.

(2) Upon receipt of an application made under this subsection by a distressed mortgagor, the Federal mortgage agency shall issue to such mortgagor a certificate of moratorium if it determines, after consultation with the interested mortgagee, that—

(A) the mortgagor is not in default with respect to any condition or covenant of the mortgage other than that requiring the payment of installments of principal and/or interest under the mortgage, and

Certificate of
moratorium.

(B) such action is the only available means whereby a foreclosure of such mortgage can be avoided.

(3) Prior to the issuance to any distressed mortgagor of a certificate of moratorium under paragraph (2), the Federal mortgage agency shall require such mortgagor to enter into a binding agreement under which he will be required to make payments to such agency, after the expiration of such certificate, in an aggregate amount equal to the amount paid by such agency on behalf of such mortgagor as provided in subsection (c). The manner and time in which such payments shall be made shall be determined by the Federal mortgage agency having due regard to the purposes sought to be achieved by this section.

(4) Any certificate of moratorium issued under this subsection shall expire on whichever of the following dates is the earliest—

(A) one year from the date on which such certificate is issued;

(B) thirty days after the date on which the mortgagor to whom such certificate is issued ceases to be a distressed mortgagor as defined in subsection (a); or

(C) the date on which such mortgagor becomes in default with respect to any condition or covenant in his mortgage other than that requiring the payment by him of installments of principal and/or interest under the mortgage.

(c)(1) Whenever a Federal mortgage agency issues a certificate of moratorium to any distressed mortgagor with respect to any mortgage, it shall transmit to the mortgagee a copy of such certificate, together with a notice stating that, while such certificate is in effect, such agency will assume the obligation of such mortgagor to make payments of principal, and, if so specified in the certificate, of interest, under the mortgage.

(2) Payments made by any Federal mortgage agency pursuant to a certificate of moratorium issued under this section with respect to the mortgage of any distressed mortgagor shall include, in addition to the payments referred to in paragraph (1), an amount equal to the unpaid principal and interest charges which had accrued under such mortgage prior to the issuance of such certificate and subsequent to the date on which such mortgagor became a distressed mortgagor as defined in subsection (a).

(3) While any certificate of moratorium issued under this section is in effect with respect to the mortgage of any distressed mortgagor, no further payments of principal, and, if so specified in the certificate, of interest, under the mortgage shall be required of such mortgagor, and no action (legal or otherwise) shall be taken or maintained by the mortgagee to enforce or collect such payments. Upon the expiration of such certificate, the mortgagor shall again be liable for the payment of all amounts due under the mortgage in accordance with its terms.

(4) Each Federal mortgage agency shall give prompt notice in writing to the interested mortgagor and mortgagee of the expiration of any certificate of moratorium issued by it under this section.

(d) The Federal mortgage agencies are authorized to issue such individual and joint regulations as may be necessary to carry out this section and to insure the uniform administration thereof.

(e) There shall be in the Treasury (1) a fund which shall be available to the Federal Housing Commissioner for the purpose of extending financial assistance in behalf of distressed mortgagors as provided in subsection (c), and (2) a fund which shall be available to the Administrator of Veterans' Affairs for the same purpose. The capital of each such fund shall consist of such sums as may, from time to time, be appropriated thereto, and any sums so appropriated shall remain available until expended. Receipts arising from the pro-

79 STAT. 460.

grams of assistance under subsection (c) shall be credited to the fund from which such assistance was extended. Moneys in either of such funds not needed for current operations, as determined by the Federal Housing Commissioner, or the Administrator of Veterans' Affairs, as the case may be, shall be invested in bonds or other obligations of the United States, or paid into the Treasury as miscellaneous receipts.

72 Stat. 1212.

(f) Section 1816 of title 38, United States Code, is amended by inserting "(a)" before the text of such section, and by adding at the end thereof a new subsection as follows:

78 Stat. 380.

"(b) With respect to any loan made under section 1811 which has not been sold as provided in subsection (g) of such section, if the Administrator finds, after there has been a default in the payment of any installment of principal or interest owing on such loan, that the default was due to the fact that the veteran who is obligated under the loan has become unemployed as the result of the closing (in whole or in part) of a Federal installation, he shall (1) extend the time for curing the default to such time as he determines is necessary and desirable to enable such veteran to complete payments on such loan, including an extension of time beyond the stated maturity thereof, or (2) modify the terms of such loan for the purpose of changing the amortization provisions thereof by recasting, over the remaining term of the loan, or over such longer period as he may determine, the total unpaid amount then due with the modification to become effective currently or upon the termination of an agreed-upon extension of the period for curing the default."

ACQUISITION OF CERTAIN PROPERTIES SITUATED AT OR NEAR MILITARY
BASES WHICH HAVE BEEN ORDERED TO BE CLOSED

SEC. 108. (a) The Secretary of Defense is authorized to acquire title to any property, improved with a one- or two-family dwelling, which is situated at or near a military base or installation which the Department of Defense has, subsequent to November 1, 1964, ordered to be closed in whole or in part, if he determines—

(1) that the owner of such property is, or has been, employed or performing military service, at such base or installation;

(2) that the closing of such base or installation, in whole or in part, has required or will require the termination of such owner's employment or service at such base or installation; and

(3) that as the result of the actual or pending closing of such base or installation there is no present market for the sale of such property upon reasonable terms and conditions.

(b) The purchase price of any property which is situated at or near a military base or installation and is acquired under this section shall be equal to an amount determined by the Secretary of Defense to be the average price at which properties, similar in size, construction, condition, and location to that of the property to be acquired, were sold during a representative period, as determined by the Secretary, prior to the announcement of the intention of the Department of Defense to close all or part of such base or installation.

(c) The title to any property acquired under this section shall be free and clear of any outstanding liens or encumbrances and shall conform to such requirements as the Secretary of Defense shall by regulation require. Such regulations shall also prescribe the terms and conditions under which payments may be made under this section, and decisions by the Secretary regarding such payments, and the terms and conditions under which the same are approved or disapproved, shall be final and conclusive and shall not be subject to judicial review.

(d) Properties acquired under this section shall be transferred to the Federal Housing Commissioner, and the Federal Housing Commissioner shall have power to deal with, rent, renovate, or sell for cash or credit any properties so transferred. Receipts from the management or sale of any such properties may be utilized by the Commissioner to defray expenses arising in connection with the management of such properties, and any part of such receipts not required for such expenses shall be covered into the Treasury as miscellaneous receipts.

(e) Section 223(a) of the National Housing Act is amended—

(1) by striking out the period at the end of paragraph (7) and inserting in lieu thereof “; or”; and

(2) by inserting after paragraph (7) a new paragraph as follows:

“(8) executed in connection with the sale by the Commissioner of any housing acquired pursuant to section 108 of the Housing and Urban Development Act of 1965.”

(f) Such sums as may be necessary to carry out the provisions of this section are hereby authorized to be appropriated, and any sums so appropriated shall remain available until expended.

68 Stat. 605;
69 Stat. 484.
12 USC 1715n.

TITLE II—FHA INSURANCE OPERATIONS

LAND DEVELOPMENT

SEC. 201. (a) The National Housing Act is amended by adding at the end thereof the following new title:

48 Stat. 1246.
12 USC 1701 and
note.

“TITLE X—MORTGAGE INSURANCE FOR LAND DEVELOPMENT

“DEFINITIONS

“SEC. 1001. As used in this title—

“(a) the term ‘mortgage’ means a lien or liens on real estate in fee simple, or on a leasehold (1) under a lease for not less than ninety-nine years which is renewable, or (2) under a lease having a period of not less than fifty years to run from the date the mortgage was executed;

“(b) the term ‘first mortgage’ includes such classes of first liens as are commonly given to secure advances (including but not

limited to advances during construction) on, or the unpaid purchase price of, real estate under the laws of the State in which the real estate is located, together with the credit instrument or instruments, if any, secured thereby, and may be in the form of trust mortgages or mortgage indentures or deeds of trusts securing notes, bonds, or other credit instruments;

"(c) the terms 'mortgage', 'mortgagor', and 'State' have the same meaning as in section 207 of this Act;

"(d) the term 'improvements' means waterlines and water supply installations, sewerlines and sewerage disposal installations, roads, streets, curbs, gutters, sidewalks, storm drainage facilities, and other installations or work, whether on or off the site, which the Commissioner deems necessary or desirable to prepare land primarily for residential and related uses or to provide facilities for public or common use; but such term shall not include any building unless it is (1) a building which is needed in connection with a water supply or sewage disposal installation, or (2) a building, other than a school, which is to be owned and maintained jointly by the property owners; and

"(e) the term 'land development' means the process of making, installing, or constructing improvements.

"BASIC CONDITIONS FOR INSURANCE

"SEC. 1002. (a) The Commissioner is authorized (1) to insure, upon such terms and conditions as he may prescribe, any first mortgage (including advances on such mortgage) in accordance with the provisions of this title, and (2) to make a commitment for the insurance of such mortgage prior to the date of execution of such mortgage or prior to the date of disbursement of the mortgage proceeds. No mortgage shall be insured under this title after October 1, 1969, except pursuant to a commitment to insure issued before such date.

"(b) The mortgage shall—

"(1) be executed by a mortgagor, other than a public body, approved by the Commissioner;

"(2) be made to and held by a mortgagee approved by the Commissioner; and

"(3) cover the land to be developed and the improvements to be made with the assistance of the mortgage insurance under this title, except facilities intended for public use and in public ownership.

"(c) The principal obligation of the mortgage shall (1) not exceed 75 per centum of the Commissioner's estimate of the value of the property upon completion of the land development, and (2) not exceed the sum of 50 per centum of the Commissioner's estimate of the value of the land before development and 90 per centum of his estimate of the cost of such development. The outstanding principal obligations of mortgages involving a single land development undertaking, as defined by the Commissioner, shall at no time exceed \$10,000,000.

"(d) The mortgage shall—

"(1) have a maturity not to exceed seven years or such longer maturity as the Commissioner deems reasonable in the case of a privately owned system for water or sewerage, and contain repayment provisions satisfactory to the Commissioner;

"(2) bear interest at a rate satisfactory to the Commissioner, and such interest shall be exclusive of premium charges for mortgage insurance and such service charges and fees as may be approved by the Commissioner; and

"(3) contain such terms and provisions with respect to protection of the security, payment of taxes, delinquency charges, prepayment, additional and secondary liens, and other matters as the Commissioner may in his discretion prescribe.

"(e) A property or project to be financed by a mortgage insured under this title shall—

"(1) represent a good mortgage insurance risk; and

"(2) involve improvements that comply with all applicable State and local governmental requirements and with minimum standards approved by the Commissioner.

"LAND PLANNING

"SEC. 1003. (a) The land development covered by a mortgage insured under this title shall be undertaken pursuant to a schedule, conforming to such requirements and procedures as the Commissioner may prescribe, that will assure the use of the land for the purposes for which it is to be developed within the shortest reasonable period consistent with the objectives of sound and economic community growth or urban development.

"(b) The land development shall be undertaken in accordance with an overall development plan, appropriate to the scope and character of the undertaking, which—

"(1) has received all governmental approvals required by State or local law or by the Commissioner;

"(2) is acceptable to the Commissioner as providing reasonable assurance that the land development will contribute to good living conditions in the area being developed, which area (A) will have a sound economic base and a long economic life, (B) will be characterized by sound land-use patterns, and (C) will include or be served by such shopping, school, recreational, transportation, and other facilities as the Commissioner deems adequate or necessary; and

"(3) is consistent with a comprehensive plan which covers, or with comprehensive planning being carried on for, the area in which the land is situated, and which meets criteria established by the Housing and Home Finance Administrator for such plans or planning.

"ENCOURAGEMENT OF SMALL BUILDERS AND MODERATE COST HOUSING

"SEC. 1004. The Commissioner shall adopt such requirements as he deems necessary in land development covered by mortgages insured under this title to encourage the maintenance of a diversified local homebuilding industry, broad participation by builders, and the inclusion of a proper balance of housing for families of moderate or low income.

"WATER AND SEWERAGE FACILITIES

"SEC. 1005. After development of the land it shall be served by public systems for water and sewerage which are consistent with other existing or prospective systems within the area, except that the Commissioner may approve an adequate privately or cooperatively owned system which will be regulated in a manner acceptable to him with respect to user rates and charges, capital structure, methods of operation, rate of return, and conditions and terms of any sale or transfer.

"RELEASES

"SEC. 1006. The Commissioner may, on such terms and conditions as he may prescribe, consent to the release or subordination of a part or parts of the mortgaged property from the lien of the mortgage.

"PREMIUMS AND FEES

"SEC. 1007. The Commissioner shall collect reasonable premiums for the insurance of any mortgage under this title and make such charges as he determines are reasonable for the analysis of the land development plan and the appraisal and inspection of the property and improvements. On or before January 1, 1967, the Commissioner shall make a report to the Congress concerning the premium rates and other charges under this title that he estimates will be adequate to provide income sufficient for a self-supporting program.

Report to
Congress.

"INSURANCE BENEFITS

"SEC. 1008. The provisions of subsections (e), (g), (h), (i), (j), (k), (l), and (n) of section 207 of this Act shall be applicable to mortgages insured under this title, except that as applied to such mortgages (1) any reference therein to section 207 shall be deemed to refer to this title, and (2) any reference to an annual premium shall be deemed to refer to such premiums as the Commissioner may designate under this title.

52 Stat. 16.
12 USC 1713.

"INCONTESTABILITY PROVISIONS

"SEC. 1009. Any contract of insurance executed by the Commissioner under this title shall be conclusive evidence of the eligibility of the mortgage for insurance, and the validity of any contract of insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of such contract, except for fraud or material misrepresentation on the part of such approved mortgagee.

"RULES AND REGULATIONS

"SEC. 1010. The Commissioner is authorized to make such rules and regulations and to require such agreements as he may deem necessary or desirable to carry out the provisions of this title.

"TAXATION PROVISIONS

"SEC. 1011. Nothing in this title shall be construed to exempt any real property acquired and held by the Commissioner under this title from taxation by any State or political subdivision thereof to the same extent, according to its value, as other real property is taxed.

"COST CERTIFICATION

"SEC. 1012. (a) The Commissioner shall adopt such requirements as he determines necessary to assure, at reasonable intervals of time during land development and upon completion of such development, that the amount of the mortgage loan outstanding at each such interval does not exceed with respect to that portion of the land remaining under the lien of the mortgage (1) 50 per centum of the Commissioner's estimate of the value of such remaining land before development, plus (2) 90 per centum of the actual costs of the development allocated by the Commissioner to such remaining land.

"(b) From time to time during, and upon completion of, the development, the Commissioner shall require the mortgagor to certify as to the actual costs of development of the land.

"(c) Certifications required pursuant to this section shall be accompanied by such data and records as the Commissioner shall prescribe.

"(d) A mortgagor's certification approved by the Commissioner shall be final and incontestable except for fraud or material misrepresentation on the part of the mortgagor.

"(e) As used in this section, the term 'actual costs' means the costs (exclusive of kickbacks, rebates, or trade discounts) to the mortgagor of the improvements involved. These costs may include amounts paid for labor, materials, construction contracts, land planning, engineers' and architect's fees, surveys, taxes, and interest during development, organizational and legal expenses, such allocation of general overhead expenses as are acceptable to the Commissioner, and other items of expense incidental to development which may be approved by the Commissioner. If the Commissioner determines there is an identity of interest between the mortgagor and the contractor, there may be included an allowance for contractor's profit in an amount deemed reasonable by the Commissioner."

(b) (1) Section 302(b) of the National Housing Act is amended by striking out "the term 'mortgages'" in the last sentence and inserting in lieu thereof "the terms 'mortgages' and 'home mortgages'". 75 Stat. 158.
12 USC 1717.

(2) The first paragraph of section 24 of the Federal Reserve Act is amended by inserting before the next to last sentence the following new sentence: "Notwithstanding the foregoing limitations and restrictions in this section, any national banking association may make loans for land development which are secured by mortgages insured under title X of the National Housing Act." 69 Stat. 633.
12 USC 371.

(3) Section 5(c) of the Home Owners Loan Act of 1933 is amended by adding at the end thereof the following new paragraph: 48 Stat. 132.
12 USC 1464.

"Without regard to any other provision of this subsection, any such association may, to such extent as the Federal Home Loan Bank Board may by regulation permit, invest in loans, and interests in loans, (1) secured by mortgages as to which the association has the benefit of insurance under title X of the National Housing Act or of a commitment or agreement for such insurance, or (2) guaranteed by the President under section 224 of the Foreign Assistance Act of 1961, as amended. Investments under clause (1) of this paragraph shall not be included in any percentage of assets or other percentage referred to in this subsection. Investments under clause (2) of this paragraph shall not exceed, in the case of any association, 1 per centum of the assets of such association."

75 Stat. 432.
22 USC 2184.

(4) Section 212(a) of the National Housing Act is amended by inserting at the end thereof the following new sentence: "The provisions of this section shall also apply to insurance under title X with respect to laborers and mechanics employed in land development financed with the proceeds of any mortgage insured under that title." 53 Stat. 807.
12 USC 1715c.

EXTENSION OF INSURANCE AUTHORIZATIONS

SEC. 202. (a) Section 2(a) of the National Housing Act is amended by striking out "October 1, 1965" and inserting in lieu thereof "October 1, 1969". 75 Stat. 177.
12 USC 1703.

(b) Section 217 of such Act is amended— 12 USC 1715h.

(1) by striking out "title VIII" and inserting in lieu thereof "title VIII, or title X", and

(2) by striking out "October 1, 1965" and inserting in lieu thereof "October 1, 1969".

77 Stat. 163.
12 USC 1748h-1,
1748h-2.

(c) The second sentences of sections 809(f) and 810(k) of such Act are each amended by striking out "October 1, 1965" and inserting in lieu thereof "October 1, 1969".

MORTGAGE LIMITS FOR HOMES UNDER SECTION 203(b)

71 Stat. 295;
75 Stat. 178.
12 USC 1709.

SEC. 203. Clause (iii) of section 203(b) (2) of the National Housing Act is amended by striking out "75 per centum" and inserting in lieu thereof "80 per centum".

DOWNPAYMENT REQUIREMENT IN CASE OF LOW-INCOME HOUSING DEMONSTRATION HOMES

75 Stat. 165.
42 USC 1436.

SEC. 204. Section 203(b) (9) of the National Housing Act is amended by inserting after "a mortgage meeting the requirements of subsection (i) of this section," the following: "or with respect to a mortgage covering a single-family home being purchased under the low-income housing demonstration project assisted pursuant to section 207 of the Housing Act of 1961,".

MORTGAGE LIMIT FOR HOMES IN OUTLYING AREAS UNDER FHA SECTION 203(i) PROGRAM

SEC. 205. Section 203(i) of the National Housing Act is amended by striking out "\$11,000" and inserting in lieu thereof "\$12,500".

FHA MORTGAGE FINANCING FOR VETERANS

SEC. 206. (a) Section 203(b) (2) of the National Housing Act is amended—

(1) by striking out "and not to exceed" and inserting in lieu thereof "and (except as provided in the next to the last sentence of this paragraph) not to exceed"; and

(2) by adding at the end thereof the following new sentences: "If the mortgagor is a veteran who has not received any direct, guaranteed, or insured loan under laws administered by the Veterans' Administration for the purchase, construction, or repair of a dwelling (including a farm dwelling) which was to be owned and occupied by him as his home, and the mortgage to be insured under this section covers property upon which there is located a dwelling designed principally for a one-family residence, the principal obligation may be in an amount equal to the sum of (i) 100 per centum of \$15,000 of the appraised value of the property as of the date the mortgage is accepted for insurance, (ii) 90 per centum of such value in excess of \$15,000 but not in excess of \$20,000, and (iii) 85 per centum of such value in excess of \$20,000. As used herein, the term 'veteran' means any person who served on active duty in the armed forces of the United States for a period of not less than ninety days (or is certified by the Secretary of Defense as having performed extra-hazardous service), and who was discharged or released therefrom under conditions other than dishonorable."

(b) Section 203(b) (9) of such Act is amended by inserting after "on account of the property" the following: "(except in a case to which the next to the last sentence of paragraph (2) applies)".

MULTIFAMILY MORTGAGE LIMITS FOR FOUR OR MORE BEDROOM UNITS

SEC. 207. (a) Section 207(c)(3) of the National Housing Act is amended— 78 Stat. 774.
12 USC 1713.

(1) by striking out “and \$18,500 per family unit with three or more bedrooms” and inserting in lieu thereof “\$18,500 per family unit with three bedrooms, and \$21,000 per family unit with four or more bedrooms”; and

(2) by striking out “and \$22,500 per family unit with three or more bedrooms” and inserting in lieu thereof “\$22,500 per family unit with three bedrooms, and \$25,500 per family unit with four or more bedrooms”.

(b) (1) Section 213(b)(2) of such Act is amended—

12 USC 1715e.

(A) by striking out “and \$18,500 per family unit with three or more bedrooms” and inserting in lieu thereof “\$18,500 per family unit with three bedrooms, and \$21,000 per family unit with four or more bedrooms”; and

(B) by striking out “and \$22,500 per family unit with three or more bedrooms” and inserting in lieu thereof “\$22,500 per family unit with three bedrooms, and \$25,500 per family unit with four or more bedrooms”.

(2) Section 213(c) of such Act is amended by striking out “and not to exceed” and all that follows and inserting in lieu thereof the following: “and not to exceed a sum computed on the basis of a separate mortgage for each single-family dwelling (irrespective of whether such dwelling has a party wall or is otherwise physically connected with another dwelling or dwellings) comprising the property or project, equal to the total of each of the maximum principal obligations of such mortgages which would meet the requirements of section 203(b)(2) if the mortgagor were the owner and occupant who had made any required payment on account of the property prescribed in such paragraph.”

64 Stat. 55.

71 Stat. 294.

12 USC 1709.

(c) Section 220(d)(3)(B)(iii) of such Act is amended—

78 Stat. 775.

12 USC 1715k.

(1) by striking out “and \$18,500 per family unit with three or more bedrooms” and inserting in lieu thereof “\$18,500 per family unit with three bedrooms, and \$21,000 per family unit with four or more bedrooms”; and

(2) by striking out “and \$22,500 per family unit with three or more bedrooms” and inserting in lieu thereof “\$22,500 per family unit with three bedrooms, and \$25,500 per family unit with four or more bedrooms”.

(d) Section 221(d) of such Act is amended—

12 USC 1715l.

(1) by striking out “and \$17,000 per family unit with three or more bedrooms” in paragraphs (3)(ii) and (4)(ii) and inserting in lieu thereof “\$17,000 per family unit with three bedrooms, and \$19,250 per family unit with four or more bedrooms”; and

(2) by striking out “and \$20,000 per family unit with three or more bedrooms” in paragraphs (3)(ii) and (4)(ii) and inserting in lieu thereof “\$20,000 per family unit with three bedrooms, and \$22,750 per family unit with four or more bedrooms”.

(e) Section 231(c)(2) of such Act is amended—

12 USC 1715v.

(1) by striking out “and \$17,000 per family unit with three or more bedrooms” and inserting in lieu thereof “\$17,000 per family unit with three bedrooms, and \$19,250 per family unit with four or more bedrooms”; and

(2) by striking out “and \$20,000 per family unit with three or more bedrooms” and inserting in lieu thereof “\$20,000 per family unit with three bedrooms, and \$22,750 per family unit with four or more bedrooms”.

78 Stat. 780,
781.
12 USC 1715y.

(f) Section 234(e) (3) of such Act is amended—

(1) by striking out “and \$18,500 per family unit with three or more bedrooms” and inserting in lieu thereof “\$18,500 per family unit with three bedrooms, and \$21,000 per family unit with four or more bedrooms”; and

(2) by striking out “and \$22,500 per family unit with three or more bedrooms” and inserting in lieu thereof “\$22,500 per family unit with three bedrooms, and \$25,500 per family unit with four or more bedrooms”.

MUTUALITY FOR MANAGEMENT-TYPE COOPERATIVES

Cooperative
Management
Housing
Insurance Fund.
64 Stat. 54.
12 USC 1715e.

SEC. 208. (a) Section 213 of the National Housing Act is amended by adding at the end thereof the following new subsections:

“(k) There is hereby created a Cooperative Management Housing Insurance Fund (hereinafter referred to as the ‘Management Fund’). The Management Fund shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section with respect to mortgages or loans insured, on or after the date of the enactment of this subsection, under subsections (a) (1), (a) (3) (if the project is acquired by a cooperative corporation), (i), and (j). The Management Fund shall also be used as a revolving fund for mortgages, loans, and commitments transferred to it pursuant to subsection (m). The Commissioner is directed to transfer to the Management Fund from the General Insurance Fund established pursuant to section 519 such amount as the Commissioner determines to be necessary and appropriate. General expenses of operation of the Federal Housing Administration relating to mortgages or loans which are the obligation of the Management Fund may be charged to the Management Fund.

Post, p. 471.

General Surplus
Accounts; Par-
ticipating
Reserve Accounts.

“(l) The Commissioner shall establish in the Management Fund, as of the date of the enactment of this subsection, a General Surplus Account and a Participating Reserve Account. The aggregate net income thereafter received or any net loss thereafter sustained by the Management Fund, in any semiannual period, shall be credited or charged to the General Surplus Account or the Participating Reserve Account or both in such manner and amounts as the Commissioner may determine to be in accord with sound actuarial and accounting practice. Upon termination of the insurance obligation of the Management Fund by payment of any mortgage or loan insured under this section, and at such time or times prior to such termination as the Commissioner may determine, the Commissioner is authorized to distribute to the mortgagor or borrower a share of the Participating Reserve Account in such manner and amount as the Commissioner shall determine to be equitable and in accordance with sound actuarial and accounting practice: *Provided*, That in no event shall the amount of the distributable share exceed the aggregate scheduled annual premiums of the mortgagor or borrower to the year of payment of the share less the total amount of any share or shares previously distributed by the Commissioner to the mortgagor or borrower: *And provided further*, That in no event may a distributable share be distributed until any funds transferred from the General Insurance Fund to the Management Fund pursuant to subsection (k) or (o) have been repaid in full to the General Insurance Fund. No mortgagor, mortgagee, borrower, or lender shall have any vested right in a credit balance in any such account or be subject to any liability arising out of the mutuality of the Management Fund. The determination of the Commissioner as to the amount to be paid by him to any mortgagor or borrower shall be final and conclusive.

"(m) The Commissioner is authorized to transfer to the Management Fund commitments for insurance issued under subsections (a) (1), (i), and (j) prior to the date of the enactment of this subsection, and to transfer to the Management Fund the insurance of any mortgage or loan insured prior to the date of the enactment of this subsection under subsection (a) (1), (a) (3) (if the project is acquired by a cooperative corporation), (i), or (j), but only in cases where the consent of the mortgagee or lender to the transfer is obtained or a request by the mortgagee or lender for the transfer is received by the Commissioner within such period of time after the date of the enactment of this subsection as the Commissioner shall prescribe: *Provided*, That the insurance of any mortgage or loan shall not be transferred under the provisions of this subsection if on the date of the enactment of this subsection the mortgage or loan is in default and the mortgagee or lender has notified the Commissioner in writing of its intention to file an insurance claim. Any insurance or commitment not so transferred shall continue to be an obligation of the General Insurance Fund.

"(n) Notwithstanding the limitations contained in other provisions of this Act, premium charges for mortgages or loans insured under this section and sections 207, 231, and 232 may be payable in debentures issued in connection with mortgages or loans transferred to the Management Fund or in connection with mortgages or loans insured pursuant to commitments transferred to the Management Fund, as provided in subsection (m) of this section.

52 Stat. 16;
73 Stat. 665,
663.
12 USC 1713,
1715v, 1715w.

"(o) Notwithstanding any other provision of this Act, the Commissioner is authorized to transfer funds between the Cooperative Management Housing Insurance Fund and the General Insurance Fund in such amounts and at such times as he may determine, taking into consideration the requirements of each such Fund, to assist in carrying out effectively the insurance programs for which such Funds were respectively established."

(b) Section 213 of such Act is further amended—

64 Stat. 54.
12 USC 1715e.

(1) by inserting before the period at the end of subsection (a) the following: " : *Provided*, That as applied to mortgages the mortgage insurance for which is the obligation of the Management Fund, the reference to the General Insurance Fund in section 207(b) (2) shall be construed to refer to the Management Fund"; and

(2) by inserting before the period at the end of subsection (e) the following: " : *Provided*, That as applied to mortgages or loans the insurance for which is the obligation of the Management Fund (1) all references to the General Insurance Fund shall be construed to refer to the Management Fund, and (2) all references to section 207 shall be construed to refer to subsections (a) (1), (a) (3) (if the project involved is acquired by a cooperative corporation), (i), and (j) of this section".

REHABILITATION IN URBAN RENEWAL AREAS

SEC. 209. Section 220(d) (3) (A) of the National Housing Act is amended—

71 Stat. 296.
75 Stat. 154.
12 USC 1715k.

(1) by striking out the second proviso in clause (i); and

(2) by striking out clause (ii) and inserting in lieu thereof the following:

"(ii) in a case where the mortgagor is not the occupant of the property and intends to hold the property for rental purposes, have a principal obligation in an amount not to exceed 93 per centum of the amount computed under the provisions of clause (i);

"(iii) in a case where the mortgagor is not the occupant of the property and intends to hold the property for the purpose of sale, have a principal obligation in an amount not to exceed 85 per centum of the amount computed under the provisions of clause (i), or in the alternative, in an amount equal to the amount computed under the provisions of clause (i) if the mortgagor and mortgagee assume responsibility in a manner satisfactory to the Commissioner for the reduction of the mortgage by an amount not less than 15 per centum of the outstanding principal amount thereof, or by such greater amount as may be required to meet the limitations of clause (iv), in the event the mortgaged property is not, prior to the due date of the eighteenth amortization payment of the mortgage, sold to a purchaser acceptable to the Commissioner who is the occupant of the property and who assumes and agrees to pay the mortgage indebtedness; and

"(iv) in no case involving refinancing (except as provided in clause (iii)) have a principal obligation in an amount exceeding the sum of the estimated cost of repair and rehabilitation and the amount (as determined by the Commissioner) required to refinance existing indebtedness secured by the property or project, plus any existing indebtedness incurred in connection with improving, repairing, or rehabilitating the property; or".

NONDWELLING FACILITIES FOR URBAN RENEWAL HOUSING

73 Stat. 658.
12 USC 1715k.

SEC. 210. Section 220(d)(3)(B) of the National Housing Act is amended by striking out clause (iv) and inserting in lieu thereof the following:

"(iv) include such nondwelling facilities as the Commissioner deems desirable and consistent with the urban renewal plan: *Provided*, That the project shall be predominantly residential and any nondwelling facility included in the mortgage shall be found by the Commissioner to contribute to the economic feasibility of the project, and the Commissioner shall give due consideration to the possible effect of the project on other business enterprises in the community."

LARGER HOME IMPROVEMENT LOANS IN HIGH COST AREAS

75 Stat. 155.

SEC. 211. (a) Section 220(h)(2)(i) of the National Housing Act is amended by inserting before the semicolon at the end thereof "*Provided*, That the Commissioner may, by regulation, increase such amount by not to exceed 45 per centum in any geographical area where he finds that cost levels so require".

78 Stat. 778.

(b) Section 220(h)(11) of such Act is amended by inserting before the period at the end thereof "or such additional amount as the Commissioner has by regulation prescribed in any geographical area where he finds cost levels so require pursuant to the authority vested in him by the proviso in paragraph (2)(i) of this subsection".

LARGER INSURED MORTGAGES FOR SERVICEMEN

71 Stat. 296;
73 Stat. 661.
12 USC 1715m.

SEC. 212. Section 222(b) of the National Housing Act is amended—

(1) by striking out "\$20,000" in paragraph (2) and inserting in lieu thereof "\$30,000"; and

(2) by striking out paragraph (3) and inserting in lieu thereof the following:

"(3) have a principal obligation not in excess of the sum of (i) 97 per centum of \$15,000 of the appraised value of the property

as of the date the mortgage is accepted for insurance, (ii) 90 per centum of such value in excess of \$15,000 but not in excess of \$20,000, and (iii) 85 per centum of such value in excess of \$20,000; and”.

REFINANCING OF INSURED MORTGAGES

SEC. 213. Section 223(a)(7) of the National Housing Act is amended by striking out “section 608 of title VI prior to the effective date of the Housing Act of 1954 or under section 220, 221, 903, or section 908” and inserting in lieu thereof “this Act”. 12 USC 1715n.

CONSOLIDATION OF FHA INSURANCE FUNDS

SEC. 214. Title V of the National Housing Act is amended by adding at the end thereof the following new section: 12 USC 1731a-1735b.

“ESTABLISHMENT OF GENERAL INSURANCE FUND

“SEC. 519. (a) There is hereby created a General Insurance Fund which shall be used by the Commissioner, on and after the date of the enactment of the Housing and Urban Development Act of 1965, as a revolving fund for carrying out all the insurance provisions of this Act with the exception of those specified in subsection (e). All mortgages or loans insured under this Act pursuant to commitments issued on or after the date of the enactment of the Housing and Urban Development Act of 1965, except those specified in subsection (e), and all loans reported for insurance under section 2 on or after the date of the enactment of the Housing and Urban Development Act of 1965, shall be insured under the General Insurance Fund. The Commissioner shall transfer to the General Insurance Fund—

“(1) the assets and liabilities of all insurance accounts and funds, except the Mutual Mortgage Insurance Fund, existing under this Act immediately prior to the enactment of the Housing and Urban Development Act of 1965;

“(2) all outstanding commitments for insurance issued prior to the date of the enactment of the Housing and Urban Development Act of 1965, except those specified in subsection (e);

“(3) the insurance on all mortgages and loans insured prior to the date of the enactment of the Housing and Urban Development Act of 1965, except insurance specified in subsection (e); and

“(4) the insurance of all loans made by approved financial institutions pursuant to section 2 prior to the date of the enactment of the Housing and Urban Development Act of 1965.

“(b) The general expenses of the operations of the Federal Housing Administration relating to mortgages and loans which are the obligation of the General Insurance Fund may be charged to the General Insurance Fund.

“(c) Moneys in the General Insurance Fund not needed for the current operations of the Federal Housing Administration with respect to mortgages and loans which are the obligation of the General Insurance Fund shall be deposited with the Treasurer of the United States to the credit of such Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued as obligations of the General Insurance Fund or issued prior to the enactment of the Housing and Urban

Development Act of 1965 under other provisions of this Act, except debentures issued under the Mutual Mortgage Insurance Fund. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

"(d) Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage or loan which is the obligation of the General Insurance Fund, the receipts derived from the property covered by such mortgages and loans and from the claims, debts, contracts, property, and security assigned to the Commissioner in connection therewith, and all earnings on the assets of the Fund shall be credited to the General Insurance Fund. The principal of, and interest paid and to be paid on, debentures which are the obligation of such Fund, cash insurance payments and adjustments, and expenses incurred in the handling, management, renovation, and disposal of properties acquired, in connection with mortgages and loans which are the obligation of such Fund, shall be charged to such Fund.

12 USC 1709,
1715e.

Ante, p. 468.

"(e) The General Insurance Fund shall not be used for carrying out the provisions of sections 203(b), 203(h), and 203(i), or the provisions of section 213 to the extent that they involve mortgages the insurance for which is the obligation of the Cooperative Management Housing Insurance Fund created by section 213(k); and nothing in this section shall apply to or affect any mortgages, loans, commitments, or insurance under such provisions."

OPTIONAL CASH PAYMENT OF INSURANCE BENEFITS

SEC. 215. Title V of the National Housing Act is amended by adding at the end thereof (after the new section added by section 214 of this Act) the following new section:

"OPTIONAL CASH PAYMENT OF INSURANCE BENEFITS

"SEC. 520. (a) Notwithstanding any other provisions of this Act with respect to the payment of insurance benefits, the Commissioner is authorized, in his discretion, to pay in cash or in debentures any insurance claim or part thereof which is paid on or after the date of the enactment of the Housing and Urban Development Act of 1965 on a mortgage or a loan which was insured under any section of this Act either before or after such date. If payment is made in cash, it shall be in an amount equivalent to the face amount of the debentures that would otherwise be issued plus an amount equivalent to the interest which the debentures would have earned, computed to a date to be established pursuant to regulations issued by the Commissioner.

"(b) The Commissioner is authorized to borrow from the Treasury from time to time such amounts as the Commissioner shall determine are necessary to make payments in cash (in lieu of issuing debentures guaranteed by the United States, as provided in this Act) pursuant to the provisions of this section. Notes or other obligations issued by the Commissioner in borrowing under this subsection shall be subject to such terms and conditions as the Secretary of the Treasury may prescribe. Each sum borrowed pursuant to this subsection shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of such notes or other obligations."

APPROVAL OF TECHNICALLY SUITABLE MATERIALS

SEC. 216. Title V of the National Housing Act is amended by inserting after section 520 (added by section 215 of this Act) a new section as follows:

"APPROVAL OF TECHNICALLY SUITABLE MATERIALS

"SEC. 521. The Commissioner shall adopt a uniform procedure for the acceptance of materials and products to be used in structures approved for mortgages or loans insured under this Act. Under such procedure any material or product which the Commissioner finds is technically suitable for the use proposed shall be accepted. Acceptance of a material or product as technically suitable shall not be deemed to restrict the discretion of the Commissioner to determine that a structure, with respect to which a mortgage is executed, is economically sound or an acceptable risk."

WATER AND SEWER FACILITIES IN CONNECTION WITH CERTAIN
FEDERALLY ASSISTED HOUSING

SEC. 217. (a) Title V of the National Housing Act is amended by inserting after section 521 (added by section 216 of this Act) a new section as follows:

"WATER AND SEWER FACILITIES

"SEC. 522. Notwithstanding any other provision of this Act, no mortgage which covers new construction shall be approved for insurance under this Act (except pursuant to a commitment made prior to the date of the enactment of the Housing and Urban Development Act of 1965) if the mortgaged property includes housing which is not served by a public or adequate community water and sewerage system: *Provided*, That this limitation shall be applicable only to property which is not served by a system approved by the Commissioner pursuant to title X of this Act and which is situated in an area certified by appropriate local officials to be an area where the establishment of public or adequate community water and sewerage systems is economically feasible: *Provided further*, That for purposes of this section the economic feasibility of establishing such public or adequate community water and sewerage systems shall be determined without regard to whether such establishment is authorized by law or is subject to approval by one or more local governments or public bodies."

Ante, p. 461.

(b) Section 1804 of title 38, United States Code, is amended by adding at the end thereof a new subsection as follows: 72 Stat. 1206.

"(e) No loan for the purchase or construction of new residential property (other than property served by a water and sewerage system approved by the Federal Housing Commissioner pursuant to title X of the National Housing Act) shall be financed through the assistance of this chapter, except pursuant to a commitment made prior to the date of the enactment of the Housing and Urban Development Act of 1965, if such property is not served by a public or adequate community water and sewerage system and is located in an area where the appropriate local officials certify that the establishment of such systems is economically feasible. For purposes of this subsection, the economic feasibility of establishing public or adequate community water and sewerage systems shall be determined without regard to whether such establishment is authorized by law or is subject to approval by one or more local governments or public bodies."

TITLE III—URBAN RENEWAL

STUDY OF HOUSING AND BUILDING CODES, ZONING, TAX POLICIES, AND
DEVELOPMENT STANDARDS

SEC. 301. (a) The Congress finds that the general welfare of the Nation requires that local authorities be encouraged and aided to prevent slums, blight, and sprawl, preserve natural beauty, and provide for decent, durable housing so that the goal of a decent home and a suitable living environment for every American family may be realized as soon as feasible. The Congress further finds that there is a need to study housing and building codes, zoning, tax policies, and development standards in order to determine how (1) local property owners and private enterprise can be encouraged to serve as large a part as they can of the total housing and building need, and (2) Federal, State, and local governmental assistance can be so directed as to place greater reliance on local property owners and private enterprise and enable them to serve a greater share of the total housing and building need. The Housing and Home Finance Administrator is therefore directed to study the structure of (1) State and local urban and suburban housing and building laws, standards, codes, and regulations and their impact on housing and building costs, how they can be simplified, improved, and enforced, at the local level, and what methods might be adopted to promote more uniform building codes and the acceptance of technical innovations including new building practices and materials; (2) State and local zoning and land use laws, codes, and regulations, to find ways by which States and localities may improve and utilize them in order to obtain further growth and development; and (3) Federal, State, and local tax policies with respect to their effect on land and property cost and on incentives to build housing and make improvements in existing structures.

Report to
President
and Congress.

(b) The Administrator shall submit a report based on such study to the President and to the Congress within 18 months after the date of the enactment of the Housing and Urban Development Act of 1965 or the appropriation of funds for the study, whichever is later.

(c) There are authorized to be appropriated such funds as may be necessary to carry out the purposes of this section. Any funds so appropriated shall remain available until expended.

WORKABLE PROGRAM REQUIREMENT

68 Stat. 623.
42 USC 1451.

SEC. 302. (a) (1) Section 101 of the Housing Act of 1949 is amended by adding at the end thereof the following new subsection:

“(e) No loan or grant contract may be entered into by the Administrator for an urban renewal project unless he determines that (1) the workable program for community improvement presented by the locality pursuant to subsection (c) is of sufficient scope and content to furnish a basis for evaluation of the need for the urban renewal project; and (2) such project is in accord with the program.”

(2) The requirements imposed by the amendment made by paragraph (1) shall not be applicable to any project which received Federal recognition prior to the date of the enactment of this Act.

(b) Section 101(c) of such Act is amended by adding at the end thereof the following new sentence: “Notwithstanding any other provision of law, in the case of a contract with an Indian tribe, band, or nation (or a public housing or other public agency for such tribe, band, or nation established under State or tribal law), the workable program and minimum standards housing code, referred to in the preceding sentence, may be presented to the Administrator by such

tribe, band, or nation, and it shall be subject to the requirements of law with respect to such program and code only to the extent that such tribe, band, or nation has the legal jurisdiction and power to carry out such requirements."

GENERAL NEIGHBORHOOD RENEWAL PLANS

SEC. 303. Section 102(d) of the Housing Act of 1949 is amended— 70 Stat. 1099.

(1) by striking out the first sentence of the second paragraph and inserting in lieu thereof the following: 42 USC 1452.

"In order to facilitate proper preliminary planning for the attainment of the urban renewal objectives of this title, the Administrator may also make advances of funds (in addition to those authorized above) to local public agencies for the preparation of General Neighborhood Renewal Plans (as herein defined). A General Neighborhood Renewal Plan may be prepared for an area consisting of an urban renewal area or areas, together with any adjoining areas having specially related problems, and which is of such size that the urban renewal activities in the urban renewal area or areas may have to be initiated in stages, consistent with the capacity and resources of the respective local public agency or agencies, over an estimated period of not more than eight years."; and

(2) by striking out the first numbered paragraph and inserting in lieu thereof the following:

"(1) in the interest of sound community planning, it is desirable that the urban renewal activities proposed for the area be planned in their entirety";.

INCREASE IN AUTHORIZATION FOR CAPITAL GRANTS

SEC. 304. (a) The first sentence of section 103(b) of the Housing Act of 1949 is amended by striking out "\$4,725,000,000" and inserting in lieu thereof "\$4,700,000,000, which amount shall be increased by \$675,000,000 on the date of the enactment of the Housing and Urban Development Act of 1965, by \$725,000,000 on July 1, 1966, and by \$750,000,000 on July 1 in each of the years 1967 and 1968". 78 Stat. 785.
42 USC 1453.

(b) The proviso in the first sentence of section 103(b) of such Act, and the second sentence of section 6(b) of the Urban Mass Transportation Act of 1964, are repealed. Repeals.
75 Stat. 166.
78 Stat. 305.
49 USC 1605.

RELOCATION OF DISPLACED FROM URBAN RENEWAL AREAS

SEC. 305. (a) Section 105(c) of the Housing Act of 1949 is amended to read as follows: 63 Stat. 417.
42 USC 1455.

"(c) (1) There shall be a feasible method for the temporary relocation of individuals and families displaced from the urban renewal area, and there are or are being provided, in the urban renewal area or in other areas not generally less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the individuals and families displaced from the urban renewal area, decent, safe, and sanitary dwellings equal in number to the number of and available to such displaced individuals and families and reasonably accessible to their places of employment. The Administrator shall issue rules and regulations to aid in implementing the requirements of this subsection and in otherwise achieving the objectives of this title. Such rules and regulations shall require that there be established, at the earliest practicable time, for each urban renewal project involving the displacement of individuals, families, and business concerns occupying property in the urban

renewal area, a relocation assistance program which shall include such measures, facilities, and services as may be necessary or appropriate in order (A) to determine the needs of such individuals, families, and business concerns for relocation assistance; (B) to provide information and assistance to aid in relocation and otherwise minimize the hardships of displacement, including information as to real estate agencies, brokers, and boards in or near the urban renewal area which deal in residential or business property that might be appropriate for the relocating of displaced individuals, families, and business concerns; and (C) to assure the necessary coordination of relocation activities with other project activities and other planned or proposed governmental actions in the community which may affect the carrying out of the relocation program, particularly planned or proposed low-rent housing projects to be constructed in or near the urban renewal area.

“(2) As a condition to further assistance after the enactment of this paragraph with respect to each urban renewal project involving the displacement of individuals and families, the Administrator shall require, within a reasonable time prior to actual displacement, satisfactory assurance by the local public agency that decent, safe, and sanitary dwellings as required by the first sentence of this subsection are available for the relocation of each such individual or family.”

68 Stat. 623;
75 Stat 153.
42 USC 1451.

(b) Clause (iii) in the second proviso of section 101(c) of such Act is amended by striking out “section 105(c)” and inserting in lieu thereof “section 105(c)(1)”.

(c) The requirements imposed by the amendment made by subsection (a) of this section shall not be applicable to any project which received Federal recognition prior to the date of the enactment of this Act.

REDEVELOPMENT IN ACCORDANCE WITH URBAN RENEWAL PLAN

63 Stat. 417.
42 USC 1456.

SEC. 306. Section 106 of the Housing Act of 1949 is amended by adding at the end thereof the following new subsection:

“(h) Notwithstanding any other provision of this title, no contract shall be entered into for any loan or capital grant under this title with any local public agency unless the local public agency establishes, by evidence satisfactory to the Administrator, that any urban renewal project with respect to which such local public agency has received a loan or capital grant under this title has been, or will be, undertaken and carried out in substantial accordance with the urban renewal plan, and any amendments thereto, approved with respect to such project, and the terms of the contract for loan or capital grant covering such project.”

USE OF GRANT OR LOAN FUNDS IN CODE ENFORCEMENT AND REHABILITATION PROJECTS

78 Stat. 787.
42 USC 1460.

SEC. 307. The first unnumbered paragraph following the numbered paragraphs in section 110(c) of the Housing Act of 1949 is amended—

(1) by inserting “(A)” before “no contract”; and

(2) by inserting before the period at the end of the paragraph the following: “, and (B) not less than 10 per centum of the aggregate amount of (i) grants authorized to be contracted for under this title by the Housing and Urban Development Act of 1965 and subsequent Acts, and (ii) loans authorized to be made under section 312 of the Housing Act of 1964, shall be available for projects assisted with such grants or loans which involve primarily code enforcement and rehabilitation”.

78 Stat. 790.
42 USC 1452b.

INCREASE IN NONRESIDENTIAL EXCEPTION

SEC. 308. The third unnumbered paragraph following the numbered paragraphs in section 110(c) of the Housing Act of 1949 is amended by striking out the period and inserting in lieu thereof the following: "*And provided further*, That the aggregate amount of capital grants made available under this title with respect to such projects after the date of the enactment of the Housing and Urban Development Act of 1965 may be in an amount not to exceed (in addition to amounts previously available for such projects) 35 per centum of the amount of additional capital grants authorized under this title by such Act."

73 Stat. 675.
42 USC 1460.

PRESERVATION OF HISTORIC STRUCTURES

SEC. 309. (a) Section 110(c) of the Housing Act of 1949 is amended—

- (1) by striking out "and" at the end of paragraph (7);
- (2) by striking out the period at the end of paragraph (8) and inserting in lieu thereof "; and";

- (3) by inserting a new paragraph (9) as follows:

"(9) relocating within the project area a structure which the local public agency determines to be of historic value and which will be disposed of to a public body or a private nonprofit organization which will renovate and maintain such structure for historic purposes."; and

- (4) by striking out "paragraphs (7) and (8)" in the second unnumbered paragraph following the numbered paragraphs and inserting in lieu thereof "paragraphs (7), (8), and (9)".

(b) Section 110(e) of such Act is amended by striking out "and (8)" in clause (i) and inserting in lieu thereof "(8), and (9)".

ELIGIBILITY OF CERTAIN EXPENSES OF PROJECTS FINANCED ON THREE-FOURTHS GRANT BASIS

SEC. 310. (a) Clause (i) of the third sentence of section 110(e) of the Housing Act of 1949 is amended by (1) inserting "staff services in connection with programs of code enforcement and voluntary rehabilitation and repair (including community organization)," after "disposition of land,"; and (2) inserting "(5)," after "(4)".

(b) Any contract for a capital grant under title I of the Housing Act of 1949, executed prior to the date of the enactment of this Act, may be amended to incorporate the provisions of subsection (a) as to costs incurred on or after the date of the enactment of this Act.

42 USC 1450-
1465.

DEMOLITION OF UNSAFE STRUCTURES; CODE ENFORCEMENT

SEC. 311. (a) Title I of the Housing Act of 1949 is amended by inserting after section 115 (added by section 106 of this Act) two new sections as follows:

"DEMOLITION

"SEC. 116. (a) Notwithstanding any other provision of this title, the Administrator is authorized to enter into contracts to make, and to make, grants as provided in this section (payable from any grant funds provided under section 103(b)) to cities, other municipalities, and counties to assist in financing the cost of demolishing structures which under State or local law have been determined to be structurally unsound or unfit for human habitation, and which such city, municipality, or county has authority to demolish. The amount of

63 Stat. 416.
42 USC 1453.

any grant under this section shall not exceed two-thirds of the cost of the demolition of such structures.

“(b) No grant shall be made under this section unless the structures to be demolished are located in an urban renewal area, or, in the case of structures outside an urban renewal area, (1) the locality involved has an approved workable program for community improvement in accordance with the requirements of section 101(c), as determined by the Administrator, (2) the demolition to be assisted will be on a planned neighborhood basis and will further the over-all renewal objectives of such locality, (3) there is in such locality a program of enforcement of existing local housing and related codes, (4) the structures to be demolished constitute a public nuisance and a serious hazard to the public health or welfare, and (5) the governing body of such locality has determined that other available legal procedures have been exhausted to secure remedial action by the owner of the structures involved and that demolition by governmental action is required.

“CODE ENFORCEMENT

“SEC. 117. Notwithstanding any other provision of this title, the Administrator is authorized to enter into contracts to make, and to make, grants as provided in this section (payable from any grant funds provided under section 103(b)) to cities, other municipalities, and counties for the purpose of assisting such localities in carrying out programs of concentrated code enforcement in deteriorated or deteriorating areas in which such enforcement, together with those public improvements to be provided by the locality, may be expected to arrest the decline of the area. Such grants shall not exceed two-thirds (or three-fourths in the case of any city, other municipality, or county having a population of 50,000 or less according to the most recent decennial census) of the cost of planning and carrying out such programs which may include the provision and repair of necessary streets, curbs, sidewalks, street lighting, tree planting, and similar improvements within such areas. The Administrator shall not make any grant under this section unless he has obtained adequate assurances (1) that the locality will maintain during the period of the contract, in addition to its expenditures for planning and carrying out any program assisted under this section, a level of expenditures for code enforcement activities at not less than its normal expenditures for such activities prior to the execution of such contract, and (2) that the locality has a satisfactory program for the provision of all necessary public improvements for such areas. The provisions of sections 101(c), 106, 114, and 115 shall be applicable to activities and undertakings assisted under this section to the same extent as if such activities and undertakings were being carried out in an urban renewal area as part of an urban renewal project.”

(b) Section 110(c) of such Act is amended by—

(1) striking out “or a program of code enforcement in an urban renewal area,” in the first sentence; and

(2) striking out the proviso in paragraph (5).

(c) Section 220(d) (1) (A) of the National Housing Act is amended by inserting before the first proviso the following: “, or (iv) an area in which a program of concentrated code enforcement activities is being carried out pursuant to section 117 of the Housing Act of 1949”.

(d) Section 220(h) (1) of the National Housing Act is amended by inserting after “urban renewal project” in the first sentence the following: “or in an area in which a program of concentrated code enforce-

68 Stat. 623.
42 USC 1451.

63 Stat. 416.
42 USC 1453.

42 USC 1456,
1465; Ante,
p. 457.

78 Stat. 785.
42 USC 1460.

70 Stat. 1102.
12 USC 1715k.

75 Stat. 154.

ment activities is being carried out pursuant to section 117 of the Housing Act of 1949".

(e) Section 312(a) of the Housing Act of 1964 is amended by inserting after "urban renewal area" in the first sentence the following: "or an area in which a program of concentrated code enforcement activities is being carried out pursuant to section 117 of the Housing Act of 1949".

78 Stat. 790.
42 USC 1452b.

Ante, p. 478.

REHABILITATION LOANS

SEC. 312. (a) Section 312(a) of the Housing Act of 1964 is amended by striking out "reasonable" in the second sentence and inserting in lieu thereof "comparable".

(b) Section 312(d) of such Act is amended by striking out "\$50,000,000" and inserting in lieu thereof "\$100,000,000 for each fiscal year", and by adding at the end thereof a new sentence as follows: "All moneys in such revolving fund shall be available for necessary expenses of servicing loans made pursuant to this section, including reimbursement or payment for services and facilities of the Federal National Mortgage Association and of any public or private agency for the servicing of such loans."

(c) Section 312 of such Act is further amended by adding at the end thereof the following new subsection:

"(h) No loan shall be made under the authority of this section after October 1, 1969, except pursuant to a contract, commitment, or other obligation entered into pursuant to this section before that date."

ELIGIBILITY OF COMMUNITIES IN DEPRESSED AREAS FOR URBAN RENEWAL ASSISTANCE

SEC. 313. (a) Subparagraph (B) of section 103(a)(2) of the Housing Act of 1949 is amended to read as follows:

75 Stat. 165.
42 USC 1453.

"(B) three-fourths of the aggregate net project costs of any such projects which are located in (i) a municipality having a population of fifty thousand or less according to the most recent decennial census, or (ii) a municipality situated in a labor market area which, at the time the contract or contracts involved are entered into or at such earlier time as the Administrator may specify in order to avoid hardship, is designated as a redevelopment area under the second sentence of section 5(a) of the Area Redevelopment Act or any other legislation enacted after the date of the enactment of the Housing and Urban Development Act of 1965 containing standards for designation as a redevelopment area generally comparable to those set forth in the second sentence of section 5(a) of the Area Redevelopment Act, and".

75 Stat. 48.
42 USC 2504.

(b) The amendment made by subsection (a) shall apply only with respect to urban renewal projects placed under contract for capital grant on or after the date of the enactment of this Act, except that such amendment shall apply with respect to all urban renewal projects in the city of Providence, Rhode Island, placed under contract for capital grant during the period Providence was designated as a redevelopment area under section 5(a) of the Area Redevelopment Act (or at such earlier time as the Administrator may specify in order to avoid hardship) and not completed prior to the date of the enactment of this Act.

LOCAL GRANT-IN-AID CREDIT FOR CERTAIN COAL ROYALTIES

SEC. 314. (a) Section 110(d) of the Housing Act of 1949 is amended by adding at the end thereof the following new paragraph:

68 Stat. 628.
42 USC 1460.

"Where a project in any municipality includes an area affected by an underground mine fire or by a coal mine subsidence and where it is necessary in such project to remove any underlying coal deposits in order to stabilize the soil or to control the underground mine fire, then any royalties received by the project from the removal and sale of such coal deposits shall be credited to the project as a local grant-in-aid made by such municipality."

(b) Any contract under title I of the Housing Act of 1949 executed prior to the date of the enactment of this Act shall, at the request of the municipality involved, be amended to reflect the amendment made by subsection (a).

SPECIFIC URBAN RENEWAL PROJECTS

SEC. 315. (a) (1) Notwithstanding the date of the commencement of construction of the Tanyard Creek collector sanitary sewer in Jasper, Alabama, local expenditures made in connection with this collector sanitary sewer system shall, to the extent otherwise eligible, be counted as a local grant-in-aid to the downtown urban renewal project (Alabama R-49) in accordance with the provisions of title I of the Housing Act of 1949.

(2) Notwithstanding the date of the commencement of construction of the East Side High School and the start of construction of the improvements to Hickory Creek in Joliet, Illinois, expenditures made in connections with such high school and such creek improvements shall, to the extent otherwise eligible, be counted as a local grant-in-aid to the proposed south central urban renewal project in accordance with the provisions of title I of the Housing Act of 1949.

(3) Notwithstanding the date of commencement of the installation of certain underground electrical wiring in Johnson City, Tennessee, expenditures made in connection with such installation shall, to the extent otherwise eligible, be counted as a local grant-in-aid to Johnson City's proposed downtown urban renewal project (Tennessee R-80) in accordance with the provisions of title I of the Housing Act of 1949.

(4) Notwithstanding the provisions of section 312 of the Housing Act of 1954 or any request previously made pursuant to such section, upon request of the local public agency the eligibility of the local grants-in-aid for any project in the city of New Brunswick, New Jersey, in connection with which the final capital grant payment has not been made, shall be determined in accordance with the provisions of section 110(d) of the Housing Act of 1949.

(5) Two-thirds of all expenditures by the city of Saint Louis, Missouri, in connection with its Downtown Sports Stadium project, to the extent such expenditures would have been eligible under the provisions of section 110(d) of the Housing Act of 1949 to be counted as non-cash grants-in-aid toward such project if it had received Federal assistance as an urban renewal project pursuant to the provisions of title I of such Act, shall be eligible to be counted as a grant-in-aid toward any federally-assisted urban renewal projects in Saint Louis.

(6) Notwithstanding the extent to which the cultural and convention center proposed to be built adjacent to Urban Renewal Project Colorado R-15 (Skyline) in Denver, Colorado, may benefit areas other than the urban renewal area, expenses incurred by the city of Denver in constructing such center shall, to the extent otherwise eligible, be counted as a grant-in-aid toward such project.

(7) Notwithstanding the extent to which the cultural and convention center proposed to be built within Urban Renewal Project R-8 in Norfolk, Virginia, may benefit areas other than the urban renewal

42 USC 1450-
1465.

68 Stat. 629.
42 USC 1450 note.

68 Stat. 628.
42 USC 1460.

area, expenses incurred by the city of Norfolk in constructing such center shall, to the extent otherwise eligible, be counted as a grant-in-aid toward such project.

(8) Expenses incurred in the construction of the Glenn Duncan Elementary School and the Fred W. Traner Junior High School in Reno, Nevada, shall not be deemed to be ineligible as a local grant-in-aid in connection with the Northeast Urban Renewal Project (Nevada R-2) because of any change in the urban renewal plan for such project which is determined by the Housing and Home Finance Administrator to have resulted from the proposed location of a federally-aided highway within or adjacent to the urban renewal area in which such project was undertaken. For the purpose of computing the portion of the cost of such schools which may be allowed as a local grant-in-aid, the degree of benefit of the schools to such urban renewal area shall be based on the latest estimate of benefit submitted by the local public agency and accepted by the Administrator prior to such change in the urban renewal plan.

(9) Notwithstanding the provisions of section 112(a) of the Housing Act of 1949, expenditures in the amount of \$600,000 made by the Memorial Hospital of Michigan City Foundation, Incorporated, for the purchase of certain land and buildings on or about July 24, 1963, from Doctors Hospital Realty Corporation shall, if otherwise eligible, be counted as local grants-in-aid to the community center numbered 1 urban renewal project (Indiana R-46) in Michigan City, Indiana, in accordance with the remaining provisions of title I of that Act.

75 Stat. 169.
42 USC 1463.

(10) The provisions of section 113(c) of the Housing Act of 1949 shall be applicable to the Hobo Jungle Urban Renewal Project in Texarkana, Arkansas (Arkansas R-3).

75 Stat. 58.
42 USC 1464.

(11) Notwithstanding the date of commencement of construction of the Pulaski, Showalter, and Smedley Junior High Schools, and the William Penn and Stetser Elementary Schools in Chester, Pennsylvania, local expenditures made in connection with such schools shall, to the extent otherwise eligible, be counted as local grants-in-aid for federally-assisted urban renewal projects in Chester that will be served by such schools.

(12) Notwithstanding any other provision of law, moneys heretofore expended by the University of Pennsylvania and Wilkes College for land (and related expenditures for demolition and relocation) included in the overall development plans proposed by such institutions and utilized, or to be utilized, in connection with new facilities of such institutions within one mile of urban renewal projects Pennsylvania 5-3 (University City) and Pennsylvania R-149 (Wright Street), respectively, shall, if otherwise eligible, be allowed as local grants-in-aid for such projects.

(13) Notwithstanding the June, 1956, commencement of certain flood control work in Ottumwa, Iowa, local expenditures in connection with such flood control work shall, to the extent otherwise eligible, be counted as a local grant-in-aid to the Marina Gateway urban renewal project (Iowa R-12) in accordance with the provisions of Title I of the Housing Act of 1949.

42 USC 1450-1465.

(b)(1) Notwithstanding the provisions of title I of the Housing Act of 1949 and the United States Housing Act of 1937, the Housing and Home Finance Administrator and the Public Housing Commissioner are authorized and directed to consent to the transfer by the Housing Authority of the City of Macon, Georgia, to the Urban Renewal Department of the City of Macon, Georgia, of all property acquired by the Housing Authority for low-rent housing project numbered Georgia 7-8, on condition that (A) an amount which, together

50 Stat. 888.
42 USC 1430.

with any funds of the Housing Authority available for the purpose, is sufficient to pay and discharge all obligations incurred by the Housing Authority in connection with such low-rent housing project and owing at the time of transfer, will be paid by the Urban Renewal Department of the City of Macon to the Public Housing Administration to be applied in satisfaction of the Housing Authority's obligations which it cannot meet with its own funds available for the purpose, and (B) the total amount so paid by the Urban Renewal Department of the City of Macon will be included in the gross project cost of its Coliseum Urban Renewal Project, Georgia R-95.

(2) The Housing and Home Finance Administrator and the Public Housing Commissioner are authorized to modify any contracts heretofore entered into and to take any other appropriate action necessary to carry out the provisions of paragraph (1).

(c) (1) Notwithstanding any provision of the Housing Act of 1949 or any other provision of law, the urban renewal project in Savannah, Georgia, known as Project "J" in the General Neighborhood Renewal Plan for the Broad Street-Canal Urban Renewal Area adopted by resolution of the Mayor and Aldermen of the City of Savannah on November 18, 1958, may include the donation by Housing Authority of Savannah, by a suitable instrument of conveyance, of the right, title, and interest of the Authority in and to all or any portion of the land included within the boundaries of such Project "J" in the City of Savannah, Chatham County, Georgia, the area of such Project "J" being generally bounded on the North by properties of the Central of Georgia Railway Company, on the East by West Broad Street, on the South by the right-of-way for Interstate Highway No. I-16, and on the West by the Savannah and Ogeechee Canal and West Boundary Street.

(2) The conveyance authorized to be included in the urban renewal project under paragraph (1) shall be made only if the donee represents, and furnishes such assurances as may be required by Housing Authority of Savannah, that such donee will develop, preserve, and operate such property on a nonprofit basis as a historical site or monument.

LEASE GUARANTEES FOR CERTAIN SMALL BUSINESS CONCERNS

SEC. 316. (a) The Small Business Investment Act of 1958 is amended by adding after title III a new title as follows:

"TITLE IV—LEASE GUARANTEES

"AUTHORITY OF THE ADMINISTRATION

"SEC. 401. (a) The Administration may, whenever it determines such action to be necessary or desirable, and upon such terms and conditions as it may prescribe, guarantee the payment of rentals under leases of commercial and industrial property entered into by small business concerns that are (1) eligible for loans under section 7(b) (3) of the Small Business Act, or (2) eligible for loans under title IV of the Economic Opportunity Act of 1964, to enable such concerns to obtain such leases. Any such guarantee may be made or effected either directly or in cooperation with any qualified surety company or other qualified company through a participation agreement with such company. The foregoing powers shall be subject, however, to the following restrictions and limitations:

"(1) No guarantee shall be issued by the Administration (A) if a guarantee meeting the requirements of the applicant is other-

63 Stat. 413.
42 USC 1441
note.

72 Stat. 689.
15 USC 661 note.

75 Stat. 756.

75 Stat. 167.
15 USC 636.
78 Stat. 526.
42 USC 2901-
2907.

wise available on reasonable terms, and (B) unless the Administration determines that there exists a reasonable expectation that the small business concern in behalf of which the guarantee is issued will perform the covenants and conditions of the lease.

"(2) The Administration shall, to the greatest extent practicable, exercise the powers conferred by this section in cooperation with qualified surety or other companies on a participation basis.

"(b) The Administration shall fix a uniform annual fee for its share of any guarantee under this section which shall be payable in advance at such time as may be prescribed by the Administrator. The amount of any such fee shall be determined in accordance with sound actuarial practices and procedures, to the extent practicable, but in no case shall such amount exceed, on the Administration's share of any guarantee made under this title, $2\frac{1}{2}$ per centum per annum of the minimum annual guaranteed rental payable under any guaranteed lease: *Provided*, That the Administration shall fix the lowest fee that experience under the program established hereby has shown to be justified. The Administration may also fix such uniform fees for the processing of applications for guarantees under this section as the Administrator determines are reasonable and necessary to pay the administrative expenses that are incurred in connection therewith.

"(c) In connection with the guarantee of rentals under any lease pursuant to authority conferred by this section, the Administrator may require, in order to minimize the financial risk assumed under such guarantee—

"(1) that the lessee pay an amount, not to exceed one-fourth of the minimum guaranteed annual rental required under the lease, which shall be held in escrow and shall be available (A) to meet rental charges accruing in any month for which the lessee is in default, or (B) if no default occurs during the term of the lease, for application (with accrued interest) toward final payments of rental charges under the lease;

"(2) that upon occurrence of a default under the lease, the lessor shall, as a condition precedent to enforcing any claim under the lease guarantee, utilize the entire period, for which there are funds available in escrow for payment of rentals, in reasonably diligent efforts to eliminate or minimize losses, by releasing the commercial or industrial property covered by the lease to another qualified tenant, and no claim shall be made or paid under the guarantee until such effort has been made and such escrow funds have been exhausted;

"(3) that any guarantor of the lease will become a successor of the lessor for the purpose of collecting from a lessee in default rentals which are in arrears and with respect to which the lessor has received payment under a guarantee made pursuant to this section; and

"(4) such other provisions, not inconsistent with the purposes of this title, as the Administrator may in his discretion require.

"POWERS

"SEC. 402. Without limiting the authority conferred upon the Administrator and the Administration by section 201 of this Act, the Administrator and the Administration shall have, in the performance of and with respect to the functions, powers, and duties conferred by this title, all the authority and be subject to the same conditions prescribed in section 5(b) of the Small Business Act with respect to loans, including the authority to execute subleases, assignments of lease and

72 Stat. 690.
15 USC 671.

72 Stat. 385.
15 USC 634.

new leases with any person, firm, organization, or other entity, in order to aid in the liquidation of obligations of the Administration hereunder.

"FUND

"SEC. 403. There is hereby established a revolving fund for use by the Administration in carrying out the provisions of this title. Initial capital for such fund shall consist of not to exceed \$5,000,000 transferred from the fund established under section 4(c) of the Small Business Act: *Provided*, That the last sentence of such section 4(c) shall not apply to any amounts so transferred. Into the fund established by this section there shall be deposited all receipts from the guarantee program authorized by this title. Moneys in such fund not needed for the payment of current operating expenses or for the payment of claims arising under such program may be invested in bonds or other obligations of, or bonds or other obligations guaranteed as to principal and interest by, the United States; except that moneys provided as initial capital for such fund shall be returned to the fund established by section 4(c) of the Small Business Act, in such amounts and at such times as the Administration determines to be appropriate, whenever the level of the fund herein established is sufficiently high to permit the return of such moneys without danger to the solvency of the program under this title."

72 Stat. 690.
15 USC 671.

(b) Section 201 of such Act is amended by striking out the third sentence and inserting in lieu thereof the following: "The powers conferred by this Act upon the Administration and upon the Administrator, with the exception of those conferred by titles IV and V hereof, shall be exercised through the Small Business Investment Division and through the Deputy Administrator appointed hereunder. The powers conferred by this Act upon the Administration and upon the Administrator by titles IV and V hereof shall be exercised through such division, section, or other personnel as the Administrator in his discretion shall determine."

Ante, p. 482.
72 Stat. 696.
15 USC 695.

(c) The table of contents of such Act is amended by inserting after the analysis of title III the following:

"TITLE IV—LEASE GUARANTEES

"Sec. 401. Authority of the Administration.

"Sec. 402. Powers.

"Sec. 403. Fund."

Ante, p. 207.

(d) Section 4(c) of the Small Business Act is amended—

(1) by striking out "\$1,716,000,000" and inserting in lieu thereof "\$1,721,000,000"; and

(2) by striking out the period at the end of the fifth sentence and inserting in lieu thereof the following: ": *Provided*. That such limitation shall not apply to functions under title IV thereof."

AMENDMENT OF SECTION 316 OF THE HOUSING ACT OF 1954

SEC. 317. The first full paragraph of section 316(2) of the Housing Act of 1954 is amended by striking out the first parenthetical clause and inserting in lieu thereof the following: "(as such projects are now or may hereafter be defined in title I of the Housing Act of 1949, including but not limited to projects authorized without regard to the residential or nonresidential character or reuse of the urban renewal area)".

68 Stat. 630.
D.C. Code 5-
717a.
42 USC 1450-
1465.

TITLE IV—COMPENSATION OF CONDEMNEEES

DEFINITIONS

SEC. 401. For the purposes of this title—

(1) the term "development program" means any program established by or conducted under any of the following provisions of law:

- (A) the United States Housing Act of 1937; 42 USC 1430;
- (B) title I of the Housing Act of 1949; 42 USC 1450-
- (C) the Urban Mass Transportation Act of 1964; 1465; 49 USC
- (D) title II of the Housing Amendments of 1955; 1601 note; 42
- (E) title VII of the Housing Act of 1961; and USC 1491-1497;
- (F) title VII of the Housing and Urban Development Act of 42 USC 1500-

1965;

1500e.
Post, p. 489.

(2) the term "Federal assistance" means a grant, loan, contract of guaranty, annual contribution, or other assistance provided by the United States;

(3) the term "applicant" means any public body or other agency authorized to receive Federal assistance under a development program;

(4) the term "real property" means any land, or any interest in land, and (A) any building, structure, or other improvements embedded in or affixed to land, and any article so affixed or attached to such building, structure, or improvement as to be an essential or integral part thereof; (B) any article affixed or attached to such real property in such manner that it cannot be removed without material injury to itself or the real property; and (C) any article so designed, constructed, or specially adapted to the purpose for which such real property is used that (i) it is an essential accessory or part of such real property, (ii) it is not capable of use elsewhere, and (iii) it would lose substantially all its value if removed from the real property; and

(5) the term "Administrator" means the Housing and Home Finance Administrator.

LAND ACQUISITION POLICY

SEC. 402. As a condition of eligibility for Federal assistance pursuant to a development program, each applicant for such assistance shall satisfy the Administrator that the following policies will be followed in connection with the acquisition of real property by eminent domain in the course of such program—

(1) the applicant shall make every reasonable effort to acquire the real property by negotiated purchase;

(2) no owner shall be required to surrender possession of real property before the applicant pays to the owner (A) the agreed purchase price arrived at by negotiation, or (B) in any case where only the amount of the payment to the owner is in dispute, not less than 75 per centum of the appraised fair value of such property as approved by the applicant; and

(3) the construction or development of any public improvements shall be so scheduled that no person lawfully occupying the real property shall be required to surrender possession on account of such construction or development without at least 90 days' written notice from the applicant of the date on which such construction or development is scheduled to begin.

FUNDS FOR CERTAIN PAYMENTS IN EMINENT DOMAIN

SEC. 403. Notwithstanding any other provision of law, financial assistance under any federally assisted development program may include amounts necessary for financing, in the same manner that other costs of a project assisted under such program are financed, the payments described in paragraph (2) (B) of section 402 of this Act.

RELOCATION PAYMENTS UNDER FEDERALLY ASSISTED DEVELOPMENT PROGRAMS

SEC. 404. (a) To the extent not otherwise authorized under any Federal law, financial assistance extended to an applicant under any federally assisted development program may include grants for relocation payments, as herein defined. Such grants may be in addition to other financial assistance under such federally assisted development programs, and may cover the full amount of such relocation payments. Any funds available for any such program may be used for such grants. The term "relocation payments" means payments by the applicant, to a displaced individual, family, business concern, or non-profit organization, which are made on such terms and conditions and subject to such limitations (to the extent applicable, but not including the date of displacement) as are provided for relocation payments, at the time such payments are approved, by sections 114(b), (c), and (d) of the Housing Act of 1949 with respect to projects assisted under title I thereof. Relocation payments authorized by this subsection shall be made subject to such rules and regulations as may be prescribed by the Administrator.

78 Stat. 788.
42 USC 1465.

(b) Section 114(b) (2) of the Housing Act of 1949 is amended by striking out "\$1,500" and inserting in lieu thereof "\$2,500".

(c) (1) Section 114 of such Act is further amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new subsection:

"(d) In addition to payments authorized to be made under subsections (b) and (c), a local public agency may pay to any displaced individual, family, business concern, or nonprofit organization reasonable and necessary expenses incurred for (1) recording fees, transfer taxes, and similar expenses incidental to conveying real property to a project assisted under this title, (2) penalty costs for prepayment of any mortgage encumbering such real property, and (3) the pro rata portion of real property taxes allocable to a period subsequent to the date of vesting of title or the effective date of the acquisition of such real property by such agency, whichever is earlier."

78 Stat. 795.
42 USC 1415.

(2) Section 15(8) of the United States Housing Act of 1937 is amended by striking out "section 114 (b) or (c)" and inserting in lieu thereof "section 114 (b), (c), and (d)".

(d) Subsection (a) shall not be applicable with respect to any displacement occurring prior to the date of the enactment of this Act (or prior to March 4, 1965, in the case of the programs specified in subparagraphs (C) and (E) of section 401(1)).

TITLE V—LOW-RENT PUBLIC HOUSING

ACCEPTANCE OF LOCAL CERTIFICATION OF EQUIVALENT ELIMINATION

SEC. 501. The fourth sentence of section 10(a) of the United States Housing Act of 1937 is amended by inserting immediately after "elimination", where it first appears, the following: ", as certified by the local governing body".

63 Stat. 430.
42 USC 1410.

GREATER USE OF EXISTING HOUSING

SEC. 502. Section 10(c) of the United States Housing Act of 1937 is amended by striking out "*And provided*" and inserting in lieu thereof "*Provided*", and by inserting before the period at the end thereof the following: ": *And provided further*, That the amount of the fixed annual contribution which would be established under this Act for a newly constructed project by a public housing agency designed to accommodate a number of families of a given size and kind may be established, as a maximum annual contribution in lieu of any other guaranteed contribution authorized under this section, for a project by such public housing agency which would provide housing for the comparable number, sizes, and kinds of families through the acquisition, acquisition and rehabilitation, or use under lease of existing structures which are suitable for low-rent housing use and obtainable in the local market".

50 Stat. 892.
42 USC 1410.

INCREASE IN AUTHORIZATION FOR ANNUAL CONTRIBUTIONS

SEC. 503. (a) Section 10(e) of the United States Housing Act of 1937 is amended by inserting immediately following "per annum" the following: ", which limit shall be increased by \$47,000,000 on the date of the enactment of the Housing and Urban Development Act of 1965, and by further amounts of \$47,000,000 on July 1 in each of the years 1966, 1967, and 1968, respectively".

52 Stat. 820;
78 Stat. 795.

REALLOCATION OF UNITS

SEC. 504. Section 10(e) of the United States Housing Act of 1937 is amended by striking out "*Provided*," and inserting in lieu thereof the following: "*Provided*, That subject to any contractual obligation outstanding on the date of the enactment of the Housing and Urban Development Act of 1965, any units not under construction within five years from the date they were reserved to a public housing agency may be reserved, allocated, or placed under contract for annual contributions in any State without limitation as to the aggregate amount of units which may be placed under contract for annual contributions in any one State: *Provided further*,".

SALE OF FEDERALLY-OWNED PROJECTS TO PRIVATE PURCHASERS

SEC. 505. The first sentence of section 12(c) of the United States Housing Act of 1937 is amended to read as follows: "The Authority may sell a Federal project only to a public housing agency or to a nonprofit body for use as low-rent housing."

50 Stat. 894.
42 USC 1412.

INCREASE IN PER ROOM LIMITATIONS

SEC. 506. Paragraph (5) of section 15 of the United States Housing Act of 1937 is amended—

63 Stat. 424;
75 Stat. 164.
42 USC 1415.

(1) by striking out "\$2,000" and inserting in lieu thereof "\$2,400";

(2) by striking out "\$3,000", each place it appears, and inserting in lieu thereof "\$3,500"; and

(3) by striking out "\$3,500" and inserting in lieu thereof "\$4,000".

PURCHASE OF UNITS BY TENANTS

50 Stat. 895.
42 USC 1415.

SEC. 507. (a) Section 15 of the United States Housing Act is amended by adding after paragraph (8) a new paragraph as follows:

"(9) Notwithstanding any other provision of this Act, but subject to the provisions of any contract with the Authority, any public housing agency may permit any member of a tenant family to enter into a contract (either individually or as a member of a group) for the acquisition of a dwelling unit in any project of the public housing agency which is suitable by reason of its detached or semidetached construction for sale and for occupancy by such purchaser or a member or members of his family, upon the following terms:

"(A) The purchaser shall pay at least (i) a pro rata share cost of any services furnished him by the public agency, including but not limited to, administration, maintenance, repairs, utilities, insurance, provision of reserves, and other expenses, (ii) local taxes on his dwelling unit, and (iii) monthly payments of interest and principal sufficient to amortize a sales price, equal to the greater of the unamortized debt or the appraised value (at the time such purchase contract is entered into) of the dwelling unit, in not more than forty years: *Provided*, That the public housing agency may, under terms and conditions to be prescribed by it, permit a purchaser to apply an amount equal to the net rent paid for his dwelling unit, over a period not exceeding three years prior to the entering into of any such contract, toward the purchase price of such unit;

"(B) The interest rate shall be fixed at not less than the average interest cost of loans outstanding on the project, except that in the case of a project on which bonds are not outstanding the interest rate shall be fixed at not less than the going Federal rate applicable to such project;

"(C) The principal payments shall be not less than one-half of 1 per centum per annum of the sales price during the first five years after purchase, 1 per centum per annum during the next five years, $1\frac{1}{2}$ per centum per annum during the third five years, and thereafter not less than the principal payments resulting from a level debt service of interest and principal over the balance of the payment period; and

"(D) If at any time (i) a purchaser fails to carry out his contract with the public housing agency and if no member of his family who resides in the dwelling assumes such contract, or (ii) the purchaser or member of his family who assumes the contract does not reside in the dwelling, the public housing agency shall have an option to acquire his interest under such contract upon payment to him or his estate of an amount equal to his aggregate principal payments plus the value to the public housing agency of any improvements made by him, less an amount equal to $2\frac{1}{2}$ per centum of the sales price."

(b) Such Act is further amended—

(1) by inserting in the parenthetical phrase in section 10(h) after the words "exclusive of" the following: "any part thereof covered by a contract or conveyed pursuant to paragraph (9) of section 15, and exclusive of";

(2) by inserting after "may be made" in section 10(1) the following: ", subject to any outstanding contracts made pursuant to paragraph (9) of section 15,";

(3) by inserting after "acquisition", the first place it appears in paragraphs (1), (2), and (3) of section 15, the following: "(except pursuant to paragraph (9) of section 15)"; and

(4) by inserting before the semicolon at the end of paragraph (1) of section 22(a) a colon and the following: "Provided, That such conveyance or delivery of title shall be subject to the rights of third parties vested pursuant to paragraph (9) of section 15". 63 Stat. 424.
42 USC 1421a.

TITLE VI—COLLEGE HOUSING

INCREASE IN AUTHORIZATION FOR COLLEGE HOUSING LOANS

SEC. 601. Section 401(d) of the Housing Act of 1950 is amended by striking out "through 1964", each place it appears, and inserting in lieu thereof "through 1968". 73 Stat. 681;
75 Stat. 172.
12 USC 1749.

INTEREST RATE ON COLLEGE HOUSING LOANS

SEC. 602. (a) Effective with respect to loan contracts entered into after the date of the enactment of this Act, section 401(c) of the Housing Act of 1950 is amended by striking out "the higher of (1) 2¾ per centum per annum, or" and inserting in lieu thereof "the lower of (1) 3 per centum per annum, or". 69 Stat. 644.

(b) Effective with respect to notes or other obligations financing loan contracts entered into after the date of the enactment of this Act, section 401(e) of such Act is amended by striking out "the higher of (1) 2½ per centum per annum, or" and inserting in lieu thereof "the lower of (1) 2¾ per centum per annum, or".

PARTICIPATION BY NEW COLLEGES AND CERTAIN PUBLIC VOCATIONAL AND TECHNICAL INSTITUTIONS

SEC. 603. Clause (1) of section 404(b) of the Housing Act of 1950 is amended to read as follows: "(1) (A) any educational institution which offers, or provides satisfactory assurance to the Administrator that it will offer within a reasonable time after completion of a facility for which assistance is requested under this title, at least a two-year program acceptable for full credit toward a baccalaureate degree (including any public educational institution, or any private educational institution no part of the net earnings of which inures to the benefit of any private shareholder or individual), or (B) any public educational institution which (i) is administered by a college or university which is accredited by a nationally recognized accrediting agency or association, (ii) offers technical or vocational instruction, and (iii) provides residential facilities for some or all of the students receiving such instruction,". 71 Stat. 304.
12 USC 1749c.

TECHNICAL AMENDMENTS

SEC. 604. (a) The second paragraph of section 404(b) of the Housing Act of 1950 is amended by inserting after "would provide housing," the following: "or to a student housing cooperative corporation described in clause (5) of this subsection,". 75 Stat. 173.

(b) Section 401(g) of such Act is amended by striking out "In the case" and inserting in lieu thereof "Except as otherwise provided in the second paragraph of section 404(b), in the case". 73 Stat. 682.

TITLE VII—COMMUNITY FACILITIES

PURPOSE

SEC. 701. The purpose of this title is to assist and encourage the communities of the Nation fully to meet the needs of their citizens by

making it possible, with Federal grant assistance, for their governmental bodies (1) to construct adequate basic water and sewer facilities needed to promote the efficient and orderly growth and development of our communities, (2) to construct neighborhood facilities needed to enable them to carry on programs of necessary social services, and (3) to acquire, in a planned and orderly fashion, land to be utilized in connection with the future construction of public works and facilities.

GRANTS FOR BASIC WATER AND SEWER FACILITIES

SEC. 702. (a) The Housing and Home Finance Administrator (hereinafter in this title referred to as the "Administrator") is authorized to make grants to local public bodies and agencies to finance specific projects for basic public water facilities (including works for the storage, treatment, purification, and distribution of water), and for basic public sewer facilities (other than "treatment works" as defined in the Federal Water Pollution Control Act): *Provided*, That no grant shall be made under this section for any sewer facilities unless the Secretary of Health, Education, and Welfare certifies to the Administrator that any waste material carried by such facilities will be adequately treated before it is discharged into any public waterway so as to meet applicable Federal, State, interstate, or local water quality standards.

(b) The amount of any grant made under the authority of this section shall not exceed 50 per centum of the development cost of the project: *Provided*, That in the case of a community having a population of less than ten thousand, according to the most recent decennial census, which is situated within a metropolitan area, the Administrator may increase the amount of a grant for a basic public sewer facility assisted under this section to not more than 90 per centum of the development cost of such facility, if the community is unable to finance the construction of such facility without the increased grant authorized under this subsection, and if in such community (1) there does not exist a public or other adequate sewer facility which serves a substantial portion of the inhabitants of the community, and (2) the rate of unemployment is, and has been continuously for the preceding calendar year, 100 per centum above the national average: *And provided further*, That the limitations and restrictions contained in subsection (c) of this section shall not be applicable to any community applying for an increased grant under this subsection.

(c) No grant shall be made under this section in connection with any project unless the Administrator determines that the project is necessary to provide adequate water or sewer facilities for, and will contribute to the improvement of the health or living standards of, the people in the community to be served, and that the project is (1) designed so that an adequate capacity will be available to serve the reasonably foreseeable growth needs of the area; (2) consistent with a program meeting criteria, established by the Administrator, for a unified or officially coordinated areawide water or sewer facilities system as part of the comprehensively planned development of the area, except that prior to July 1, 1968, grants may, in the discretion of the Administrator, be made under this section when such a program for an areawide water and sewer facilities system is under active preparation, although not yet completed, if the facility or facilities for which assistance is sought can reasonably be expected to be required as a part of such program, and there is urgent need for the facility or facilities; and (3) necessary to orderly community development.

GRANTS FOR NEIGHBORHOOD FACILITIES

SEC. 703. (a) In accordance with the provisions of this section, the Administrator is authorized to make grants to any local public body or agency to assist in financing specific projects for neighborhood facilities. Any such project may be undertaken by such body or agency directly or through a nonprofit organization approved by it: *Provided*, That no grant shall be provided under this section for any project to be undertaken through a nonprofit organization unless the Administrator determines (1) that such organization has or will have the legal, financial, and technical capacity to carry out the project, and (2) that the public body or agency to which the grant is made will have satisfactory continuing control over the use of the proposed facilities.

(b) The amount of any grant made under the authority of this section shall not exceed $66\frac{2}{3}$ per centum of the development cost of the project for which the grant is made (or 75 per centum of such cost in the case of a project located in an area which at the time the grant is made is designated as a redevelopment area under the Area Redevelopment Act or any Act supplementary thereto).

(c) No grant shall be made under this section for any project unless the Administrator determines that the project will provide a neighborhood facility which is (1) necessary for carrying out a program of health, recreational, social, or similar community service (including a community action program approved under title II of the Economic Opportunity Act of 1964) in the area, (2) consistent with comprehensive planning for the development of the community, and (3) so located as to be available for use by a significant portion (or number in the case of large urban places) of the area's low- or moderate-income residents.

(d) For a period of twenty years after a grant has been made under this section for a neighborhood facility, such facility shall not, without the approval of the Administrator, be converted to uses other than those proposed by the applicant in its application for a grant. The Administrator shall not approve any conversion in the use of such a neighborhood facility during such twenty-year period unless he finds that such conversion is in accordance with the then applicable program of health, recreational, social, or similar community services in the area and consistent with comprehensive planning for the development of the community in which the facility is located. In approving any such conversion, the Administrator may impose such additional conditions and requirements as he deems necessary.

(e) The Administrator shall give priority to applications for projects designed primarily to benefit members of low-income families or otherwise substantially further the objectives of a community action program approved under title II of the Economic Opportunity Act of 1964.

ADVANCE ACQUISITION OF LAND

SEC. 704. (a) In order to encourage and assist in the timely acquisition of land planned to be utilized in connection with the future construction of public works or facilities, the Administrator is authorized to make grants to local public bodies and agencies to assist in financing the acquisition of a fee simple estate or other interest in such land.

(b) The amount of any grant made under the authority of this section shall not exceed the aggregate amount of reasonable interest charges on the loan or other financial obligation incurred to finance the acquisition of such land for a period not exceeding the lesser of (1) five years from the date such loan was made or such financial obligation was incurred, or (2) the period of time between the date

75 Stat. 47.
42 USC 2501
note.

78 Stat. 516.
42 USC 2781
et seq.

such loan was made or such financial obligation was incurred and the date construction is begun on the public work or facility for which the land acquired was planned to be utilized.

(c) No grant shall be made under this section for any project for the acquisition of land unless the Administrator determines that the public work or facility for which such land is to be utilized is planned to be constructed or initiated within a reasonable period of time (not to exceed five years after a contract to make such grant is entered into) and that construction of such public work or facility will contribute to economy, efficiency, and the comprehensively planned development of the area.

(d) As a condition to providing assistance under this section, the Administrator may, under terms and conditions prescribed by him, require an applicant to agree to repay such assistance, if (1) the land purchased with such assistance is not utilized within five years after the agreement is entered into in connection with the construction of the public work or facility for which such land was acquired, or (2) such land is diverted to other uses.

GENERAL PROVISIONS

SEC. 705. (a) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Administrator shall (in addition to any authority otherwise vested in him) have the functions, powers, and duties set forth in section 402, except subsections (a), (c) (2), and (f) of the Housing Act of 1950.

(b) The Administrator is authorized, notwithstanding the provisions of section 3648 of the Revised Statutes, to make advance or progress payments on account of any grant made pursuant to this title. No part of any grant authorized to be made by the provisions of this title shall be used for the payment of ordinary governmental operating expenses.

DEFINITIONS

SEC. 706. As used in this title—

(a) The term "State" means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

(b) The term "local public bodies and agencies" includes public corporate bodies or political subdivisions; public agencies or instrumentalities of one or more States, municipalities, or political subdivisions of one or more States (including public agencies and instrumentalities of one or more municipalities or other political subdivisions of one or more States); Indian tribes; and boards or commissions established under the laws of any State to finance specific capital improvement projects.

(c) The term "development cost" means the cost of constructing the facility and of acquiring the land on which it is located, including necessary site improvements to permit its use as a site for the facility.

LABOR STANDARDS

SEC. 707. All laborers and mechanics employed by contractors or subcontractors on projects assisted under sections 702 and 703 shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5). No such project shall be approved without first obtaining adequate assurance that these labor standards will be maintained upon the

64 Stat. 78;
73 Stat. 681.
12 USC 1749a.
31 USC 529.

construction work. The Secretary of Labor shall have, with respect to the labor standards specified in this section, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C. 276c).

63 Stat. 108.

APPROPRIATIONS

SEC. 708. (a) There are authorized to be appropriated for each fiscal year commencing after June 30, 1965, and ending prior to July 1, 1969, not to exceed (1) \$200,000,000 for grants under section 702, (2) \$50,000,000 for grants under section 703, and (3) \$25,000,000 for grants under section 704.

(b) Any amounts appropriated under this section shall remain available until expended, and any amounts authorized for any fiscal year under this section but not appropriated may be appropriated for any succeeding fiscal year commencing prior to July 1, 1969.

TITLE VIII—FEDERAL NATIONAL MORTGAGE ASSOCIATION

INCREASE IN SPECIAL ASSISTANCE AUTHORITY

SEC. 801. (a) Section 305(c) of the National Housing Act is amended by inserting before the period at the end thereof the following: “, which limit shall be increased by \$100,000,000 on the date of the enactment of the Housing and Urban Development Act of 1965, by \$450,000,000 on July 1, 1966, by \$550,000,000 on July 1, 1967, and by \$525,000,000 on July 1, 1968”.

75 Stat. 175.
12 USC 1720.

(b) Section 305(f) of such Act is amended by inserting before the period at the end thereof the following: “: *Provided further*, That any portion of the total amount of authority set forth in the first proviso of this subsection, which (1) is not required under the second proviso of this subsection to be kept available for purchases and commitments with respect to mortgages insured under section 809, and (2), on the date of enactment of the Housing and Urban Development Act of 1965 and on each July 1 thereafter, would otherwise be available for making new purchases and commitments pursuant to this subsection, shall be transferred to and merged with the authority granted by subsection (a) and added to the amount of such authority which is available, as of the date of the transfer, for purchases and commitments under subsection (c); and the total amount of authority as set forth in the first proviso of this subsection shall progressively be reduced by the amount of each such transfer”.

69 Stat. 651.

70 Stat. 273.
12 USC 1748h-1.

PURCHASE OF MORTGAGES HELD BY FEDERAL INSTRUMENTALITIES

SEC. 802. (a) Section 302 of the National Housing Act is amended by—

68 Stat. 613.
12 USC 1717.

- (1) striking out “Federal,” in clause (2) in subsection (b);
- (2) inserting before “first mortgages” in the first sentence of subsection (c) the following: “obligations offered to it by the Housing and Home Finance Agency or its Administrator, or by such Agency’s constituent units or agencies or the heads thereof, or any”; and

78 Stat. 800.

- (3) inserting “and other obligations” after “mortgages” in the last sentence of subsection (c).

73 Stat. 670.
12 USC 1721.

(b) Section 306(e) of such Act is amended to read as follows:
“(e) Notwithstanding any other provision of law, the Association is authorized, under the aforesaid separate accountability, to make commitments to purchase, and to purchase, service, or sell any obligations offered to it by the Housing and Home Finance Agency or its Administrator, or by such Agency’s constituent units or agencies or the heads thereof, or any mortgages covering residential property offered to it by any Federal instrumentality, or the head thereof. There shall be excluded from the total amounts set forth in subsection (c) the amounts of any obligations or mortgages purchased by the Association pursuant to this subsection.”

PURCHASE OF BELOW-MARKET INTEREST RATE MORTGAGES

68 Stat. 613;
73 Stat. 669.
12 USC 1717.
12 USC 1720.

SEC. 803. Section 302(b) of the National Housing Act is amended by inserting after the first sentence the following new sentence: “Notwithstanding the provisions of clause (3) in the preceding sentence the Association may purchase a mortgage under section 305 with an original principal obligation that exceeds \$17,500 per dwelling unit if the mortgage (1) is a below-market interest rate mortgage insured under section 221(d)(3), and (2) covers property which has the benefit of local tax abatement in an amount determined by the Federal Housing Commissioner to be sufficient to make possible rentals not in excess of those that would be approved by the Commissioner if the mortgage amount did not exceed \$17,500 per dwelling unit and if local tax abatement were not provided.”

75 Stat. 150.
12 USC 17151.

INCREASE IN LIMITATION ON MORTGAGES FOR DWELLING UNITS HAVING FOUR OR MORE BEDROOMS

SEC. 804. Section 302(b) of the National Housing Act is amended by inserting before the period at the end of the first sentence the following: “(plus an additional \$2,500 for each such family residence or dwelling unit which has four or more bedrooms)”.

TITLE IX—OPEN-SPACE LAND AND URBAN BEAUTIFICATION AND IMPROVEMENT

CHANGE IN NAME OF PROGRAM; FINDINGS AND PURPOSE

75 Stat. 183.
42 USC 1500-
1500e.

SEC. 901. (a) The heading of title VII of the Housing Act of 1961 is amended to read as follows:

“TITLE VII—OPEN-SPACE LAND AND URBAN BEAUTIFICATION AND IMPROVEMENT”

(b) Section 701 of such Act is amended by redesignating subsection (b) as subsection (c) and inserting after subsection (a) a new subsection as follows:

“(b) The Congress further finds that there is an urgent need both for the additional provision of parks and other open-space areas in the developed portions of the Nation’s urban areas and for greater and better coordinated local efforts to beautify and improve open space and other public land throughout urban areas to facilitate their increased use and enjoyment by the Nation’s urban population.”

(c) Section 701(c) of such Act (as redesignated by subsection (b) of this section) is amended—

(1) by striking out “preserve” and inserting in lieu thereof “(1) provide, preserve, and develop”; and

(2) by striking out "purposes." and inserting in lieu thereof "uses, and (2) beautify and improve open space and other public urban land, in accordance with programs to encourage and coordinate local public and private efforts toward this end."

DEVELOPMENT GRANTS FOR OPEN-SPACE USES

SEC. 902. (a) The first sentence of section 702(a) of the Housing Act of 1961 is amended—

75 Stat. 184.

(1) by inserting "and development" after "acquisition" the first place it appears; and

42 USC 1500a.

(2) by inserting before the period the following: ", and the development, for open-space uses, of land acquired under this title".

(b) Section 702(c) of such Act is amended by striking out "development costs or".

(c) Section 709 of such Act (as redesignated by section 906 of this Act) is amended by adding at the end thereof the following:

"(4) The term 'open-space uses' means any use of open-space land for (A) park and recreational purposes, (B) conservation of land and other natural resources, or (C) historic or scenic purposes."

INCREASED GRANT LEVEL FOR PRESERVATION AND DEVELOPMENT OF OPEN-SPACE LAND

SEC. 903. The second sentence of section 702(a) of the Housing Act of 1961 is amended to read as follows: "The amount of any such grant shall not exceed 50 per centum of the total cost, as approved by the Administrator, of such acquisition and development."

CONTRACT AUTHORIZATION

SEC. 904. Section 702(b) of the Housing Act of 1961 is amended by striking out "\$75,000,000" and inserting in lieu thereof the following: "\$310,000,000: *Provided*, That of such sum the Administrator may contract to make grants under section 705 aggregating not to exceed \$64,000,000, and grants under section 706 aggregating not to exceed \$36,000,000".

78 Stat. 806.

OPEN-SPACE PLANNING AND PROGRAM REQUIREMENTS

SEC. 905. Section 703(a) of the Housing Act of 1961 is amended to read as follows:

42 USC 1500b.

"(a) The Administrator shall enter into contracts to make grants under sections 702 and 705 of this title only if he finds that such assistance is needed for carrying out a unified or officially coordinated program, meeting criteria established by him, for the provision and development of open-space land as part of the comprehensively planned development of the urban area."

GRANTS FOR PROVISION OF OPEN-SPACE LAND IN BUILT-UP URBAN AREAS AND FOR URBAN BEAUTIFICATION AND IMPROVEMENT

SEC. 906. Title VII of the Housing Act of 1961 is amended by redesignating sections 705 and 706 as sections 708 and 709, respectively, and by inserting after section 704 two new sections as follows:

75 Stat. 185.

42 USC 1500d,

1500e.

"GRANTS FOR PROVISION OF OPEN-SPACE LAND IN BUILT-UP URBAN AREAS

"SEC. 705. The Administrator is further authorized to enter into contracts to make grants to States and local public bodies to help finance the acquisition of title to, or other permanent interests in, developed land in built-up portions of urban areas to be cleared and used as permanent open-space land. The Administrator shall make such grants only where the local governing body determines that adequate open-space land cannot effectively be provided through the use of existing undeveloped or predominantly undeveloped land. Grants under this section shall not exceed 50 per centum of the cost of acquiring such interests and of necessary demolition and removal of improvements.

"GRANTS FOR URBAN BEAUTIFICATION AND IMPROVEMENT

"SEC. 706. The Administrator is authorized to enter into contracts to make grants, as herein provided, to States and local public bodies to assist in carrying out local programs for the greater use and enjoyment of open-space and other public land in urban areas. The Administrator shall establish criteria for such programs to assure that each program (1) represents significant and effective efforts, involving all available public and private resources, for the beautification of such land and its improvement for open-space uses; and (2) is important to the comprehensively planned development of the locality. Grants made under this section shall not exceed 50 per centum of the amount by which the cost of the activities carried on by an applicant during a fiscal year under an approved program exceeds its usual expenditures for comparable activities: *Provided*, That, notwithstanding any other provision of this section, the Administrator may use not to exceed \$5,000,000 of the sum authorized for contracts under this section for the purpose of entering into contracts to make grants in amounts not to exceed 90 per centum of the cost of activities which he determines have special value in developing and demonstrating new and improved methods and materials for use in carrying out the purposes of this section."

LABOR STANDARDS

SEC. 907. Title VII of the Housing Act of 1961 is further amended by inserting after section 706 (as added by section 906 of this Act) the following new section:

"LABOR STANDARDS

"SEC. 707. (a) The Administrator shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors or subcontractors in the performance of construction work financed with the assistance of grants under this title shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended. The Administrator shall not approve any such grant without first obtaining adequate assurance that these labor standards will be maintained upon the construction work.

"(b) The Secretary of Labor shall have, with respect to the labor standards specified in subsection (a), the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C. 276c)."

USE OF FUNDS FOR STUDIES AND PUBLICATION

SEC. 908. The second sentence of section 708 of the Housing Act of 1961 (as redesignated by section 906 of this Act) is amended to read as follows: "The Administrator is authorized to use during any fiscal year not to exceed \$50,000 of the funds available for grants under this title to undertake such studies and publish such information."

CONFORMING AMENDMENTS

SEC. 909. (a) The heading of section 702 of the Housing Act of 1961 is amended to read as follows: "GRANTS FOR PRESERVATION AND DEVELOPMENT OF OPEN-SPACE LAND". 75 Stat. 184.
42 USC 1500a.

(b) Section 702(a) of such Act is amended by striking out "acceptable to the Administrator as capable of carrying out the provisions of this title".

(c) Section 702(e) of such Act is amended by striking out in the second sentence "served by the open-space land acquired" and inserting in lieu thereof "assisted".

(d) Section 704 of such Act is amended by striking out in the first sentence "for which" and inserting in lieu thereof "for the acquisition of which". 42 USC 1500c.

TITLE X—RURAL HOUSING

LOANS FOR PREVIOUSLY OCCUPIED BUILDINGS AND MINIMUM SITE ACQUISITION

SEC. 1001. (a) Section 501(a) of the Housing Act of 1949 is amended— 63 Stat. 432;
75 Stat. 186.
42 USC 1471.

(1) by inserting after "their farms," in clause (1) the following: "and to purchase previously occupied buildings and land constituting a minimum adequate site, in order"; and

(2) by inserting after "rural areas" in clause (2) the following: "for the construction, improvement, alteration, or repair of dwellings, related facilities, and farm buildings and to rural residents for such purposes and for the purchase of previously occupied buildings and the purchase of land constituting a minimum adequate site, in order".

(b) Section 501(c) of such Act is amended by inserting "or a rural resident" in clause (1) after "or that he is the owner of other real estate in a rural area".

INTEREST RATE ON DIRECT RURAL HOUSING LOANS

SEC. 1002. Section 502(a) of the Housing Act of 1949 is amended by striking out "with interest at a rate not to exceed 4 per centum per annum on the unpaid balance of principal" and inserting in lieu thereof the following: "with interest, in the case of applicants described in clauses (1) and (2) of section 501(a), at a rate not to exceed 5 per centum per annum on the unpaid balance of principal, and, in the case of applicants described in clause (3) of section 501(a) and applicants under sections 503 and 504, at a rate not to exceed 4 per centum per annum on such unpaid balance. Loans made or insured under this title shall be conditioned on the borrower paying such fees and other charges as the Secretary may require". 42 USC 1472.
76 Stat. 670.
63 Stat. 434.
42 USC 1471,
1473, 1474.

INSURED RURAL HOUSING LOANS

63 Stat. 432.
42 USC 1471 et
seq.

SEC. 1003. (a) Title V of the Housing Act of 1949 is amended by adding at the end thereof the following new sections:

"INSURED RURAL HOUSING LOANS

"SEC. 517. (a) The Secretary may insure loans meeting the requirements of section 502, and may make loans in accordance with the requirements of such section to be sold and insured; except that such loans shall—

"(1) if the borrowers are persons of low or moderate income (as defined by the Secretary), (A) not exceed amounts necessary to provide adequate housing, modest in size, design, and cost (as determined by the Secretary), (B) bear interest at a rate not to exceed 5 per centum per annum, and (C) not exceed in the aggregate \$300,000,000 of new loans made or insured in any one fiscal year; and

"(2) if the borrowers are persons other than those described in clause (1), bear interest and provide for insurance or service charges at rates comparable to the combined rate of interest and premium charges in effect under section 203 of the National Housing Act, as determined by the Secretary.

"(b) The Secretary may insure loans in accordance with the requirements of sections 514 (exclusive of subsections (a) (3), (a) (5), and (b)) and 515 (exclusive of subsections (a) and (b) (4)), and may make loans meeting such requirements to be sold and insured. Upon the expiration of ninety days after the original capitalization of the Rural Housing Insurance Fund, created by subsection (e) of this section, no new loans shall be made or insured under section 514 or 515 (b), except in conformity with this section.

75 Stat. 186;
76 Stat. 671.
42 USC 1484,
1485.

"(c) The Secretary may use the Rural Housing Insurance Fund for the purpose of making loans to be sold and insured under this section, but the aggregate of such loans which are held by the Secretary at any one time shall not exceed \$100,000,000.

"(d) The Secretary may, in conformity with subsections (a) and (b), insure the payment of principal and interest as it becomes due on loans made by lenders other than the United States, and on loans made from the Rural Housing Insurance Fund which are sold by the Secretary. Any contract of insurance executed by the Secretary hereunder shall be an obligation supported by the full faith and credit of the United States, and shall be incontestable except for fraud or material misrepresentation of which the holder has actual knowledge. In connection with loans insured under this section, the Secretary may take liens running to the United States notwithstanding the fact that the notes evidencing such loans may be held by lenders other than the United States. Notes evidencing such loans shall be freely assignable, but the Secretary shall not be bound by any such assignment until notice thereof is given to and acknowledged by him.

Rural Housing
Insurance Fund.

"(e) There is hereby created the Rural Housing Insurance Fund (hereinafter referred to as the 'Fund') which shall be used by the Secretary as a revolving fund for carrying out the provisions of this section. There are authorized to be appropriated to the Secretary such sums as may be necessary for the purposes of the Fund.

"(f) Money in the Fund not needed for current operations shall be invested in direct obligations of the United States or obligations guaranteed by the United States.

"(g) All funds, claims, notes, mortgages, contracts, and property acquired by the Secretary under this section, and all collections and

proceeds therefrom, shall constitute assets of the Fund; and all liabilities and obligations of such assets shall be liabilities and obligations of the Fund. Loans may be held in the Fund and collected in accordance with their terms or may be sold by the Secretary with or without agreements for insurance thereof. The Secretary is authorized to make agreements with respect to servicing loans held or insured by him under this section and purchasing such insured loans on such terms and conditions as he may prescribe.

“(h) The Secretary is authorized to issue notes to the Secretary of the Treasury to obtain funds necessary for discharging obligations under this section and for authorized expenditures out of the Fund, but, except as may be authorized in appropriation Acts, not for the original or any additional capital of the Fund. Such notes shall be in such form and denominations and have such maturities and be subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Each note shall bear interest at the average rate, as determined by the Secretary of the Treasury, payable by the Treasury upon its marketable public obligations outstanding at the beginning of the fiscal year in which such note is issued, which are neither due nor callable for redemption for fifteen years from their date of issue. The Secretary of the Treasury is authorized and directed to purchase any notes of the Secretary issued hereunder, and for that purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which such securities may be issued under such Act are extended to include purchases of notes issued by the Secretary. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes shall be treated as public debt transactions of the United States. The notes issued by the Secretary to the Secretary of the Treasury shall constitute obligations of the Fund.

40 Stat. 288.
31 USC 774.

“(i) The Secretary may retain out of interest payments by the borrower an annual charge in an amount specified in the insurance or sale agreement applicable to the loan. Of the charges retained by the Secretary, if any, not to exceed 1 per centum per annum of the unpaid balance of the loan shall be deposited in the Fund. Any retained charges not deposited in the Fund shall be available for administrative expenses in carrying out the provisions of this title, to be transferred annually, and become merged with any appropriation for administrative expenses of the Farmers Home Administration, when and in such amounts as may be authorized in appropriation Acts.

“(j) The Secretary may also utilize the Fund—

“(1) to pay amounts to which the holder of the note is entitled in accordance with an insurance or sale agreement under this section accruing between the date of any prepayment by the borrower to the Secretary and the date of transmittal of any such prepayments to the holder of the note; and in the discretion of the Secretary, prepayments other than final payments need not be remitted to the holder until due;

“(2) to pay the holder of any note insured under this section any defaulted installment or, upon assignment of the note to the Secretary at the Secretary's request, or pursuant to a purchase agreement, the entire balance outstanding on the note; and

“(3) to pay taxes, insurance, prior liens, expenses necessary to make fiscal adjustments in connection with the application and transmittal of collections, and other expenses and advances to protect the security for loans which are insured under this

section or held in the Fund, and to acquire such security property at foreclosure sale or otherwise.

"RURAL HOUSING DIRECT LOAN ACCOUNT

Rural Housing
Direct Loan
Account.

"SEC. 518. (a) There is hereby created the Rural Housing Direct Loan Account (hereinafter referred to as the 'Account') which shall be used by the Secretary for carrying out the provisions of this section. There are authorized to be appropriated to the Secretary such sums as may be necessary for the purposes of the Account.

"(b) There are transferred to the Account (1) all funds, claims, notes, mortgages, contracts, and property, and all collections and proceeds therefrom, held by the Secretary under the direct loan provisions of this title, including those securing notes issued by the Secretary to the Secretary of the Treasury under section 511 and any unexpended balance of amounts borrowed upon such notes, and (2) all unexpended balances of appropriations for direct loans under this title, including the fund authorized by section 515(a). All amounts hereafter borrowed by the Secretary from the Secretary of the Treasury under section 511 shall be deposited in the Account. All collections and proceeds from assets acquired by the Account shall be deposited in the Account.

"(c) When and in such amounts as may be authorized in appropriation Acts, the Secretary may issue notes to the Secretary of the Treasury to obtain funds to be deposited in the Account. The form, denominations, maturities, and other terms and conditions of such notes shall be prescribed by the Secretary with the approval of the Secretary of the Treasury. Each note shall bear interest at the average rate determined by the Secretary of the Treasury, payable by the Treasury upon its marketable public obligations outstanding at the beginning of the fiscal year in which such note is issued, which are neither due nor callable for redemption for fifteen years from their date of issue. The Secretary of the Treasury is authorized and directed to purchase any notes of the Secretary issued hereunder, and for that purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which such securities may be issued under such Act are extended to include the purchase of notes issued by the Secretary. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes shall be treated as public debt transactions of the United States.

"(d) The Account shall remain available to the Secretary for the payment of interest and principal on notes issued by the Secretary to the Secretary of the Treasury under section 511 or this section, and for direct loans and related advances under this title in such amounts as are now authorized by law and in such further amounts as shall be authorized in appropriation Acts. Amounts so authorized for such loans and advances shall remain available until expended."

(b) Section 511 of such Act is amended—

(1) by striking out the first sentence and inserting in lieu thereof "The Secretary may issue notes and other obligations for purchase by the Secretary of the Treasury for the purpose of making direct loans under this title.";

(2) by striking out the second sentence and inserting in lieu thereof "The total principal amount of such notes and obligations issued pursuant to this section during the period beginning July 1, 1956, and ending October 1, 1969, shall not exceed \$850,000,000."; and

40 Stat. 288.
31 USC 774.

63 Stat. 438.
42 USC 1481.

(3) by striking out the fifth sentence and inserting in lieu thereof the following "Each such note or other obligation shall bear interest at the average rate, as determined by the Secretary of the Treasury, payable by the Treasury upon its marketable public obligations outstanding at the beginning of the fiscal year in which such note or other obligation is issued, which are neither due nor callable for redemption for 15 years from their date of issue."

FEDERAL NATIONAL MORTGAGE ASSOCIATION SECONDARY MARKET OPERATIONS FOR INSURED RURAL HOUSING LOANS

SEC. 1004. (a) Section 302(b) of the National Housing Act is amended— 68 Stat. 613.
12 USC 1717.

(1) by inserting immediately after "which are insured under the National Housing Act" the following: "or title V of the Housing Act of 1949"; 42 USC 1471
et seq.

(2) by inserting after "any mortgage" in clause (2) of the proviso the following: ", except a mortgage insured under title V of the Housing Act of 1949,"; and

(3) by inserting before the period in the last sentence the following: "or title V of the Housing Act of 1949".

(b) Section 303(b) of such Act is amended by inserting "and other" 12 USC 1718.
after "private" in the first sentence.

EXTENSION OF RURAL HOUSING AUTHORIZATIONS

SEC. 1005. (a) Section 512 of the Housing Act of 1949 is amended by striking out "September 30, 1965" and inserting in lieu thereof "October 1, 1969". 78 Stat. 796.
42 USC 1482.

(b) Section 513 of such Act is amended— 42 USC 1483.

(1) by striking out "September 30, 1965" in clause (b) and inserting in lieu thereof "October 1, 1969";

(2) by striking out "\$10,000,000" in clause (c) and inserting in lieu thereof "\$50,000,000", and by striking out "September 30, 1965" in the same clause and inserting in lieu thereof "October 1, 1969"; and 78 Stat. 798.

(3) by striking out "September 30, 1965" in clause (d) and inserting in lieu thereof "October 1, 1969".

(c) Section 515(b) (5) of such Act is amended by striking out "September 30, 1965" and inserting in lieu thereof "October 1, 1969".

(d) Section 506(a) of such Act is amended by striking out "sections 501 to 504, inclusive, and sections 514—516", each place it occurs and inserting in lieu thereof "this title". 63 Stat. 435.
42 USC 1476.

SUMS EXCESS TO THE NEEDS OF THE RURAL HOUSING INSURANCE FUND OR THE RURAL HOUSING DIRECT LOAN ACCOUNT

SEC. 1006. Title V of the Housing Act of 1949 is amended by adding after section 518 (added by section 1003 of this Act) a new section as follows: 42 USC 1471
et seq.

"SUMS EXCESS TO THE NEEDS OF THE RURAL HOUSING INSURANCE FUND OR THE RURAL HOUSING DIRECT LOAN ACCOUNT

"SEC. 519. Any sums in the Rural Housing Insurance Fund or the Rural Housing Direct Loan Account which the Secretary determines are in excess of amounts needed to meet the obligations and carry out the purposes of such Fund or Account shall be returned to miscellaneous receipts of the Treasury."

DEFINITION OF A RURAL AREA

42 USC 1471
et seq.

SEC. 1007. Title V of the Housing Act of 1949 is amended by adding at the end thereof (after the new section added by section 1006 of this Act) the following new section:

"DEFINITION OF RURAL AREA

"SEC. 520. As used in this title, the terms 'rural' and 'rural area' mean any open country, or any place, town, village, or city which is not part of or associated with an urban area and which (1) has a population not in excess of 2,500 inhabitants, or (2) has a population in excess of 2,500 but not in excess of 5,500 if it is rural in character."

TITLE XI—MISCELLANEOUS

ANNUAL REPORT ON HOUSING AND URBAN DEVELOPMENT PROGRAMS

68 Stat. 642.
12 USC 1701o.

SEC. 1101. Section 802(a) of the Housing Act of 1954 is amended to read as follows:

"(a) The Housing and Home Finance Administrator shall, as soon as practicable during each calendar year, make a report to the President for submission to the Congress on all operations and programs (including but not limited to the FHA insurance, urban renewal, public housing, and rent supplement programs) under the jurisdiction of the Housing and Home Finance Agency during the previous calendar year. Such report shall contain recommendations for strengthening or improving such programs, or, when necessary to implement more effectively Congressional policies and purposes, for establishing new or alternative programs."

URBAN PLANNING GRANTS

73 Stat. 678;
78 Stat. 792,
793.
40 USC 461.

SEC. 1102. (a) The fifth sentence of section 701(b) of the Housing Act of 1954 is amended by striking out "\$105,000,000" and inserting in lieu thereof "\$230,000,000".

(b) Section 701(b) of such Act is amended by striking out the period at the end and inserting in lieu thereof the following: ": *Provided*, That not to exceed 5 per centum of any funds so appropriated may be used by the Administrator for studies, research, and demonstration projects, undertaken independently or by contract, for the development and improvement of techniques and methods for comprehensive planning and for the advancement of the purposes of this section."

(c) (1) Section 701 of such Act is amended by adding at the end thereof a new subsection as follows:

"(g) In addition to the planning grants authorized by subsection (a), the Administrator is further authorized to make grants to organizations composed of public officials whom he finds to be representative of the political jurisdictions within a metropolitan area or urban region for the purpose of assisting such organizations to undertake studies, collect data, develop regional plans and programs, and engage in such other activities as the Administrator finds necessary or desirable for the solution of the metropolitan or regional problems in such areas or regions. To the maximum extent feasible, all grants under this subsection shall be for activities relating to all the developmental aspects of the total metropolitan area or urban region, including, but not limited to, land use, transportation, housing, economic development, natural resources development, community facilities, and the

general improvement of living environments. A grant under this subsection shall not exceed two-thirds of the estimated cost of the work for which the grant is made."

(2) Section 701(b) of such Act is amended—

73 Stat. 678.

(A) by inserting "planning" immediately before "grant" the first time it appears in the first sentence, and

40 USC 461.

(B) by striking out "planning" in the fourth sentence.

(d) Section 701(b) of such Act is amended by inserting after "Area Redevelopment Act" the following: "(or under any Act supplementary thereto)".

AUTHORIZATION FOR FEDERAL-STATE TRAINING PROGRAMS

SEC. 1103. (a) Section 802(d) of the Housing Act of 1964 is amended by striking out "\$10,000,000" and inserting in lieu thereof "\$30,000,000".

78 Stat. 803.

20 USC 802.

(b) Section 803 of such Act is amended (1) by striking out "authorized to be", and (2) by striking out "by section 802(d)" and inserting in lieu thereof "for the purposes of this part".

20 USC 803.

AUTHORIZATION FOR PUBLIC WORKS PLANNING ADVANCES

SEC. 1104. The second sentence of section 702(e) of the Housing Act of 1954 is amended by striking out "\$20,000,000" and inserting in lieu thereof "\$70,000,000".

78 Stat. 799.

40 USC 462.

AUTHORIZATION FOR LOW-INCOME HOUSING DEMONSTRATION PROGRAMS

SEC. 1105. Section 207 of the Housing Act of 1961 is amended by striking out "\$10,000,000" and inserting in lieu thereof "\$15,000,000".

78 Stat. 796.

42 USC 1436.

ADVISORY COMMITTEES—TECHNICAL PROVISION

SEC. 1106. Section 601 of the Housing Act of 1949 is amended by striking out the second sentence.

68 Stat. 645.

12 USC 1701h.

PUBLIC FACILITY LOANS

SEC. 1107. (a) Section 202(c) of the Housing Amendments of 1955 is amended by adding at the end thereof the following new sentence: "Notwithstanding any other provision of this title, the Administrator may extend financial assistance, as otherwise authorized by clause (1) of subsection (a) of this section, to any private nonprofit corporation to finance the construction of works for the storage, treatment, purification, or distribution of water or the construction of sewage, sewage treatment, and sewer facilities, if such works or facilities are needed to serve a smaller municipality or rural area, and there is no existing public body able to construct and operate such works or facilities."

69 Stat. 643.

42 USC 1492.

(b) Section 202(b)(4) of such amendments is amended—

75 Stat. 174;

78 Stat. 798.

(1) by striking out the parenthetical phrase in clause (A) and inserting in lieu thereof the following: "(one hundred fifty thousand or more in the case of a community situated in an area designated as a redevelopment area under the Area Redevelopment Act or any Act supplementary thereto)"; and

75 Stat. 47.

(2) by inserting after "public works or facilities" in the second sentence the following: "(i) in a community in or near which is located a research or development installation of the National Aeronautics and Space Administration, or (ii)".

42 USC 2501
note.

FHA CONFORMING AMENDMENTS

53 Stat. 805.
12 USC 1703.
64 Stat. 50.
12 USC 1706o.

SEC. 1108. (a) Section 2(f) of the National Housing Act is amended by striking out all that follows the first sentence.

(b) Section 8 of such Act is amended—

(1) by striking out "Title I Housing Insurance Fund" in subsection (g) and inserting in lieu thereof "General Insurance Fund"; and

(2) by striking out subsections (h) and (i).

(c) Section 203(k) of such Act is amended—

(1) by striking out "a separate section 203 Home Improvement Account to be maintained as hereinafter provided under the Mutual Mortgage Insurance Fund" in clause (3) of the first sentence and inserting in lieu thereof "the General Insurance Fund";

(2) by striking out "the section 203 Home Improvement Account or in debentures executed in the name of such Account" in clause (4) of the first sentence and inserting in lieu thereof "the General Insurance Fund or in debentures executed in the name of such Fund";

(3) by striking out all of the third sentence which follows "refer to this section 203(k)" and inserting in lieu thereof a period; and

(4) by striking out the fourth, fifth, and sixth sentences.

(d) Section 204 of such Act is amended—

(1) by striking out "or section 210" in the first sentence of subsection (a);

(2) by striking out all of the second sentence of subsection (c) after "the mortgagee" and inserting in lieu thereof "from the Mutual Mortgage Insurance Fund";

(3) by striking out all of the first sentence of subsection (d) after "shall be negotiable" the first place it appears and inserting in lieu thereof a period;

(4) by striking out "the Fund" each place it appears in subsection (d) and inserting in lieu thereof "the Mutual Mortgage Insurance Fund";

(5) by striking out "or the Housing Fund, as the case may be," in the fifth sentence of subsection (d);

(6) by striking out "or the Housing Fund" in the sixth sentence of subsection (d); and

(7) by striking out the matter in subsection (f) (1) (i) which follows "section 203" and precedes the colon.

(e) Section 207 of such Act is amended—

(1) by striking out "and section 210" in the first sentence of subsection (d);

(2) by striking out "of the Housing Insurance Fund issued by the Commissioner under this title" in the first sentence of subsection (d) and inserting in lieu thereof the following: "issued by the Commissioner under any title and section of this Act, except debentures of the Mutual Mortgage Insurance Fund, or of the Cooperative Management Housing Insurance Fund";

(3) by striking out subsections (f), (m), and (p); and

(4) by striking out "the Housing Insurance Fund" and "the Housing Fund" each place they appear in subsections (b), (h), (i), (j), (k), and (l) and inserting in lieu thereof "the General Insurance Fund".

(f) Section 209 of such Act is amended by striking out "or account or accounts," in the second sentence.

75 Stat. 157.
12 USC 1709.

12 USC 1710.

52 Stat. 16.
12 USC 1713.

12 USC 1715.

- (g) Section 213 of such Act is amended—
- (1) by striking out “the Housing Fund” in subsection (a) (3) and inserting in lieu thereof “the Cooperative Management Housing Insurance Fund”; and
- (2) by striking out “(l), (m), (n), and (p)” in subsection (e) and inserting in lieu thereof “(l), and (n)”.
- (h) Section 220 of such Act is amended—
- (1) by striking out “the section 220 Housing Insurance Fund” each place it appears in subsections (d) (2) and (f) and inserting in lieu thereof “the General Insurance Fund”; and
- (2) by inserting “and” immediately before “(B)” in the second full sentence in subsection (f) (3), and by striking out “, and (C)” and all that follows in such sentence and inserting in lieu thereof a period;
- (3) by striking out subsections (g) and (h) (4); and
- (4) by striking out “the section 220 Home Improvement Account” each place it appears in subsections (h) (5) and (h) (7) and inserting in lieu thereof “the General Insurance Fund”.
- (i) Section 221 of such Act is amended—
- (1) by striking out “the section 221 Housing Insurance Fund” each place it appears in subsections (d) (4), (f), (g) (1), and (g) (3) and inserting in lieu thereof “the General Insurance Fund”; and
- (2) by striking out all of subsection (g) (2) after “mortgages insured under this section” and inserting in lieu thereof “; or”;
- (3) by inserting “and” immediately before “(B)” in the first full sentence in subsection (g) (3), and by striking out “, and (C)” and all that follows in such sentence and inserting in lieu thereof a period; and
- (4) by striking out subsection (h).
- (j) Section 222 of such Act is amended—
- (1) by striking out “Servicemen’s Mortgage Insurance Fund” in subsection (e) and inserting in lieu thereof “General Insurance Fund”; and
- (2) by striking out subsection (f).
- (k) Section 229 of such Act is amended by striking out “and Accounts” in the first sentence.
- (l) Section 231 of such Act is amended—
- (1) by striking out “the section 207 Housing Insurance Fund” in subsection (c) (4) and inserting in lieu thereof “the General Insurance Fund”; and
- (2) by striking out “(f), (g), (h), (i), (j), (k), (l), (m), (n), and (p)” in subsection (e) and inserting in lieu thereof “(g), (h), (i), (j), (k), (l), and (n)”.
- (m) Section 232 of such Act is amended—
- (1) by striking out “the section 207 Housing Insurance Fund” in subsection (d) (1) and inserting in lieu thereof “the General Insurance Fund”; and
- (2) by striking out “(f), (g), (h), (i), (j), (k), (l), (m), (n), and (p)” in subsection (f) and inserting in lieu thereof “(g), (h), (i), (j), (k), (l), and (n)”.
- (n) Section 233 of such Act is amended—
- (1) by striking out “the Experimental Housing Insurance Fund” in clause (1) of the third sentence of subsection (f) and inserting in lieu thereof “the General Insurance Fund”; and
- (2) by inserting “and” immediately before “(2)” in the third sentence of subsection (f), and by striking out “, and (3)” and all that follows and inserting in lieu thereof a period; and
- (3) by striking out subsection (g).

64 Stat. 54.
12 USC 1715e.

68 Stat. 596.
12 USC 1715k.

12 USC 1715l.

12 USC 1715m.

73 Stat. 665.
12 USC 1715v.

73 Stat. 663.
12 USC 1715w.

75 Stat. 158.
12 USC 1715x.

79 STAT. 506.

75 Stat. 160.
12 USC 1715y.

(o) Section 234 of such Act is amended—

(1) by striking out “the Apartment Unit Insurance Fund” in subsections (d) (2) and (g) and inserting in lieu thereof “the General Insurance Fund”;

(2) by striking out subsection (h) and inserting in lieu thereof the following:

“(h) The provisions of subsections (d), (e), (g), (h), (i), (j), (k), (l), and (n) of section 207 shall be applicable to mortgages insured under subsection (d) of this section.”; and

(3) by striking out subsection (i) and redesignating subsection (j) as subsection (i).

55 Stat. 58.
12 USC 1739.

(p) Section 604 of such Act is amended by striking out “the War Housing Insurance Fund” each place it appears in subsections (c), (d), and (f) (1) (i) and inserting in lieu thereof “the General Insurance Fund”.

(q) Section 608 of such Act is amended—

56 Stat. 303.
12 USC 1743.

(1) by striking out “the War Housing Insurance Fund” each place it appears in subsections (b) (1) and (d) and inserting in lieu thereof “the General Insurance Fund”; and

(2) by striking out subsection (f) and inserting in lieu thereof the following:

“(f) The provisions of section 207 (k) of this Act shall be applicable to mortgages insured under this section, except that, as applied to such mortgages, the reference therein to subsection (g) shall be construed to refer to subsection (c) of this section.”

61 Stat. 193.
12 USC 1744.

(r) The first sentence of section 609 (f) of such Act is amended by striking out clause (1) and redesignating clauses (2), (3), and (4) as clauses (1), (2), and (3), respectively.

62 Stat. 1278.
12 USC 1747f.

(s) Section 707 of such Act is amended by striking out “the Housing Investment Insurance Fund” and inserting in lieu thereof “the General Insurance Fund”.

12 USC 1747g.

(t) Section 708 of such Act is amended by striking out “the Housing Investment Insurance Fund” each place it appears in subsections (c), (e), (g), and (h) and inserting in lieu thereof “the General Insurance Fund”.

69 Stat. 647.
12 USC 1748b.

(u) Section 803 of such Act is amended—

(1) by striking out “the Armed Services Housing Mortgage Insurance Fund” each place it appears in subsections (b) (1), (b) (2), (e), (f), and (g) and inserting in lieu thereof “the General Insurance Fund”; and

(2) by striking out subsection (h) and inserting in lieu thereof the following:

“(h) The provisions of section 207 (k) and section 207 (l) of this Act shall be applicable to mortgages insured under this title and to property acquired by the Commissioner hereunder, except that, as applied to such mortgages and property, the reference in section 207 (k) to subsection (g) shall be construed to refer to subsection (d) of this section.”

70 Stat. 273.
12 USC 1748h-1.

(v) Section 809 of such Act is amended by striking out “the Armed Services Housing Mortgage Insurance Fund” each place it appears in subsections (b), (e), and (g) and inserting in lieu thereof “the General Insurance Fund”.

73 Stat. 683.
12 USC 1748h-2.

(w) Section 810 of such Act is amended—

(1) by striking out “the Armed Services Housing Mortgage Insurance Fund” in subsection (e) and inserting in lieu thereof “the General Insurance Fund”;

(2) by striking out “(l), (m), (n), and (p)” in subsection (j) and inserting in lieu thereof “(l), and (n)”;

(3) by striking out the proviso in subsection (j) and inserting in lieu thereof the following: “: *Provided*, That wherever the words ‘Fund’ or ‘Mutual Mortgage Insurance Fund’ appear in section 204, such reference shall refer to the General Insurance Fund with respect to mortgages insured under this section”.

52 Stat. 12.

12 USC 1710.

(x) Section 903 of such Act is amended by striking out “the National Defense Housing Insurance Fund” each place it appears in subsection (a) and inserting in lieu thereof “the General Insurance Fund”.

65 Stat. 296.

12 USC 1750b.

(y) Section 904 of such Act is amended—

12 USC 1750c.

(1) by striking out “the National Defense Housing Insurance Fund” each place it appears in subsections (c) and (d) and inserting in lieu thereof “the General Insurance Fund”; and

(2) by striking out all of subsection (e) which follows “of this Act” and inserting in lieu thereof a period.

(z) Section 908 of such Act is amended—

12 USC 1750g.

(1) by striking out “the National Defense Housing Insurance Fund” in subsection (b)(1) and inserting in lieu thereof “the General Insurance Fund”; and

(2) by striking out all of subsection (d) which follows “of this Act” and inserting in lieu thereof a period; and

(3) by striking out subsection (f) and inserting in lieu thereof the following:

“(f) The provisions of section 207(k) and section 207(l) of this Act shall be applicable to mortgages insured under this section and to property acquired by the Commissioner hereunder, except that, as applied to such mortgages and property, the reference therein to subsection (g) shall be construed to refer to subsection (c) of this section.”

52 Stat. 16.

12 USC 1713.

(aa) Sections 219, 602, 605, 710, 802, 804, 902, and 905 of such Act are repealed.

Repeals.

(bb) Section 1 of such Act is amended by striking out “titles II, III, VI, VII, VIII, and IX”, each place it appears, and inserting in lieu thereof “titles II, III, V, VI, VII, VIII, IX, and X”.

12 USC 1702.

REPEAL OF SPECIAL PROVISION IN URBAN MASS TRANSPORTATION ACT

SEC. 1109. Section 9 of the Urban Mass Transportation Act of 1964 is amended by striking out subsection (c) and redesignating subsections (d), (e), and (f) as subsections (c), (d), and (e), respectively.

78 Stat. 306.

49 USC 1608.

SAVINGS AND LOAN ASSOCIATIONS

SEC. 1110. (a) Section 5(c) of the Home Owners' Loan Act of 1933 is amended by adding at the end of the first paragraph a new sentence as follows: “Structures or parts thereof designed or used as fraternity or sorority houses which include sleeping accommodations for students of a college or university, or designed or used principally for the provision of living accommodations for persons who are students, employees, or members of the staff of a college, university, or hospital, shall be considered, subject to such regulations as the Board may prescribe, ‘other dwelling units’ for the purposes of this subsection.”

48 Stat. 132.

12 USC 1464.

(b) The ninth paragraph of section 5(c) of such Act is amended by striking out “fifteen years” and inserting in lieu thereof “ten years”.

78 Stat. 805.

(c) Section 5(c) of such Act is further amended by adding at the end thereof (after the new paragraph added by section 201(b)(3) of this Act) the following new paragraph:

“No building and loan association incorporated under the laws of the District of Columbia or organized in such District or doing business in such District shall establish any branch or move its principal

office or any branch without the prior written approval of the Federal Home Loan Bank Board, and no other building and loan association shall establish any branch in such District or move its principal office or any branch in such District without such approval. As used in the sentence next preceding, 'branch' means any office, place of business, or facility, other than the principal office as defined by the Board, of a building and loan association at which accounts are opened or payments thereon are received or withdrawals therefrom are paid, or any other office, place of business, or facility of a building and loan association defined by the Board as a branch within the meaning of such sentence, and as used in such sentence and in this sentence 'building and loan association' means any incorporated or unincorporated building, building or loan, building and loan, savings and loan, or homestead association or cooperative bank."

48 Stat. 1258.
12 USC 1727.

(d) Section 404 of the National Housing Act is amended by adding at the end thereof the following new subsection:

"(h) (1) Each insured institution shall make such deposits in the Corporation as may from time to time be required by call of the Federal Home Loan Bank Board. Any such call shall be calculated by applying a specified percentage, which shall be the same for all insured institutions, to the total amount of all withdrawable or repurchasable shares, investment certificates, and deposits in each insured institution. No such call shall be made unless such Board determines that the total amount of such call, plus the outstanding deposits previously made pursuant to such calls, does not exceed 1 per centum of the total amount of all withdrawable or repurchasable shares, investment certificates, and deposits in all insured institutions. For the purposes of this subsection, the total amounts hereinabove referred to shall be determined or estimated by such Board or in such manner as it may prescribe.

"(2) The Corporation, in accordance with such regulations as it may prescribe, shall credit as of the close of each calendar year, to each deposit outstanding at such close, a return on the outstanding balance, as determined by the Corporation, of such deposit during such calendar year, at a rate equal to the average annual rate of return, as determined by the Corporation, to the Corporation during the year ending at the close of November 30 of such calendar year, on the investments held by the Corporation in obligations of, or guaranteed as to principal and interest by, the United States.

"(3) The Corporation in its discretion may at any time repay such deposits, or repay pro rata a portion of each of such deposits, in such manner and under such procedure as the Corporation may prescribe by regulation or otherwise. Any procedure for such pro rata repayment may provide for total repayment of any deposit, if total repayment of any and all deposits of equal or smaller amount is likewise provided for.

"(4) The provisions of subsection (f) of this section and of the last sentence of subsection (e) of this section shall be applicable to deposits under this subsection, and for the purposes of this subsection the references in such subsection (f) and such last sentence to the prepayments and the pro rata shares therein mentioned shall be deemed instead to be references respectively to the deposits under this subsection and the pro rata shares of the holders thereof, and the references in such subsection (f) to that subsection (except the last such reference) and to subsection (d) of this section shall be deemed instead to be references to this subsection."

FEDERAL RESERVE ACT

SEC. 1111. Section 24 of the Federal Reserve Act is amended by striking out "eighteen months", wherever it appears in the third paragraph, and inserting in lieu thereof "twenty-four months".

REPAYMENT OF CERTAIN PLANNING GRANTS

SEC. 1112. Notwithstanding any other provision of law, no advance made under section 501 of Public Law 458, Seventy-eighth Congress; Public Law 352, Eighty-first Congress; or section 702, Housing Act of 1954, Public Law 560, Eighty-third Congress, for the planning of any public works project shall be required to be repaid if construction of such project has been heretofore or is hereafter initiated as a result of a grant-in-aid made from an allocation made by the President under the Public Works Acceleration Act.

58 Stat. 791.
50 USC app. 1671.
63 Stat. 841.
40 USC 451-458.
69 Stat. 641.
40 USC 462.
76 Stat. 541.
42 USC 2641 note.

STUDY CONCERNING RELIEF OF HOMEOWNERS IN PROXIMITY TO AIRPORTS

SEC. 1113. The Housing and Home Finance Administrator shall undertake a study to determine feasible methods of reducing the economic loss and hardship suffered by homeowners as the result of the depreciation in the value of their properties following the construction of airports in the vicinity of their homes, including a study of feasible methods of insulating such homes from the noise of aircraft. Findings and recommendations resulting from such study shall be reported to the President for transmission to the Congress at the earliest practicable date, but in no event later than one year after the date of the enactment of this Act.

Report to President and Congress.

Approved August 10, 1965.

LEGISLATIVE HISTORY:

HOUSE REPORTS: No. 365 (Comm. on Banking & Currency) and No. 679 (Comm. of Conference).

SENATE REPORT No. 378 accompanying S. 2213 (Comm. on Banking & Currency).

CONGRESSIONAL RECORD, Vol. 111 (1965):

June 28, 29: Considered in House.

June 30: Considered and passed House.

July 14: S. 2213 considered in Senate.

July 15: Considered and passed Senate, amended, in lieu of S. 2213.

July 26: Senate agreed to conference report.

July 27: House agreed to conference report.

United States Ambassador to Guatemala

Announcement of Intention To Nominate John Gordon Mein of Maryland. August 10, 1965

President Johnson announced today his intention to nominate John Gordon Mein of Maryland, a Career Foreign Service Officer, as United States Ambassador to Guatemala. He will succeed Ambassador John O. Bell, who is being assigned as Political Adviser to the Commander in Chief of the U.S. Strike Command.

Mr. Mein was born in Cadiz, Ky., on September 10, 1913. He is a graduate of Georgetown (Ky.) College, holds an LL.B. degree from George Washington University, and has done graduate work at American University.

Mr. Mein was appointed to the Foreign Service in 1942. Since that time he has served in Rio de Janeiro, Rome, Oslo, Djakarta, and Manila. In Washington assignments he has attended the National War College, and served as Director of the Office of Southwest Pacific Affairs in the Department of State. He was named to his present position as Deputy Chief of Mission at Rio de Janeiro in 1963. In 1959 he received the Department's Meritorious Service Award for his work on Indonesian Affairs.

Mr. Mein is married to the former Elizabeth Ann Clay, and they have three children, David Gordon, Marilyn Elizabeth, and Eric.

United States Ambassador to the Somali Republic

Announcement of Intention To Nominate Raymond L. Thurston of Missouri. August 10, 1965

President Johnson announced today his intention to nominate Raymond L. Thurston of Missouri, a Career Foreign Service Officer, as United States Ambassador to the Somali Republic. He will replace Horace G. Torbert, Jr., who is being assigned to the Department of State.

Mr. Thurston was born in St. Louis, Mo., on February 4, 1913. He holds B.A. (with highest honors) and M.A. degrees from the University of Texas and in 1937 received the degree of Ph. D. from the University of Wisconsin. He is a member of Phi Beta Kappa.

Mr. Thurston was appointed to the Foreign Service in 1937 and has served at Toronto, Naples, Bombay, Moscow, and Athens. In Washington assignments he has received Russian language training at the State Department's Foreign Service Institute, attended the National War College, and served as Director of the Office of Eastern European Affairs in the Department of State. In 1957 he was named Political Adviser to the Supreme Allied Commander, Europe at Paris. He was appointed as Ambassador to Haiti in 1961. He has served in his present position as Faculty Adviser with the Air University at Maxwell Air Force Base in Alabama since 1963.

He is married to the former Elizabeth Sherman and they have one daughter, Ruth.

Tax Court of the United States; Interstate Commerce Commission

Announcement of Intention To Nominate Charles R. Simpson to the Court and Willard Deason to the Commission. August 10, 1965

The President today announced his intention to nominate Charles R. Simpson for appointment to the Tax Court of the United States, to fill the unexpired term of Morton Fisher who died February 11, 1965.

Mr. Simpson is presently Director of the Legislation and Regulations Division in the Office of the General Counsel of the Internal Revenue Service.

Mr. Simpson was born in Danville, Ill., and he received the B.A. degree in 1943 and the J.D. degree in 1945, from the University of Illinois. He was elected to Phi Beta Kappa and achieved the highest academic average in 25 years at the Law School.

From 1947 to 1950, Mr. Simpson was a member of the Illinois General Assembly from the 24th District of Illinois. He

taught at Harvard Law School for a year after receiving the LL.M. degree in 1950. From 1951 to 1952 he was an attorney with the Office of Price Stabilization. Then in 1952 he joined the Legislation and Regulations Division of the Internal Revenue Service as an attorney, and he served in this capacity until 1957. From 1957 to 1959 he was Special Assistant to the Director of the Division and from 1959 to 1961 he was Staff Assistant to the Chief Counsel.

In 1961 Mr. Simpson became Assistant Director of the Legislation and Regulations Division and has been Director of that Division since 1964.

In May of 1965 Mr. Simpson received the Justice Tom C. Clark Award for Outstanding Career Lawyers in the Service of the Federal Government.

Mr. Simpson has been totally blind since birth.

Mr. Simpson is married and resides at 1400 South Joyce St., Arlington, Va.

President Johnson also announced his intention to nominate Willard Deason to fill the vacancy on the Interstate Commerce Commission created by the recent resignation of Everett Hutchinson of Texas.

Mr. Deason, a lawyer and businessman from Austin, Tex., has served the Federal Government previously with the Federal Land Bank of Houston, the National Youth Administration, and in Naval Service during the war. Since January 1949 Mr. Deason has been an Austin, Tex., businessman.

Born in Wilson County, Tex., Mr. Deason graduated from Stockdale High School, he holds a B.S. degree received in 1930 and a law degree from the San Antonio School of Law in 1934. He is married to the former Jeanne Fitz-Patrick of Bayonne, N.J., and has a son and a daughter.

The President's Foreign Intelligence Advisory Board

Announcement of Intention To Appoint Augustus C. Long, Adm. John H. Sides, and Gen. Maxwell D. Taylor. August 10, 1965

The President announced today his intention to appoint three new members to the President's Foreign Intelligence Advisory Board. The three distinguished Americans named are: Mr.

Augustus C. Long, Adm. John H. Sides, USN (Ret.), and Gen. Maxwell D. Taylor, USA (Ret.).

The President's Foreign Intelligence Advisory Board was established by Executive Order 10938 of May 4, 1961. The purpose of the Board is "to advise the President with respect to the objectives and conduct of the foreign intelligence and related activities of the United States" which are required by our national defense and security interests.

Mr. Long was born August 28, 1904, at Starke, Fla. He is a graduate of the U.S. Naval Academy and served as a naval officer from 1926 to 1929. In 1930 he joined the Texas Company and received several assignments in Europe. He served in an executive capacity with several Federal agencies during World War II. He became Chief Executive Officer of Texaco in 1956. He resides in Green Plains in Mathews County, Va.

Admiral Sides was born in Roslyn, Wash., on April 22, 1904. A graduate of the U.S. Naval Academy in 1921, the University of Michigan in 1933, and the National War College in 1948, he rose through the ranks and was commissioned admiral on March 1, 1960. He served in China during the Yangtze campaign, and in the Pacific during World War II. An expert in ordnance, he served as Director of the Guided Missiles Division of the Office of the Chief of Naval Operations from 1952 to 1956. From 1960 until his retirement from active duty in 1963, he served as Commander in Chief of the U.S. Pacific Fleet. He has been awarded the Legion of Merit with gold star and campaign "V" together with several other commendations and campaign medals. Since his retirement he has been Senior Military Advisor to the Lockheed Aircraft Corporation and consultant to the Department of Defense.

Gen. Maxwell D. Taylor, most recently Ambassador of the United States to the Republic of South Viet-Nam and former Chairman of the Joint Chiefs of Staff, was born August 26, 1901, in Keytesville, Mo. A graduate of the U.S. Military Academy and the Army War College, General Taylor has served his country for over 40 years in positions of great responsibility.

The Board is chaired by the Honorable Clark M. Clifford. Other members of the Board are: Dr. William O. Baker, Mr. Gordon Gray, Dr. Edwin H. Land, Dr. William L. Lenger, Mr. Robert D. Murphy, and Mr. Frank Pace, Jr.

Housing and Urban Development Act of 1965

The President's Remarks at the Signing Ceremony. August 10, 1965

Mr. Vice President, distinguished Speaker McCormack, Senator Mansfield, Senator Sparkman, Congressman Patman, distinguished Members of the Congress, distinguished Governors, mayors, and friends:

This is a very proud and gratifying occasion. I am very proud to welcome you today to the first house of the land—the house that belongs to all of the American people. I am gratified, as you are, that we could come together to sign into law a measure which will take us many longer strides nearer the goal that has been the dream and the vision of every generation of Americans. That is the goal of honoring what a very great President, Franklin D. Roosevelt, 21 years ago expressed as "the right of every family to a decent home."

From Plymouth Rock to Puget Sound, the first priority of the men and women who settled this vast and this blessed continent was, first of all, to put a roof over the heads of their family. And that priority has never, and can never, change.

I am so happy this morning to see the great and distinguished Mayor of New York here because it was his father who pioneered the housing legislation in this country. And here on the platform with me is one of those who joined with him—the very able and distinguished Senator from Louisiana. It took a lot of courage for him to stand on some of those bills. He got in with Bob Wagner and Bob Taft and he got in the middle between them, and it did take courage to stand there.

Many elements mattered to the success and the stability of our great American society. Education matters a great deal. Health matters. Jobs matter. Equality of opportunity and individual dignity matter very much.

But legislation and labors in all of these fields can never succeed unless and until every family has the shelter and the security, the integrity and the independence, and the dignity and the decency of a proper home.

For me, this is not a belief that comes recently. It is a conviction, and it is a passion, to which I was born 57 years ago this month in a humble home on the banks of a small river in Central Texas.

Men may forget many memories of their childhood. But many of you

know—as I know—that no man and no woman ever grows too old or too successful to forget the memory of a childhood home that was without lights, and that was without water, and that was without covering on the floor. And I have never forgotten.

The first great reward of my public service was to secure for my little congressional district, as a young Congressman, the Nation's first public housing project that President Roosevelt signed in the 1930's. And Bob's father was there at that allocation. What I sought then for the people of one city—Austin, Tex.—I am determined as President that we shall seek and we shall obtain for all the people of all the Nation.

We have the resources in this country. We have the ingenuity. We have the courage. We have the compassion. And we must, in this decade, bring all of these strengths to bear effectively so that we can lift off the conscience of our affluent Nation the shame of slums and squalor and the blight of deterioration and decay.

We must make sure that every family in America lives in a home of dignity and a neighborhood of pride and a community of opportunity and a city of promise and hope.

This legislation represents the single most important breakthrough in the last 40 years.

Only the Housing Act of 1949 approaches the significance of this measure. And in years to come, I believe this act will become known as the single most valuable housing legislation in our history.

The Housing and Urban Development Act of 1965 retains, and expands, and improves the best of the tested programs of the past.

It extends and gives new thrust to the FHA mortgage insurance program so that millions of Americans can come toward attainment of new homes in the future, as millions already have under that program in the past.

It opens the way for a more orderly and cohesive development of our suburbs; and it opens the door to thousands of our veterans who have been unable to obtain the benefits of a Federal housing program.

It extends and enlarges and improves the urban renewal program so that we can more effectively challenge and defeat the enemy of decay that exists in our cities.

It faces the changing challenge of rural housing. It continues the loan programs to assure the needed dormitories on our college campuses, and decent housing at decent costs for the elderly and the handicapped and those of lower income.

But the importance of the bill is not only that it retains and improves the best of good and traditional programs; it is a landmark bill because of its new ideas.

Foremost and uppermost of these is the program of assistance for the construction and the rehabilitation of housing for the elderly and for families of low income—the people who live in the most wretched conditions in our slums and our blighted neighborhoods.

The conception of this fine program, endorsed by this fine Congress, calls for the best in cooperation between Government and free enterprise. I am so happy to see so many members of the building industry and the trade unions and our free enterprise system—that made us the strongest nation in all the world—here to honor us with their presence this morning.

This imperative housing will be built under sponsorship of the private organizations. It will make use of private money, and it will be managed by private groups. With supplements paid by their Government, the private builders will be able to move into the low-income housing field which they have not been able to penetrate or to serve effectively in the past.

Furthermore, this legislation responds to the urgent needs of our cities. It offers Federal assistance to the cities and communities of our Nation to help pay the cost of essential public works.

And finally, this legislation meets our compelling responsibility for giving attention to the environment in which Americans live. Grants are provided for the acquisition of open spaces, for the development of parks, for the construction of recreational facilities, and for the beautification of urban areas.

This measure votes "no" on America the Ugly—and it votes "yes" on preserving, for our posterity, America the Beautiful.

The promise and the portents of this legislation cannot be justly described in the limited time we have this morning. But there is embodied in this legislation that generosity of vision, that breadth of approach, that magnitude of effort, with which we must meet all of our challenges here in America.

So, I am very proud to congratulate and to salute those outstanding Members of Congress whose influence and whose leadership have helped to achieve this landmark today. There is Senator John Sparkman—the son of a tenant farmer, and still the tenant farmers' friend, as this bill reflects—who has done perhaps as much or more in America than any living legislator.

There are others whose study and understanding of housing has helped us much. I would like to name all of them but that would take too long. But I must not overlook Senator Paul Douglas of Illinois who is here; Senator Edward Muskie from Maine; Senator George Aiken of Vermont. On the House side there was the great leader of my delegation in the Congress, my longtime friend and the cherished friend of my father ahead of me, Congressman Wright Patman. He has always been a champion and always been faithful to the people. There is Congressman Barrett, whose services have meant so much. There is Congressman Widnall, who has worked for years with Congressman Patman and Barrett to try to give this Nation good bills.

I would like to express my appreciation to the Governors and the mayors, especially the great mayor of New York, Bob Wagner; the great mayor of Chicago, Dick Daley; and all of the others who have been of so much help to me.

And I just cannot overlook being grateful to the constructive role of the Nation's home builders, under the leadership of that patriot, Bernie Boutin.

And last, but certainly not least—he has been for months the leader of us all in this field—the modest, retiring, and able administrator, Bob Weaver, who finds not much satisfaction in the compliments paid him, not even in the recognition accorded him by his superiors, but who finds ample satisfaction in the achievements that come his way. And this bill is a monument to him.

Now, this is not the last housing bill that we shall need and it is not going to be the last that we shall pass.

For I pledge to you that we shall do all that must be done to fulfill our commitment—and the Vice President and I have made it in every State of this Union. And he is going to stand by my shoulder here and throughout the States of the Union to see that we do our best to try to get every American in every family living his life not with the haunted memory of a dilapidated and degraded hovel that he must call home, but with a happy memory of a decent and a dignified home worthy of a free and just society, where a man can enjoy the privacy of his family and can help to build a stronger America, a more profitable and peaceful America, and, finally, something we all want—a more beautiful America.

Thank you very much.

NOTE: The President spoke at 12:02 p.m. in the Rose Garden at the White House.

As enacted, the Housing and Urban Development Act of 1965 is Public Law 89-117.

Federal-State Program of Vocational Rehabilitation

Statement by the President on Reports of Accomplishments in Fiscal Year 1965. August 10, 1965

I am making public the attached reports from Secretary Celebrezze and Commissioner Switzer so that the public may be fully familiar with the valuable work being done in this country to help our disabled citizens become active and useful citizens.

I can think of no better example of what this administration is trying to accomplish for the American people than the Federal-State program of vocational rehabilitation.

However difficult the circumstances, whatever the burdens of poverty, whatever the deficiencies in educational opportunity that exist today, we must and we will find ways to offer full opportunity for a useful and satisfying life for all Americans.

If we can do this for 135,000 of our people who, along with other problems, face the obstacle of a serious physical or mental handicap, then we can do it for other people as well. That is our goal.

REPORT OF THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE

August 5, 1965

Dear Mr. President:

I believe you will share my pride in the attached report of the Commissioner of Vocational Rehabilitation, Miss Mary E. Switzer. It shows that the federal-state program of vocational rehabilitation has achieved a new record this year, with about 135,000 disabled men and women rehabilitated into useful work.

The total of rehabilitations for the past year represents an increase of nearly 13 percent over the previous year. The outlook for the future will be even more promising when the Congress completes action on the Vocational Rehabilitation Amendments passed by the House of Representatives last week and now pending in the Senate.

The vocational rehabilitation program is a practical expression of our highest humanitarian aims, for it restores the victims of physical and mental handicaps to a life of usefulness and dignity. It is an economically sound program, for these disabled men and women, back at work, pay more into federal and state

treasuries in taxes than it cost to rehabilitate them. It brings into the labor force thousands of skilled workers who otherwise would be lost to our nation's industries, commerce, farms and professions.

Your leadership in advancing this work for the nation's disabled millions is deeply appreciated by those of us in the Department of Health, Education, and Welfare, and by the hundreds of co-operating public and voluntary agencies across the country.

Sincerely,

ANTHONY CELEBREZZE
Secretary

[The President, The White House]

REPORT OF THE COMMISSIONER OF
VOCATIONAL REHABILITATION

August 4, 1965

To: The Secretary

From: Mary E. Switzer, Commissioner
of Vocational Rehabilitation

Subject: Report of Number of Disabled
Persons Rehabilitated in Fiscal Year
1965

I am happy to report that our State vocational rehabilitation agencies rehabilitated into useful work about 135,000 disabled persons in the fiscal year just ended. This is an increase of about 13 percent over last year. It also represents almost 4,000 more disabled people rehabilitated than the States estimated when they presented their FY 1965 budget goal figures to us.

Attached is a table showing the numbers rehabilitated by States. As you will note, the actual total is 134,859. Pennsylvania led the States in the number rehabilitated, with 12,794 disabled men and women restored to activity and useful work. Others in the top five were New York (9,067), North Carolina (8,545), Georgia (7,221), and Florida (6,153).

West Virginia led all States in terms of the number rehabilitated per 100,000 population. West Virginia's rate was 218, followed by the District of Columbia (178), North Carolina (176), Rhode Island (173), and Georgia (168). The national average was 70.

As you know, in 37 States, separate vocational rehabilitation agencies serve blind persons. Among these agencies for the rehabilitation of the blind, New York led the Nation with 562 blind persons rehabilitated, followed by North Carolina (534) and Pennsylvania (528).

In addition to those reported above by the State vocational rehabilitation

agencies, approximately 2,000 disabled persons were rehabilitated by other agencies, most of them voluntary groups, which conducted demonstration projects in rehabilitation, through grants made as part of our research and demonstration grant program.

I am deeply grateful for the consistent encouragement and direction which you

and other officials of the Department have given to the development of the vocational rehabilitation program. I hope you will convey to the President our profound gratitude for his leadership and support, both in appropriations and in proposing legislation to expand and improve this work which so vitally affects the lives of millions of Americans.

Vocational Rehabilitation Performance by State, Fiscal Years 1965 and 1964

State	Rehabilitated Clients						Percent change, FY 1965 over FY 1964
	FY 1965			FY 1964			
	Number	Rate per 100,000 population*	Rank based on rate	Number	Rate per 100,000 population*	Rank based on rate	
Total.....	134,859	70		119,708	63		+13
Alabama.....	3,742	110	11	3,537	106	10	+6
Alaska.....	101	40	47	96	39	41	+5
Arizona.....	653	41	45	504	32	50	+30
Arkansas.....	3,153	163	6	3,000	161	4	+5
California.....	3,461	19	54	3,044	17	54	+14
Colorado.....	1,585	81	18	1,323	67	20	+20
Connecticut.....	1,084	39	48	1,025	38	42	+6
Delaware.....	622	127	9	583	122	8	+7
District of Columbia.....	1,441	178	2	1,201	151	5	+20
Florida.....	6,153	108	12	5,410	96	14	+14
Georgia.....	7,221	168	5	6,803	164	3	+6
Guam.....	20	29	51	18	28	52	+11
Hawaii.....	892	56	28	337	49	31	+16
Idaho.....	403	58	26	419	59	27	-4
Illinois.....	6,011	57	27	3,750	37	45	+60
Indiana.....	1,742	36	49	1,554	33	49	+12
Iowa.....	1,305	47	38	1,503	54	28	-13
Kansas.....	917	41	46	837	38	43	+10
Kentucky.....	4,144	131	8	2,975	96	13	+39
Louisiana.....	2,349	68	24	2,258	66	22	+4
Maine.....	462	47	39	424	43	38	+9
Maryland.....	2,410	70	21	1,974	60	25	+22
Massachusetts.....	2,475	46	11	2,297	44	37	+8
Michigan.....	4,412	54	29	3,278	40	40	+35
Minnesota.....	1,842	52	32	1,695	48	32	+9
Mississippi.....	1,838	79	20	1,860	81	17	-1
Missouri.....	3,015	68	23	2,731	63	23	+10
Montana.....	576	82	17	556	79	18	+4
Nebraska.....	806	54	30	712	49	30	+13
Nevada.....	109	27	53	127	35	48	-14
New Hampshire.....	199	30	50	234	37	44	-15
New Jersey.....	3,473	52	24	3,060	47	33	+13
New Mexico.....	463	40	43	360	35	47	+29
New York.....	9,067	51	35	8,103	46	34	+12
North Carolina.....	8,545	176	3	6,737	142	6	+27
North Dakota.....	337	52	33	374	59	26	-10
Ohio.....	2,947	29	52	2,835	28	51	+4
Oklahoma.....	2,404	98	13	2,258	91	15	+6
Oregon.....	993	53	31	755	41	39	+32
Pennsylvania.....	12,794	112	10	11,581	101	11	+10
Puerto Rico.....	1,085	65	25	1,530	60	24	+10
Rhode Island.....	1,579	173	4	1,566	177	2	+1
South Carolina.....	3,725	146	7	3,381	136	7	+10
South Dakota.....	343	48	37	326	44	36	+5
Tennessee.....	3,370	89	15	3,170	86	16	+6
Texas.....	4,850	47	40	4,588	44	35	+6
Utah.....	675	68	22	704	72	19	-4
Vermont.....	204	50	36	196	50	29	+4
Virginia.....	4,107	94	14	4,338	100	12	-5
Virgin Islands.....	36	88	16	40	111	9	-10
Washington.....	1,255	42	44	1,099	36	46	+14
West Virginia.....	3,913	218	1	3,875	218	1	+1
Wisconsin.....	3,293	80	19	2,684	68	21	+23
Wyoming.....	158	46	42	83	25	53	+90

* Rate is rounded to nearest whole number, based on the estimated total population as of July 1, for each fiscal year U.S. Bureau of the Census, Series P-25.

[Prepared by: Division of Statistics and Studies, Vocational Rehabilitation Administration, August 1965]

[COMMITTEE PRINT]

HIGHLIGHTS OF THE
HOUSING AND URBAN DEVELOPMENT
ACT OF 1965

PUBLIC LAW 89-117

TOGETHER WITH A SECTION-BY-SECTION
ANALYSIS AND LEGISLATIVE HISTORY

COMMITTEE ON BANKING AND CURRENCY
HOUSE OF REPRESENTATIVES

89th Congress, 1st Session



AUGUST 11, 1965

Printed for the use of the Committee on Banking and Currency

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LETTER OF TRANSMITTAL

To the Members of the Committee on Banking and Currency:

The Housing and Urban Development Act of 1965 is one of the most important pieces of legislation to be acted on by this Congress. Our housing programs affect the lives of all of our citizens through their impact on community development, housing production and rehabilitation, and mortgage finance, and also through the impact they have on employment, national output, and our financial system.

Congressional action on the housing bill involved hundreds of decisions made after weighing the results of special studies and reports and many hours of testimony by witnesses representing every facet of the Nation. The 11 titles and nearly 100 sections of the act are the result of painstaking work by the committees and Members of Congress.

This act creates a number of entirely new programs shown by experience to be needed, and makes important modifications in many existing programs. The most important new venture contained in the Housing Act is President Johnson's rent supplement program, which he called "the most crucial new instrument in our effort to improve the American city." This is supplemented by a revitalization of the low-rent public housing program and by the continuation at high levels of the FHA below-market-interest-rate housing program and the housing for the elderly program, along with reductions in the interest rate on those two programs. The pressing housing needs of rural America will be served by a new program of insured home loans.

The growth and improvement of our communities will be advanced by the new authorization for the urban renewal program, the largest ever approved by the Congress, and by the many improvements made in that program to encourage rehabilitation and code enforcement and to provide more equitable treatment of those displaced by slum clearance.

Our towns and cities will also benefit from a series of new community facility programs. These include an entirely new program of continuing grant assistance to meet one of the most critical problems facing local government today, the provision of adequate water and sewer systems. In addition, the act contains the President's new programs to provide parks and recreation areas in our communities and to aid them in their efforts to make the urban environment more attractive.

The act will help our colleges and universities to meet mounting enrollments through the continuation of the highly successful college housing loan program and the reduction of the interest rate on these loans.

In these and many other ways, the Housing and Urban Development Act of 1965 will help us to overcome our housing problems and make our towns and cities better places in which to live and work.

Sincerely,

WRIGHT PATMAN, *Chairman.*

HIGHLIGHTS OF THE HOUSING AND URBAN DEVELOPMENT ACT OF 1965

RENT SUPPLEMENTS

The Housing and Home Finance Administrator is authorized to make rent supplement payments to the owners of certain private housing in order to help make the housing available to low-income individuals and families.

Individuals or families eligible for rent supplements

To be eligible for the benefit of rent supplements, a tenant's income cannot exceed the maximum amount that Federal law permits to be established in the area for occupancy of federally aided low-rent public housing. In addition, the tenant must either—

1. be elderly;
2. be physically handicapped;
3. have been displaced by governmental action;
4. come from substandard housing; or
5. be an occupant or former occupant of a dwelling damaged or destroyed by a natural disaster after April 1, 1965.

Amount of rent supplement payments

The rent supplement payments for any dwelling unit cannot exceed the amount by which the fair market rental for the unit exceeds one-fourth of the tenant's income. When the tenant can pay the full rent he may continue to live in the same unit without a rent supplement payment.

Rent supplement payments to a housing owner will be up to an amount specified in the contract with the Administrator and cover a period of not more than 40 years. The annual amount of rent supplement payments that the Administrator can contract for is limited to amounts prescribed in annual appropriation acts but not more than \$150 million a year by July 1, 1968.

Housing owners eligible for rent supplement payments

Rent supplement payments can be made to nonprofit, limited dividend, or cooperative housing owners who provide housing financed with mortgages insured by the Federal Housing Administration under its market-interest rate mortgage insurance program for low- or moderate-income families. The housing may be either new housing or housing that is improved by a substantial amount of rehabilitation financed by the insured mortgage.

Experimental rent supplement program

Of the funds approved in appropriation acts for the rent supplement program, there may be made available on an experimental basis (1) 5 percent for housing financed with FHA-insured mortgages bearing a below-market interest rate (3 percent per annum); and (2) 5 percent for housing for the elderly financed with a direct Federal loan or under the FHA mortgage insurance program for rental housing for the elderly.

FHA LOW- OR MODERATE-INCOME PROGRAM

FHA's special mortgage insurance program for housing for low- and moderate-income families (including the below-market interest rate rental housing program) is continued until October 1, 1969. The interest rate ceiling on the below-market interest rate mortgages is reduced to 3 percent (immediately prior to this change the rate was 4 percent).

LOW-RENT PUBLIC HOUSING

Additional low-rent public housing units

Contracts are authorized for Federal annual contributions to approximately 240,000 additional units of low-rent public housing over the next 4 years.

More private housing for low-rent public housing use

More use of the private housing supply for low-rent public housing is made possible by two provisions of the act.

1. *Purchase or lease of available housing.*—Under the first provision, the formula for Federal assistance to low-rent public housing is revised to make it more flexible and suitable for providing low-rent housing through the purchase, purchase and rehabilitation, or leasing of existing private housing.

2. *Low-rent housing and private accommodations.*—Under the second provision, a local housing authority can use up to 10 percent of the units in a privately owned structure for low-rent public housing under a contract with the owner. The contract for use of the housing can have a term of from 1 to 3 years and be renewable. Selection of the tenants will be made by the owner of the housing, subject to the provisions of the contract, and the rentals and charges to be paid by the tenants are like those in other public housing.

Before this provision can be used by a local housing authority, it must obtain approval from the local governing body. Where local approval is given, the local housing authority conducts a continuing survey and listing of available privately owned dwelling units within the area under its jurisdiction which can be used to provide decent, safe, and sanitary housing or which can be made suitable for use as low-rent public housing.

Increase in room cost limits

The ceiling on the construction and equipment cost per room of conventional public housing is raised from \$2,000 to \$2,400 with corresponding increases in the special cost limits for Alaska and dwelling units designed specifically for the elderly.

DIRECT LOANS FOR HOUSING FOR THE ELDERLY OR HANDICAPPED

The limit on appropriations for Federal loans for housing for the elderly or handicapped is increased from \$350 million to \$500 million. The interest rate on the loans is reduced to a maximum of 3 percent (immediately prior to this change the rate was 4 percent).

REHABILITATION GRANTS TO HOMEOWNERS IN URBAN RENEWAL AREAS

Grants can be made by local public agencies to the owner-occupants of homes in urban renewal areas and federally assisted code enforcement areas to enable the homeowners to make repairs to their homes which are required to make them conform to applicable codes or urban renewal plan requirements. The grants will be financed from urban renewal grants to the local public agencies.

If the homeowner's income does not exceed \$3,000 a year, the grant may be in amount up to the lesser of \$1,500 or the cost of the repairs. If the income exceeds \$3,000 a year, the grant cannot exceed that portion of the cost of repairs which cannot be paid for with a loan which could be amortized along with the borrower's other monthly housing expense, with 25 percent of his monthly income.

COMMUNITY AND NEIGHBORHOOD FACILITIES

Basic water and sewer facilities

The Housing Administrator can make grants to local public bodies and agencies to finance up to 50 percent of the development cost of basic public water and sewer facilities, subject to certain planning requirements.

Neighborhood facilities

The Administrator can make grants to local public bodies and agencies to finance neighborhood facilities such as neighborhood or community centers, youth centers, health stations, and other public buildings to provide health or recreational or social services to a neighborhood. A grant cannot exceed two-thirds of the development cost of a project, except it can be three-fourths if the project is located in a redevelopment area designated under the Area Redevelopment Act or any act supplementary to that act. Priority will be given to projects that benefit primarily low-income families or otherwise further the objectives of the antipoverty program.

Advance acquisition of land for community facilities

The Administrator can make grants to local public bodies and agencies to assist the timely acquisition of sites planned to be utilized in connection with the future construction of public works or facilities. A grant may not exceed the aggregate amount of reasonable interest charges, on a loan incurred to finance the acquisition of the land, for a period not exceeding the lesser of (1) 5 years from the date the loan is made; or (2) the period between the date the loan is made and the date construction of the facility starts.

LAND DEVELOPMENT

The Federal Housing Administration is authorized to insure mortgages which finance the cost of land development for residential and related uses. The development financed can include the acquisition of land and the installation of improvements such as water- and sewer-lines, streets, curbs, sidewalks, and storm facilities.

The amount of a mortgage cannot exceed \$10 million, nor 50 percent of the value of the land before development plus 90 percent of the cost of development nor 75 percent of value upon completion of the

land development. The maturity of a mortgage is limited to 7 years, or such longer maturity as the Federal Housing Commissioner deems reasonable in the case of a privately owned system for water or sewerage. The Commissioner may prescribe maximum interest rates, the premium charges, and service charges and fees.

MORTGAGE RELIEF FOR HOMEOWNERS WHO ARE UNEMPLOYED AS A RESULT OF THE CLOSING OF A FEDERAL INSTALLATION

Two forms of relief are provided to homeowners who are unemployed as a result of the closing in whole or in part of a Federal installation:

1. *Mortgage moratorium.*—FHA and VA are authorized to pay, for not more than 1 year, the principal and interest payments on FHA or VA mortgages where the mortgagors are unemployed as a result of the closing in whole or in part of a Federal installation and this action is the only means whereby mortgage foreclosure can be avoided. The homeowner must repay the payments made by either FHA or VA in accordance with the requirements of his agreement with the agency.

2. *Acquisition of properties by the Secretary of Defense.*—The Secretary of Defense is authorized to acquire one- or two-family dwellings situated at or near a military installation which is closed or partially closed after November 1, 1964, if he determines that there is no present market for the sale of the property upon reasonable terms and conditions and that the owner's employment at the installation is terminated by its closing.

The purchase price paid by the Secretary is to equal the average price at which similar properties in the locality were sold prior to announcement of the closing. Appropriations are authorized for the purposes of these two provisions.

OPEN-SPACE LAND AND URBAN BEAUTIFICATION AND IMPROVEMENT

The open-space land program is continued and enlarged to provide more assistance and to include grants for urban beautification and improvement.

Increased grant authority

New authority is provided for grants by the Administrator, under the previous open-space land program, for the development of land for open-space uses in addition to the acquisition of land. The term "open-space uses" includes development for park and recreational purposes, conservation of land and other natural resources, and historic or scenic purposes.

The limit on the amount of a grant is raised to 50 percent of the total cost of land acquisition and its development for open-space uses. (Prior to this amendment the limit was 20 percent, or 30 percent in certain cases.)

Open-space land in built-up urban areas

The Administrator is authorized to make grants to States and local public bodies to assist in the acquisition of developed land in built-up portions of urban areas to be cleared and developed for open-space uses, where open-space land cannot be provided through the use of

undeveloped land. The grants can cover 50 percent of the cost of land acquisition, removal of improvements, and development.

Urban beautification and improvement

The Administrator can make grants to State and local public bodies to assist in carrying out local programs for the greater use and enjoyment of open-space and other public land in urban areas (urban beautification and improvement) that are important to the comprehensively planned development of the locality. The grants cannot exceed 50 percent of the amount by which the cost of the urban beautification and improvement exceeds the locality's usual expenditures for comparable activities.

Increase in authorization for grants

The authorization for grants under the open-space program is increased by \$235 million. Not more than \$64 million can be used for the new open-space program in built-up urban areas and not more than \$36 million can be used for the new program of urban beautification and improvement.

OTHER FHA MORTGAGE INSURANCE PROGRAMS

Continuation of programs

FHA's authority to insure housing mortgages and loans under all of its programs is continued until October 1, 1969.

Increases in dollar limits on insured mortgage amounts

The dollar limits on the amount of a mortgage that can be insured are increased—

- (1) from \$11,000 to \$12,500 where the mortgage finances a home in an outlying area;
- (2) from \$20,000 to \$30,000 where the mortgage finances a home for a serviceman; and
- (3) by amounts ranging from \$2,250 to \$3,000 per family unit where the mortgage finances rental housing having dwelling units with four or more bedrooms.

Reduction in downpayments

The amount of downpayment required where the purchase of a home is financed under FHA's regular home mortgage insurance program and its program for the military, NASA, and AEC, is decreased from 25 percent to 20 percent with respect to that portion of the value of a home which exceeds \$20,000.

No downpayment FHA loans for veterans

A mortgage insurance program for veterans is authorized, under which a veteran can purchase a home with an FHA-insured mortgage with no downpayment required on the first \$15,000 of the value of the home, a 10-percent downpayment on the value of the home over \$15,000 but not in excess of \$20,000, and 15-percent downpayment on the value in excess of \$20,000.

A veteran means any person who has served in the Armed Forces not less than 90 days (or has performed extrahazardous service), and who has received a discharge other than dishonorable.

Approval of technically suitable materials

The Federal Housing Commissioner is required to adopt a uniform procedure for the acceptance of materials and products used in housing financed with FHA-insured loans. Under this procedure, any material or product which the Commissioner finds is technically suitable for the use proposed must be accepted. Acceptance of a material or product as technically suitable by the Commissioner does not restrict his discretion to determine that a structure, with respect to which a mortgage is executed, is economically sound or an acceptable risk.

FEDERAL NATIONAL MORTGAGE ASSOCIATION—MORTGAGE PURCHASE PROGRAMS

The limit on the amount of special assistance that can be provided by FNMA to mortgage financing of housing designed to meet special needs is increased by \$1,625 million over the next 4 years.

URBAN RENEWAL*Increase in grant authorization*

The limit on the aggregate amount of Federal grants that can be made by the Administrator to assist urban renewal and related activities is increased by \$2.9 billion over a 4-year period.

Grants for nonresidential urban renewal

Thirty-five percent of the additional \$2.9 billion grant authority can be used for urban renewal in nonresidential areas.

Demolition of unsafe structures

Grants are authorized to be made by the Administrator to cities and counties to finance up to two-thirds of the cost of demolishing structures determined to be structurally unsound or unfit for human habitation. The structures must be either in an urban renewal area or (1) the locality must have an approved workable program for community improvement; (2) the demolition will be on a planned neighborhood basis; (3) the locality must have a program of enforcement of existing local housing and related codes; (4) the structures must constitute a serious hazard to public health or welfare; and (5) the local governing body must have determined that other legal procedures to obtain remedial action by the owners have been exhausted.

Code enforcement

The Administrator is authorized to make grants to cities and counties to assist them in carrying out programs of concentrated code enforcement in deteriorated or deteriorating areas of cities and counties. The grants may not exceed two-thirds (or three-fourths in the case of a city or county having a population of 50,000 or less) of the cost of planning and carrying out the programs.

No grant can be made for code enforcement assistance unless the locality (1) agrees to maintain its prior level of expenditures for code enforcement in addition to its expenditures for planning and carrying out the code enforcement to be assisted; (2) has a satisfactory program for providing all necessary public improvements for the assisted areas; and (3) has an approved workable program.

Rehabilitation loans

An authorization of appropriations of up to \$100 million per year is provided for the low-interest rate Federal rehabilitation loans for homes and businesses in urban renewal areas and code enforcement areas. Authority to make the loans is terminated as of October 1, 1969.

Study of codes, zoning, and tax policies

The Administrator is directed to study housing and building codes, zoning and tax policies, and to report to Congress within 18 months after the appropriation of funds for the study.

LEASE GUARANTEES FOR SMALL BUSINESSES

A program of lease guarantees by the Small Business Administration is authorized. Under this program the payment by small business concerns of rentals under certain leases will be guaranteed where the small businesses are eligible for disaster loans under the Small Business Act or for loans under the antipoverty law.

COLLEGE HOUSING

The authorization for Federal college-housing loans is increased by an aggregate amount of \$1,200 million over a 4-year period. The interest rate on college housing loans is changed by placing a ceiling of 3 percent (or the amount derived from the statutory formula, if lower) on the rate. Prior to this change, the rate was $3\frac{7}{8}$ percent.

COMPENSATION OF CONDEMNÉES

Land acquisition policy—compensation

As a condition of eligibility for Federal assistance by the Housing Agency under the low-rent public housing program, the urban renewal program, the urban mass transportation program, the public facility loans program, the open-space land program, the programs of grants for community and neighborhood facilities, and the advance acquisition of land for future public facilities, each applicant for assistance must satisfy the Administrator that the following policies will be followed in connection with the acquisition of real property by eminent domain under the program to be assisted:

1. The applicant will make every reasonable effort to acquire the property by negotiation.
2. No owner will be required to surrender possession of real property before receiving the agreed purchase price or, in any case where only the amount of payment to the owner is in dispute, not less than 75 percent of the appraised fair value of the property.
3. Construction of public improvements will be so scheduled that no person occupying the property will be required to surrender possession without at least 90 days' written notice of the date the construction will begin.

RELOCATION PAYMENTS

Families, individuals, business concerns, and nonprofit organizations displaced by activities assisted by the Housing Agency under the public

facility loans program, the urban mass transportation program, the open-space land program, and the programs of grants for community and neighborhood facilities and the advance acquisition of land for future public facilities are made eligible for relocation payments like those provided under the urban renewal and public housing programs.

The relocation adjustment payment for displaced small business concerns is increased from \$1,500 to \$2,500.

Under new relocation payment provisions, payments can be made for costs of transfer of real property including (1) recording fees, transfer taxes, and similar expenses; (2) mortgage prepayment penalties; and (3) the pro rata share of taxes covering a period after transfer of title.

ADDITIONAL AUTHORIZATIONS

Urban planning grants

Organizations composed of public officials in metropolitan or urban regions are made eligible for urban planning assistance grants. The grants cannot exceed two-thirds of the cost of the work for which they are given. The authorization of appropriations for urban planning grants is increased by \$125 million.

Federal-State training programs

The limit on appropriations for grants to assist Federal-State training programs is increased from \$10 to \$30 million.

Public works planning advances

The limit on appropriations for public works planning advances is increased by \$50 million.

Low-income housing demonstrations

The limit on authorization for grants for low-income housing demonstrations is raised by \$5 million.

SAVINGS AND LOAN ASSOCIATIONS

The authority of Federal savings and loan associations to make loans on college, university, or hospital residential facilities is liberalized, and they are permitted to make loans secured by leaseholds where the term of the lease is 10 years rather than the previous 15 years.

Federal savings and loan associations are authorized to invest up to 1 percent of the association's assets, as approved by the Federal Home Loan Bank Board, in certain loans for housing projects in Latin America which are guaranteed by the United States.

RURAL HOUSING

Continuation of certain programs

The authority of the Secretary of Agriculture is extended to October 1, 1969, (1) to make "loan contribution commitments" for housing on potentially adequate farms; (2) to finance assistance for housing improvements, research, and housing for farm labor; and (3) to make rental housing loans for the elderly. The authorization for appropriations for assistance to low-rent housing for domestic farm labor is increased by \$40 million.

Insured and direct rural housing loans

The Secretary of Agriculture is authorized to insure loans, and make loans to be sold and insured, for rural housing. The loans to persons of low or moderate income will bear interest at not more than 5 percent and be limited to adequate housing modest in size, design, and cost. Loans to other persons will be made at rates and charges comparable to FHA's home loans.

HOUSING AND URBAN DEVELOPMENT ACT OF 1965—SUMMARY OF PROGRAM
AUTHORIZATIONS (4-YEAR AUTHORIZATIONS)

Program

	<i>Millions</i>
Housing grant programs:	
Rent supplements, total	\$150. 0
Section 221(d)(3) market interest rate	(135. 0)
Section 221(d)(3) below market interest rate	(7. 5)
Housing for the elderly (secs. 202 and 231)	(7. 5)
Low-rent public housing	188. 0
Low-rent housing for domestic farm labor	40. 0
Low-income housing demonstration grants	5. 0
Housing loan programs:	
Housing for the elderly (sec. 202 direct loans)	150. 0
College housing	1, 200. 0
FNMA special assistance fund	1, 625. 0
Urban renewal:	
Urban renewal capital grants	2, 900. 0
Rehabilitation loans (sec. 312)	450. 0
Lease guarantees for small business	5. 0
Community development programs:	
Water and sewer grants	800. 0
Neighborhood facility grants	200. 0
Advance land acquisition grants	100. 0
Open space and urban beautification, total	235. 0
Existing open space program	(135. 0)
Open space in built-up areas	(64. 0)
Urban beautification	(36. 0)
Other programs:	
Urban planning grants	125. 0
Public works planning advances	50. 0
Federal-State training programs	20. 0
Total authorization	8, 243. 0

SECTION-BY-SECTION SUMMARY OF THE HOUSING AND URBAN DEVELOPMENT ACT OF 1965

Public Law 89-117 (H.R. 7984)

TITLE I—SPECIAL PROVISIONS FOR DISADVANTAGED PERSONS

FINANCIAL ASSISTANCE TO ENABLE CERTAIN PRIVATE HOUSING TO BE AVAILABLE FOR LOWER-INCOME FAMILIES WHO ARE ELDERLY, HANDICAPPED, DISPLACED, VICTIMS OF A NATURAL DISASTER, OR OCCUPANTS OF SUBSTANDARD HOUSING (RENT SUPPLEMENTS)

Section 101.—Authorizes the Housing and Home Finance Administrator to undertake and carry out a program of rent supplement payments to help make certain privately owned housing available to low-income individuals and families who are elderly, handicapped, displaced by governmental action, occupants of substandard housing, or occupants or former occupants of dwellings damaged or destroyed by a natural disaster subsequent to April 1, 1965. To be eligible for the benefit of rent supplements, a tenant's income cannot exceed the maximum amount that Federal law permits to be established in the area for occupancy of federally aided low-rent public housing. The housing owner (as described below) selects the tenants subject to a certification by the Administrator, or his delegatee, as to the specific facts concerning these eligibility requirements.

Amount of rent supplement payments per dwelling unit

The rent supplement payments for any dwelling unit cannot exceed the amount by which the fair market rental for the unit exceeds one-fourth of the tenant's income. As the tenant's income rises, the supplement payment will be reduced. When the tenant can pay the full rent with one-fourth of his income, he may continue to live in the same unit without a rent supplement payment.

Tenants will occupy the housing under leases. The owner of the housing may also, if the agreement with the Housing Administrator so provides, enter into lease-purchase agreements with qualified tenants under which the tenant will have an option to purchase a dwelling at an established price. Tenants would participate in the lease-purchase plan on the basis of a probability of future increases in their income.

Where the housing is owned by a cooperative, a member of the cooperative who meets the income and other requirements described above is eligible for rent supplement payments. Upon resale of his membership to the cooperative, the member of the cooperative will not be reimbursed for any equity increment he has accumulated through rent supplements.

Housing owners eligible for rent supplement payments

Housing owners who are eligible for contracts with the Housing Administrator to receive rent supplement payments will be nonprofit, cooperative, or limited dividend owners who provide housing financed with mortgages insured by FHA under its market-interest rate mortgage insurance program for low- or moderate-income families (sec. 221(d)(3)). The mortgage financing the housing must have been approved for insurance by the Federal Housing Commissioner after the date of enactment of the Housing and Urban Development Act of 1965. It can consist of a project of five or more dwelling units which may be individual dwelling units, row houses, semidetached housing, or multifamily housing. The housing must be either new housing or housing that is improved by a substantial amount of rehabilitation financed by the insured mortgage. The interest rate on the mortgage cannot exceed the amount prescribed by the Federal Housing Commissioner, which is currently $5\frac{1}{4}$ percent. The housing owner must also pay a mortgage insurance premium, which is currently one-half of 1 percent on the declining balance of the mortgage.

No rent supplement payments may be made with respect to any property for which the costs of operation (including wages and salaries) are determined by the Housing Administrator to be greater than similar costs of operation of similar housing in the community where the property is situated.

Contracts with housing owners

The Housing Administrator will enter into contracts with the housing owners to make rent supplement payments up to an amount specified in the contract over not more than 40 years.

Operation of the program

The Administrator may enter into agreements, or authorize housing owners with whom he has rent supplement contracts to enter into agreements, with public or private agencies for services required in connection with the admission of tenants who will receive the benefits of rent supplement payments. These public or private agencies will be authorized under the agreements to issue on behalf of the Administrator certificates of eligibility to applicants for dwelling units in connection with which the benefits of rent supplements are available.

The Administrator or these agencies will also recertify at least every 2 years the incomes of tenants who are receiving the benefit of rent supplements, except in the case of elderly tenants. The amount of rent supplement payments for a tenant will be adjusted on the basis of changes in these incomes.

Size of the program

The aggregate amount of rent supplement payments that the Housing Administrator can contract for is limited to amounts prescribed in annual appropriation acts, but not to exceed \$30 million prior to July 1, 1966. That limit is increased by \$35 million on July 1, 1966, by \$40 million on July 1, 1967, and by \$45 million on July 1, 1968.

Workable program requirement

The requirement that the community must have a workable program for community improvement before the housing is eligible for FHA mortgage insurance for low- or moderate-income housing (sec. 221

(d)(3)) does not apply in the case of housing to be used under the rent supplement program, unless the workable program was previously required and in effect in the community for purposes of Federal assistance to code enforcement, urban renewal, or public housing.

Relocation adjustment payments

A displaced person or family who obtains a dwelling unit with the assistance of a rent supplement will not be entitled to receive a relocation adjustment payment under the Federal urban renewal law although he may, if otherwise eligible, receive a payment under that law for moving expenses.

Experimental rent supplement program.

Section 101(j).—Authorizes rent supplements to be made available on a restricted and experimental basis for housing financed with mortgages insured by FHA under its below-market interest rate program for low- or moderate-income families (sec. 221(d)(3)) and housing for the elderly financed with a direct Federal loan (sec. 202 program) or under the FHA mortgage insurance program for rental housing for the elderly (sec. 231 program).

The FHA low- or moderate-income housing under this experimental program must be approved for mortgage insurance after the date of enactment of this law. Housing financed with a direct loan (sec. 202 program), either before or after enactment of the law, may be eligible under the experimental program. The FHA housing for the elderly (sec. 231 program) may be eligible if the mortgage is endorsed for insurance after the date of enactment of the Housing and Urban Development Act of 1965.

Not more than 10 percent of the amounts approved in annual appropriation acts for the rent supplement program may be utilized for the experimental program, of which half may be used for housing provided under the FHA below-market program and half for housing for the elderly under the direct loan program and the FHA elderly program.

In the case of an existing housing project for the elderly financed with a direct loan, not more than 20 percent of the dwelling units in such project may receive the benefits of rent supplements.

Authorization of appropriations

Appropriations are authorized to carry out the provisions of the rent supplement programs, to pay for services provided by local private or public agencies in connection with the program, and to provide administrative expenses.

EXTENSION OF FHA 221 PROGRAMS FOR LOW- OR MODERATE-INCOME FAMILIES; MODIFICATION OF INTEREST RATE; POOLING OF MORTGAGES FOR SALE

Extension of FHA 221 programs

Section 102(a).—Amends section 221(f) of the National Housing Act to extend for 4 years (to October 1, 1969) FHA's authority to insure mortgages under its section 221 programs of housing for low- and moderate-income families. These include the sales housing program under subsection (d)(2) of that section, the market-rate and below-market-rate rental and cooperative housing programs for limited profit and nonprofit mortgagors under subsection (d)(3), and the

rental housing program for profit-making mortgagors under subsection (d) (4).

Modification of interest rate

Section 102(b).—Amends section 221(d) (5) of the National Housing Act to place an interest rate ceiling of 3 percent (or the rate derived under the existing formula, if lower) on mortgages which may be insured by FHA under the section 221(d) (3) below-market-interest-rate program.

Davis-Bacon Act requirements

Section 102(c).—Amends section 212(a) of the National Housing Act to apply the requirements of the Davis-Bacon Act to construction on all (d) (3) and (d) (4) projects under section 221. Under prior law, Davis-Bacon requirements applied to housing provided under the (d) (3) program in the case of a cooperative or a limited-profit mortgagor, but not to nonprofit or public body mortgagors.

Pooling of mortgages for sale

Section 102(d).—Amends section 302(c) of the National Housing Act to make it possible for FNMA to include its below-market-interest-rate mortgages in its arrangements for pooling mortgages and selling participations therein. It does this by authorizing appropriations to reimburse FNMA for the differential between (1) its total outlay with respect to such participations which, at the time of issuance, were predicated upon the below-market-interest-rate mortgages; and (2) its total receipts from such mortgages.

LOW-RENT HOUSING IN PRIVATE ACCOMMODATIONS

Section 103.—Adds to the U.S. Housing Act of 1937 a new section 23 to provide a new form of low-rent housing, utilizing existing privately owned housing to supplement the units provided in low-rent public housing projects under the conventional program. These provisions will not apply in any locality unless the local governing body approves their application by resolution.

Where these provisions are made applicable, the local public housing authority will conduct a continuing survey and listing of the available privately owned dwelling units within the area under its jurisdiction which provide decent, safe, and sanitary dwelling accommodations and are (or may be made) suitable for use as "low-rent housing in private accommodations" under the new program. The public will be notified from time to time of the anticipated need for dwelling units to be used under the new program, and owners of housing listed invited to make one or more of their units available for this purpose. Not more than 10 percent of the units in any single structure can be used in the program, except in the case of buildings with small numbers of units or in other cases determined by the local agency.

If the local housing authority finds that units offered in response to the invitation are (or can be made) suitable for use in the new program, and that the rentals to be charged are within its financial range, it may approve the units for use as low-rent housing in private accommodations.

To the extent of its contracts with the Public Housing Administration for annual contributions, the local housing authority may enter into a contract (having a term of from 1 to 3 years, renewable) with the owners of the approved housing for its use in the program. Each contract will make the selection of tenants for the units involved a function of the owner of the property subject to the contract between the local authority and PHA, will provide for the negotiation of the rentals by the local authority and the owner, will give the local authority the sole right to give notice to vacate, and will contain other appropriate terms and conditions.

Payments under the new program to housing owners will be made from funds authorized for annual contributions to low-rent public housing. In any case, such payments will be limited to the amount of the fixed annual contributions payable for a newly constructed project offering comparable accommodations in that community (or in a comparable community if the locality has no public housing at present). As in the case of the conventional program, there could also be payable the additional subsidy of up to \$120 per year for units occupied by elderly, handicapped, or displaced persons or families.

The tax exemption, local cooperation agreement, and workable program requirements otherwise applicable to low-rent public housing are waived in the case of low-rent housing in private accommodations.

PARITY OF TREATMENT FOR THE HANDICAPPED AND ELDERLY IN PUBLIC HOUSING

Handicapped

Section 104.—Amends section 2(2) of the U.S. Housing Act of 1937 to establish for handicapped persons a parity of treatment with the elderly for low-rent public housing. For this purpose, it makes available to the handicapped higher room cost limits where the units are designed specifically for the handicapped; authorizes a special Federal contribution of up to \$120 per year to dwelling units occupied by the handicapped; and exempts the handicapped from the requirement that there be a 20-percent gap between the upper rental limits for admission to a proposed low-rent housing project and the lowest rents at which private enterprise is providing a substantial supply of standard housing.

Disaster victims

Section 104 also amends section 2(2) of the U.S. Housing Act to include within the meaning of the term "displaced families" families whose homes have been extensively damaged or destroyed as a result of a natural disaster subsequent to April 1, 1965. Thus, disaster victims may be treated under the public housing program the same as families displaced by urban renewal or other governmental action for purposes of (1) exemption from the 20-percent gap requirement; (2) eligibility for admission of single persons; and (3) any priorities in admission which a local housing authority may establish for displaced families. The disaster victims may not be treated as "displaced families" for purposes of the additional subsidy of \$120 per year. (This subsidy may be paid only with respect to a dwelling unit occupied by

an elderly or handicapped family or a family displaced by an urban renewal or low-rent housing project on or after January 27, 1964.)

DIRECT LOANS TO PROVIDE HOUSING FOR THE ELDERLY OR HANDICAPPED

Authorization

Section 105(a).—Amends section 202 of the Housing Act of 1959 (which authorizes the program of direct loans to provide housing for the elderly or handicapped) to increase the limit on appropriations for loans under this program from \$350 million to \$500 million.

Interest rate

Section 105(b).—Places a ceiling of 3 percent (or the amount derived under the existing formula, if lower) on the interest rate applicable to loans under the program.

REHABILITATION GRANTS TO HOMEOWNERS IN URBAN RENEWAL AREAS

Section 106.—Adds a new section 115 to the Housing Act of 1949 to authorize the use of urban renewal capital grant funds for grants to the owner-occupants of homes in urban renewal areas, to enable the homeowners to make the repairs to their homes necessary to make them conform to applicable codes or urban renewal requirements for their areas.

If the homeowner's income does not exceed \$3,000 a year, the grant may be in an amount up to the lesser of \$1,500 or the cost of the repairs. If the income exceeds \$3,000 a year, the grant cannot exceed that portion of the cost of repairs which cannot be paid for with an available loan which could be amortized, along with the borrower's other monthly housing expense, with 25 percent of his monthly income (subject to \$1,500 ceiling).

Existing contracts for Federal assistance to urban renewal can be amended to provide for these rehabilitation grants.

MORTGAGE RELIEF FOR HOMEOWNERS WHO ARE UNEMPLOYED AS A RESULT OF THE CLOSING OF A FEDERAL INSTALLATION

Section 107.—Authorizes FHA and VA to pay for not more than 1 year the principal and interest payments on FHA or VA mortgages where the mortgagors are unemployed as a result of the closing in whole or in part of a Federal installation and such action is the only means whereby a foreclosure can be avoided. The mortgagor must be the occupant of the housing, and he must agree to reimburse the FHA or VA for the payments made by them. The manner and time of repayment shall be determined by FHA or VA, as the case may be. Funds are authorized to be appropriated for the purposes of this section and funds appropriated shall remain available until expended.

ACQUISITION OF CERTAIN PROPERTIES SITUATED AT OR NEAR MILITARY BASES WHICH HAVE BEEN ORDERED TO BE CLOSED

Section 108.—Authorizes the Secretary of Defense to acquire one- or two-family dwellings situated at or near a military base or installation which is closed or partially closed after November 1, 1964, if he

determines that there is no present market for the sale of the property upon reasonable terms and conditions due to the closing and that the owner's employment at the base or installation is terminated by its closing.

The purchase price shall be equal to the average price at which similar properties in the locality were sold prior to announcement of the closing of the base or installation.

The properties acquired shall be transferred to the Federal Housing Commissioner for disposal. Any net receipts remaining after disposal shall be covered into the U.S. Treasury as miscellaneous receipts.

Appropriations are authorized to carry out the provisions of this section and any sums appropriated shall remain available until expended.

TITLE II—FHA INSURANCE OPERATIONS

LAND DEVELOPMENT

Section 201(a).—Adds to the National Housing Act a new title X to authorize a new program of FHA mortgage insurance for the development of land for residential subdivisions and related uses including facilities for public or common use.

FHA is authorized to insure mortgages to finance the acquisition of land and the installation of improvements such as water and sewer lines, streets, curbs, sidewalks, and storm drainage facilities.

The Commissioner is directed to adopt appropriate requirements to encourage the maintenance of a diversified local homebuilding industry, broad participation by builders, and a proper balance of housing for low- and moderate-income families.

The maximum amount outstanding of a mortgage for a single land insurance undertaking could not exceed \$10 million. The mortgage maximum would also be limited to 50 percent of the Commissioner's estimate of the value of the land before development plus 90 percent of his estimate of the cost of such development, subject to an overall ceiling of 75 percent of the value upon completion.

The maximum maturity of the mortgage is limited to 7 years, or such longer maturity as the Commissioner deems reasonable in the case of a privately owned system for water or sewerage. The Commissioner is authorized to prescribe maximum interest rates, the premium charges, and service charges and fees.

To be eligible, the mortgage would have to represent a good mortgage insurance risk in the Commissioner's estimation, and the development would have to be consistent with sound land use patterns and consistent with a comprehensive plan or planning for the area in which the land is situated. The development shall include or be served by such shopping, school, recreational, transportation, and other facilities as the Commissioner deems adequate or necessary.

After development of the land it shall be served by public systems for water and sewerage except that the Commissioner may approve an adequate privately or cooperatively owned system which will be regulated in a manner acceptable to him with respect to rates, operation, and terms of sale or transfer.

Cost certification will be required to assure that the amount of the mortgage loan outstanding at reasonable intervals during construction does not exceed the maximum loan ratios described above.

No mortgage may be insured under the new program after October 1, 1969, except pursuant to a commitment to insure issued before that date.

Sections 201(b) (1) and (2).—Amend provisions of existing law to make land development mortgages insured under the new title X eligible for purchase under FNMA's regular secondary market operations and for investments by national banks.

Section 201(b) (3).—Amends section 5(c) of the Home Owners' Loan Act of 1933 to authorize Federal savings and loan associations to invest in loans and participations in loans secured by mortgages as to which the associations have the benefit of insurance (or a commitment or agreement therefor) under the new title X of the National Housing Act.

This section also amends section 5(c) of the Home Owners' Loan Act to authorize Federal savings and loan associations to invest up to 1 percent of assets in loans and participations guaranteed by the President under section 224 of the Foreign Assistance Act of 1961. Section 224 of the Foreign Assistance Act of 1961 authorizes the guarantee, as therein set forth, of investments in specified types of pilot or demonstration housing projects in Latin America which are made by U.S. citizens or by corporations, partnerships, or other associations created under the law of the United States or any State or territory and substantially beneficially owned by U.S. citizens.

Section 201(b) (4).—Amends section 212(a) of the National Housing Act to make the labor standards provisions of that section applicable to laborers and mechanics employed in land development financed with the proceeds of any mortgage insured under the new title X.

EXTENSION OF INSURANCE AUTHORIZATIONS

Section 202.—Amends the relevant sections of the National Housing Act to continue for 4 years (until Oct. 1, 1969) FHA's existing authority to insure (1) property improvement loans under title I program; (2) housing loans and mortgages under all of the FHA programs (except the sec. 221 program of mortgage insurance for low- and moderate-income families which is continued for 4 years by sec. 102 of this act).

DOWNPAYMENTS FOR HOMES UNDER SECTION 203(b)

Section 203.—Reduces the minimum downpayment required under FHA's regular 203(b) home mortgage program for homes having an appraised value in excess of \$20,000. The amount of downpayment necessary with respect to that portion of the value of a home which exceeds \$20,000 is decreased from 25 to 20 percent.

DOWNPAYMENT REQUIREMENT IN CASE OF LOW-INCOME HOUSING
DEMONSTRATION HOMES

Section 204.—Amends section 203(b)(9) of the National Housing Act to permit the downpayment on the purchase of a home financed with a mortgage insured by FHA under the regular section 203(b) home mortgage insurance program to be made by someone other than the mortgagor in the case of a home being purchased under the low-income housing demonstration program assisted pursuant to section 207 of the Housing Act of 1961.

MORTGAGE LIMIT FOR HOMES IN OUTLYING AREAS UNDER FHA SECTION
203(i) PROGRAM

Section 205.—Amends section 203(i) of the National Housing Act to increase from \$11,000 to \$12,500 the dollar limit on the amount of a mortgage which can be insured under the FHA program of mortgage insurance for low-cost housing in outlying areas.

FHA MORTGAGE FINANCING FOR VETERANS

Section 206.—Amends section 203(b) of the National Housing Act to authorize liberal FHA home mortgage insurance for veterans who have not received benefits under the VA housing programs. Under the new veterans' program a veteran can purchase a home with an FHA-insured mortgage with no downpayment required on the first \$15,000 of the value of the home, a 10-percent downpayment on the value of the home over \$15,000 but not in excess of \$20,000, and a 15-percent downpayment on the value in excess of \$20,000 (with a maximum mortgage of \$30,000).

A veteran is defined as any person who served on active duty in the Armed Forces of the United States for a period of not less than 90 days (or is certified by the Secretary of Defense as having performed extrahazardous service) and who was discharged or released from service under conditions other than dishonorable.

MULTIFAMILY MORTGAGE LIMITS FOR FOUR OR MORE BEDROOM UNITS

Section 207.—Amends sections 207, 213, 220, 221, 231, and 234 of the National Housing Act to increase the dollar limitation on the amount of an insurable mortgage financing rental housing where the dwelling units have four or more bedrooms. The amount of the increase would range from \$2,250 to \$3,000 per family unit. No change would be made in the existing limits for dwelling units having less than four bedrooms.

MUTUALITY FOR MANAGEMENT-TYPE COOPERATIVES

Section 208.—Amends section 213 of the National Housing Act to place FHA's mortgage insurance program for management-type cooperatives on a mutual basis. (Sales-type cooperatives are not included, nor are projects built for sale to cooperatives unless actually so sold.) A new cooperative management housing insurance fund is created with funds transferred from the general insurance fund (established by sec. 214 of this act), with a general surplus account

and a participating reserve account to which income or loss will be appropriately credited or charged. Cooperative mortgages in good standing heretofore insured and transferred to the new fund, as well as cooperative mortgages insured in the future are eligible for mutuality.

REHABILITATION IN URBAN RENEWAL AREAS

Section 209.—Amends section 220 of the National Housing Act (FHA's urban renewal housing program) to increase the maximum amount of an insurable mortgage in a case where the mortgagor is not the occupant of the property but intends to hold it for rental purposes. The increase is from 85 percent of the amount which an owner-occupant can receive to 93 percent of such amount (i.e., about 90 percent of value or cost). The 85-percent limit continues to apply where the nonoccupant mortgagor intends to hold the property for sale rather than rental. Where refinancing is involved, existing indebtedness for improvement of the property can be included in the computation of the mortgage amount whether or not the indebtedness is secured by a mortgage against the property.

NONDWELLING FACILITIES FOR URBAN RENEWAL HOUSING

Section 210.—Amends section 220 of the National Housing Act (FHA's urban renewal housing program) to expand the class of nondwelling facilities which may be included in a project financed with a section 220 mortgage. Under the amendment, such a project can include such nondwelling facilities as the Commissioner deems desirable and consistent with the urban renewal plan, so long as the project is predominantly residential and the Commissioner finds that any nondwelling facility included in the mortgage contributes to the economic feasibility of the project. (Under previous law only such nondwelling facilities as were needed to serve the occupants of the project and of other housing in the neighborhood could be included.)

The Commissioner also is required by the new provisions to give due consideration to the possible effect of the project on other business enterprises in the community.

LARGER HOME IMPROVEMENT LOANS IN HIGH-COST AREAS

Section 211.—Amends section 220(h) of the National Housing Act to permit the limit on the amount of home improvement loans to be increased by up to 45 percent in high-cost areas. This increase is applicable to the FHA 220(h) home improvement loans for housing in urban renewal areas, the FHA section 203(k) home improvement loans for housing in any area, and the section 312 direct Federal rehabilitation loans for owners or tenants of homes in urban renewal areas.

LARGER INSURED MORTGAGES FOR SERVICEMEN

Section 212.—Amends section 222 of the National Housing Act to increase the limit on the amount of an FHA-insured mortgage financing the home of a serviceman from \$20,000 to \$30,000. The downpayment required is 3 percent of the first \$15,000 of value, 10 percent of the next \$5,000, and 15 percent of all over \$20,000.

REFINANCING OF INSURED MORTGAGES

Section 213.—Amends section 223 of the National Housing Act to give FHA the authority to insure mortgages executed for the purpose of refinancing existing mortgages insured under any of FHA's programs; this authority was previously available only for mortgages insured under sections 220, 221, 903, 908, and (in certain cases) 608.

CONSOLIDATION OF FHA INSURANCE FUNDS

Section 214.—Adds to the National Housing Act a new section 519, providing for the consolidation into a single general insurance fund of all of FHA's existing insurance funds except the mutual mortgage insurance fund, which would continue without change in its present coverage of section 203 mortgages (although section 203(k) home improvement loans would be transferred to the new fund). The only other FHA-insured mortgages not covered by the new general insurance fund are the section 213 cooperative housing mortgages which will be the obligation of the new cooperative management housing insurance fund established by section 208 of this act.

OPTIONAL CASH PAYMENT OF INSURANCE BENEFITS

Section 215.—Adds to the National Housing Act a new section 520 authorizing the Federal Housing Commissioner in his discretion to pay either in cash or in debentures any insurance claim filed by the mortgagee under any of FHA's programs. (Under previous law, payments had to be in debentures, except in the case of mortgages insured under sections 220, 221, and 233 after enactment of the 1961 Housing Act, and loans insured under section 203(k) after enactment of the 1964 act.) The Commissioner is authorized to obtain funds for these cash payments by borrowing from the Treasury.

Any cash payment can be in an amount equivalent to the face amount of the debentures which would otherwise be issued, plus an amount equivalent to the interest the debentures would have earned.

APPROVAL OF TECHNICALLY SUITABLE MATERIALS

Section 216.—Adds a new section 521 to the National Housing Act to require the Federal Housing Commissioner to adopt a uniform procedure for the acceptance of materials and products to be used in housing approved for mortgages or loans insured by FHA. Under this procedure any material or product which the Commissioner finds is technically suitable for the use proposed shall be accepted. Acceptance of a material or product as technically suitable by the Commissioner shall not be deemed to restrict the discretion of the Commissioner to determine that a structure, with respect to which a mortgage is executed, is economically sound or an acceptable risk.

WATER AND SEWER FACILITIES IN CONNECTION WITH CERTAIN FEDERALLY ASSISTED HOUSING

Section 217(a).—Adds a new section 522 to the National Housing Act to prohibit the insurance of any mortgage which covers new construction (except pursuant to a commitment to insure made prior to

the date of enactment of the Housing and Urban Development Act of 1965) if the housing is not served by a public or adequate community water and sewerage system where (1) the property is not served by a system approved by the Federal Housing Commissioner under the new mortgage insurance program for land development under title X of the National Housing Act, and (2) is situated in an area certified by appropriate local officials to be an area where the establishment of public or adequate community water and sewerage systems is economically feasible. This feasibility is to be determined without regard to whether the establishment of community water or sewerage systems is authorized by law or is subject to approval by one or more local governments or public bodies.

Section 217(b).—Adds similar provisions to title 38 of the United States Code to be applicable to housing loans under the veterans' housing program administered by the Veterans' Administration.

TITLE III—URBAN RENEWAL

STUDY OF HOUSING AND BUILDING CODES, ZONING, TAX POLICIES, AND DEVELOPMENT STANDARDS

Section 301.—Directs the Housing and Home Finance Administrator to study the structure of (1) State and local urban and suburban housing and building laws, standards, codes, and regulations and their impact on building costs; (2) State and local zoning and land use laws, codes, and regulations; and (3) Federal, State, and local tax policies with respect to their effect on land and property cost and on incentives to build new housing and make improvements in existing structures. These studies are for the purpose of determining how local property owners and private enterprise can be encouraged to serve as large a part as they can of the total housing and building need, and how governmental assistance can be so directed as to enable them to serve a larger part of such need.

The Administrator is required to submit a report on the study to the President and the Congress within 18 months after the enactment of the Housing and Urban Development Act of 1965 or the appropriation of funds for the study, whichever is later. Appropriations are authorized for the study, and funds appropriated shall remain available until expended.

WORKABLE PROGRAM REQUIREMENT

Section 302(a).—Amends section 101 of the Housing Act of 1949 to prohibit the Administrator from entering into a loan or grant contract for any urban renewal project (receiving Federal recognition after the enactment of the Housing and Urban Development Act of 1965) unless he determines that the workable program required by that section is of sufficient scope and content to furnish a basis for evaluation of the need for such project and the project is in accord with the workable program.

Section 302(b).—Amends section 101(c) of the 1949 act to provide that in the case of a contract with an Indian tribe, band, or nation (or a housing authority of an Indian tribe, band, or nation), the workable program and minimum standards housing code required by that

section may be presented to the Housing and Home Finance Administrator by the tribe, band, or nation, and shall be subject to the requirements of law with respect to such program or code only to the extent that such tribe, band, or nation has the legal jurisdiction and power to carry out such requirements.

GENERAL NEIGHBORHOOD RENEWAL PLANS

Section 303.—Amends section 102(d) of the Housing Act of 1949 to (1) permit a general neighborhood renewal plan to be prepared for an urban renewal area or areas together with any adjoining area or areas having specially related problems, thereby eliminating the prior requirement that the whole area covered by the general neighborhood renewal plan be an urban renewal area; and (2) permit urban renewal projects undertaken in general neighborhood renewal plan areas to be initiated within a period of not more than 8 years, in lieu of the prior requirement that such projects be carried out within an estimated period of not more than 10 years.

INCREASE IN AUTHORIZATION FOR CAPITAL GRANTS

Section 304.—Amends section 103(b) of the Housing Act of 1949 to increase by \$2.9 billion the aggregate amount of grants which the Housing and Home Finance Administrator may make under the urban renewal program. Of the new \$2.9 billion authority, \$675 million is authorized upon the enactment of the Housing and Urban Development Act of 1965, with further increases of \$725 million on July 1, 1966, and \$750 million on July 1 in each of the years 1967 and 1968.

The prior figure designating total urban renewal grant authorization (\$4.725 billion) is reduced by \$25 million to reflect the deletion of an obsolete proviso in that amount authorizing the use of a portion of the urban renewal grant authorization for demonstration grants under the urban mass transportation program.

RELOCATION OF DISPLACED FROM URBAN RENEWAL AREAS

Section 305.—Amends section 105(c) of the Housing Act of 1949 to require (with respect to any urban renewal project receiving Federal recognition after the enactment of the Housing and Urban Development Act of 1965) that (1) a relocation assistance program include information as to real estate agencies, brokers, and boards in or near the urban renewal area which deal in residential or business property that might be appropriate for the relocating of displaced individuals, families, and business concerns; and (2) as a condition to further assistance to each urban renewal project involving the displacement of individuals or families, that the local urban renewal agency present satisfactory assurance to the Housing Administrator, within a reasonable time prior to actual displacement, that decent, safe, and sanitary dwellings are available for the relocation of each such individual or family.

REDEVELOPMENT IN ACCORDANCE WITH URBAN RENEWAL PLAN

Section 306.—Amends section 106 of the Housing Act of 1949 to require, as a condition of entering into any loan or capital grant contract for an urban renewal project with a local public agency, that the agency demonstrate that its projects theretofore assisted under the urban renewal program have been or will be undertaken and carried out in substantial accordance with the applicable urban renewal plan and the contracts covering the projects.

USE OF GRANT OR LOAN FUNDS IN CODE ENFORCEMENT AND
REHABILITATION PROJECTS

Section 307.—Amends section 110(c) of the Housing Act of 1949 to provide that not less than 10 percent of (1) the amount of the additional capital grant authority provided by section 304 of the Housing and Urban Development Act of 1965 and subsequent acts; and (2) the rehabilitation loans authorized under section 312 of the Housing Act of 1964 shall be available for projects (assisted with such grants or loans) which involve primarily code enforcement and rehabilitation.

INCREASE IN NONRESIDENTIAL EXCEPTION

Section 308.—Amends section 110(c) of the Housing Act of 1949 to permit 35 percent of the additional capital grant authority provided by section 304 of the Housing and Urban Development Act of 1965 to be used for areas which are not predominantly residential in character and which will be redeveloped and rehabilitated for uses which are not predominantly residential.

PRESERVATION OF HISTORIC STRUCTURES

Section 309.—Amends section 110(c) of the Housing Act of 1949 to permit the cost of relocating within an urban renewal project area a structure determined by the local urban renewal agency to be of historic value (and to be disposed of to a public body or private non-profit organization for historic purposes) to be included as part of an eligible urban renewal project cost.

ELIGIBILITY OF CERTAIN EXPENSES OF PROJECTS FINANCED ON
THREE-FOURTHS GRANT BASIS

Section 310(a).—Amends section 110(e) of the Housing Act of 1949 to include as eligible project costs for urban renewal projects financed on a three-fourths limited cost basis expenses incurred by a local public agency for staff services in connection with code enforcement and voluntary rehabilitation programs.

Section 310(b).—Provides that urban renewal contracts executed before the enactment of the Housing and Urban Development Act of 1965 may be amended to incorporate the provisions of subsection (a) as to costs incurred on or after the date of the enactment of the act.

DEMOLITION OF UNSAFE STRUCTURES; CODE ENFORCEMENT

Section 311(a).—Adds to the Housing Act of 1949 new sections 116 and 117 relating to demolition of unsafe structures and code enforcement.

The new section 116 authorizes the Housing Administrator to make grants to cities, other municipalities and counties to finance up to two-thirds of the cost of demolishing structures determined under State or local law to be structurally unsound and which the city, municipality, or county is authorized to demolish. No such grant may be made unless the structures to be demolished are located in an urban renewal area, or, in the case of structures outside an urban renewal area, (1) the locality involved has an approved workable program; (2) the demolition to be assisted will be on a planned neighborhood basis and will further the overall renewal objectives of such locality; (3) there is in such locality a program of enforcement of existing local housing and related codes; (4) the structures to be demolished constitute a public nuisance and a serious hazard to public health or welfare; and (5) the governing body of such locality has determined that other available legal procedures to secure remedial action by the owner of the structure involved have been exhausted and that demolition by governmental action is required.

The new section 117 authorizes the Administrator to make grants to cities, other municipalities, and counties to assist them in carrying out programs of concentrated code enforcement in deteriorating areas in which such code enforcement, together with public improvements to be provided by the locality, may be expected to arrest the decline of such areas. Such grants may not exceed two-thirds (or three-fourths in the case of a city, municipality, or county having a population of 50,000 or less) of the cost of planning and carrying out such programs (including certain public improvements such as streets, curbs, sidewalks, street lighting, and tree planting). However, no such grant may be made unless the locality involved (1) agrees to maintain its prior level of expenditures for code enforcement activities in addition to its expenditures for planning and carrying out any program assisted under this section; and (2) has a satisfactory program for providing all necessary public improvements for the deteriorating areas. Provisions of title I of the 1949 act relating to the workable program, relocation payments, and rehabilitation grants are applicable to activities under this section to the same extent as if such activities were being carried out in an urban renewal area as part of an urban renewal project.

Section 311(b).—Amends section 110(c) of the Housing Act of 1949 to eliminate provisions relating to code enforcement projects added to that act by the Housing Act of 1964.

Sections 311 (c) and (d).—Amend section 220 of the National Housing Act to make FHA-insured housing mortgages and home improvement loans, insured under that section for urban renewal areas, available for code enforcement areas assisted under the new section 117.

Section 311(e).—Amends section 312(a) of the Housing Act of 1964 to permit the low-interest rate rehabilitation loans authorized by that section for urban renewal areas to be made for property located in the code enforcement areas assisted under the new section 117.

REHABILITATION LOANS

Section 312(a).—Amends section 312(a) of the Housing Act of 1964 to permit a low-interest rate rehabilitation loan authorized by that section for urban renewal areas to be made to an applicant unable to secure necessary funds from other sources on “comparable” (rather than “reasonable” as previously provided) terms and conditions.

Section 312(b).—Amends section 312(d) of the 1964 act to (1) authorize the appropriation of up to \$100 million for rehabilitation loans each fiscal year (in lieu of the prior single authorization of \$50 million); and (2) permit use of the section 312 revolving loan fund to pay the necessary expenses of servicing the loans.

Section 312(c).—Adds a new subsection to section 312 of the 1964 act terminating the rehabilitation loan program as of October 1, 1969.

ELIGIBILITY OF COMMUNITIES IN DEPRESSED AREAS FOR URBAN RENEWAL ASSISTANCE

Section 313.—Amends section 103(a) of the Housing Act of 1949 to remove the 150,000 population limitation for three-fourths grants for urban renewal projects located in municipalities situated in areas designated as redevelopment areas under the Area Redevelopment Act (or similar legislation subsequently enacted) with respect to all such projects placed under contract for capital grant after the date of the enactment of the Housing and Urban Development Act of 1965. With respect to Providence, R.I., this section applies to all grant contracts for urban renewal projects which were placed under contract at any time that Providence was designated as a redevelopment area and not completed prior to the date of the enactment of the Housing and Urban Development Act of 1965.

LOCAL GRANT-IN-AID CREDIT FOR CERTAIN COAL ROYALTIES

Section 314(a).—Amends section 110(d) of the Housing Act of 1949 to require any royalties received by an urban renewal project from the sale of coal deposits to be credited as a local grant-in-aid to such project by the municipality where the project includes an area affected by an underground mine fire or by coal mine subsidence, and where it is necessary to remove the underlying coal deposits in order to stabilize the soil or to control the underground mine fire.

Section 314(b).—Authorizes existing urban renewal contracts to be amended to permit the crediting of coal royalties received by an urban renewal project as a local grant-in-aid.

SPECIFIC URBAN RENEWAL PROJECTS

Section 315.—Requires the granting of noncash credit, authorizes the inclusion within gross project cost of local expenditures, or makes other special provision with respect to urban renewal projects in the following cities: Jasper, Ala., Joliet, Ill., Johnson City, Tenn., New Brunswick, N.J., St. Louis, Mo., Denver, Colo., Norfolk, Va., Reno, Nev., Michigan City, Ind., Texarkana, Ark., Chester, Pa., Philadelphia and Wilkes-Barre, Pa., Ottumwa, Iowa, Macon, Ga., and Savannah, Ga.

LEASE GUARANTEES FOR CERTAIN SMALL BUSINESS CONCERNS

Section 316.—Adds a new title IV to the Small Business Investment Act of 1958 to provide a program of lease-guarantees for certain small business concerns. The Small Business Administration is authorized to guarantee the payment of rentals under leases of commercial and industrial property entered into by small business concerns eligible for disaster loans under section 7(b)(3) of the Small Business Act or title IV of the Economic Opportunity Act of 1964. A revolving fund is established to carry out the lease-guarantee program with initial capital of not to exceed \$5 million to be transferred from the Small Business Administration revolving fund.

AMENDMENT OF SECTION 316 OF THE HOUSING ACT OF 1954

Section 317.—Amends section 316 of the Housing Act of 1954 to make clear the authority of the Redevelopment Land Agency of the District of Columbia to undertake nonresidential urban renewal projects as contemplated by title I of the Housing Act of 1949.

TITLE IV—COMPENSATION OF CONDEMNEEES

DEFINITIONS

Section 401.—Defines certain terms used in this title, including the term “development program” which indicates the Housing Agency programs to which the title is applicable. This term is defined to include the low-rent public housing program, the urban renewal program, the urban mass transportation program, the public facility loans program, the open-space land program, and the program of grants for basic public works, neighborhood facilities, and the advance acquisition of land.

LAND ACQUISITION POLICY

Section 402.—Requires, as a condition of eligibility for Federal assistance pursuant to a development program, each applicant for such assistance to satisfy the Housing Administrator that the following policies will be followed in connection with the acquisition of real property by eminent domain in the course of such program—

(1) the applicant shall make every reasonable effort to acquire the real property by negotiation;

(2) no owner shall be required to surrender possession of real property before receiving the agreed purchase price or, in any case where only the amount of the payment to the owner is in dispute, not less than 75 percent of the appraised fair value of the property as approved by the applicant; and

(3) construction or development of any public improvements shall be so scheduled that no person lawfully occupying real property shall be required to surrender possession without at least 90 days' written notice from the applicant of the date such construction or development is scheduled to begin.

FUNDS FOR CERTAIN PAYMENTS IN EMINENT DOMAIN

Section 403.—Provides that financial assistance under any development program may include the amounts necessary to finance (in the same manner that other costs of a project assisted under such program are financed) the 75 percent payments to property owners required by section 402.

RELOCATION PAYMENTS UNDER FEDERALLY ASSISTED DEVELOPMENT PROGRAMS

Section 404(a).—Extends the relocation payment provisions of section 114 of the Housing Act of 1949 (to the extent not otherwise authorized by Federal law) to families, individuals, business concerns, and nonprofit organizations displaced under the public facility loan program, the urban mass transportation program, the open-space land program, and the program of grants for basic public works, neighborhood facilities, and the advance acquisition of land. Under prior law, these payments were made only to persons displaced under the urban renewal and low-rent public housing programs.

Section 404(b).—Amends section 114(b) of the 1949 act to increase from \$1,500 to \$2,500 the amount of the additional relocation payment authorized for displaced small business concerns.

Section 404(c).—Further amends section 114 of the 1949 act to authorize reimbursement of a local public agency for the payment by it of certain costs incurred by displaced individuals, families, business concerns, and nonprofit organizations in the transfer of real property to the local public agency. Such costs may include (1) recording fees, transfer taxes, and similar expenses; (2) mortgage prepayment penalties; and (3) the pro rata share of taxes covering a period after transfer of title.

Section 404(d).—Provides that the relocation payment provisions of section 114 of the 1949 act shall be applicable, in the case of the public facility loan program and the program of grants for public works, neighborhood facilities, and advance acquisition of land, to any displacement occurring after the enactment of the Housing and Urban Development Act of 1965, and, in the case of the urban mass transportation program and the open-space land program, to any displacement occurring on or after March 4, 1965.

TITLE V—LOW-RENT PUBLIC HOUSING

ACCEPTANCE OF LOCAL CERTIFICATION OF EQUIVALENT ELIMINATION

Section 501.—Amends section 10(a) of the U.S. Housing Act of 1937 to permit acceptance of certifications by local governing bodies that they have complied with the equivalent slum housing elimination requirement of the act (rather than through direct Federal supervision as under prior law).

GREATER USE OF EXISTING HOUSING

Section 502.—Amends section 10(c) of the U.S. Housing Act of 1937 to provide an alternative formula for computing annual contributions in the case of low-rent housing provided through the purchase, purchase and rehabilitation, or lease of privately owned existing dwelling units. Under the alternative formula, a maximum dollar amount (based on the fixed annual contribution otherwise established for a newly constructed housing project offering comparable housing facilities) can be established as the annual contribution for a purchased or leased unit, thus permitting the acquisition, or acquisition and rehabilitation, of existing units as well as the leasing of units for short-term use in meeting particular needs. This formula will permit local housing authorities to make greater use of the existing housing supply.

INCREASE IN AUTHORIZATION FOR ANNUAL CONTRIBUTION

Section 503.—Amends section 10(e) of the U.S. Housing Act of 1937 to increase by \$47 million immediately, and by an additional \$47 million in each of the years 1966 through 1968, the existing limit on the aggregate amount of contracts for annual contributions which may be entered into by the Public Housing Administration under the low-rent housing program. This increase will provide an estimated 60,000 additional units of low-rent housing annually over the 4-year period, to be available both for conventional low-rent housing projects and for the new approaches to low-rent housing contained in the Housing and Urban Development Act of 1965.

REALLOCATION OF UNITS

Section 504.—Amends section 10(e) of the U.S. Housing Act of 1937 to provide that, subject to any contractual obligation outstanding on the date of enactment of the Housing and Urban Development Act of 1965, any low-rent public housing units not under construction within 5 years from the date they were reserved to a local housing authority may be reallocated and placed under contract for annual contributions in any State without limitation as to the aggregate amount of units which may be placed under contract in any one State.

SALE OF FEDERALLY OWNED PROJECTS TO PRIVATE PURCHASERS

Section 505.—Amends section 12(c) of the U.S. Housing Act of 1937 to permit sale of a federally owned public housing project to a nonprofit organization for continued use as low-rent housing. Under prior law such projects could be sold only to local housing authorities.

INCREASE IN PER ROOM LIMITATIONS

Section 506.—Amends section 15(5) of the U.S. Housing Act of 1937 to increase the ceiling on public housing per room construction and equipment costs (on which the computation of any annual contributions is based) from \$2,000 per room to \$2,400 per room. In the case of Alaska, the ceiling of \$3,000 per room is increased to \$3,500. In the case of accommodations designed specifically for

elderly families, the ceiling is increased from \$3,000 per room to \$3,500, and from \$3,500 in the case of Alaska to \$4,000.

PURCHASE OF UNITS BY TENANTS

Section 507.—Amends section 15 of the U.S. Housing Act of 1937 to authorize local housing authorities to permit any member of a tenant family to enter into a contract for the acquisition of a dwelling unit in any project of the local housing authority which is suitable for such acquisition by reason of its being detached or semi-detached construction.

The acquisition must be for use of the purchaser or members of his family and, in the event this condition fails, the local authority will have an option to acquire the purchaser's interest.

The sales price to the tenant will be the greater of the appraised value of the unit or the pro rata share of the local housing authority's unamortized debt. The purchaser will also pay a pro rata share of any services furnished to him by the local housing authority and local taxes on the dwelling unit.

The purchase price can be paid over a period of not more than 40 years but specified amounts of principal must be paid in each 5-year period during the first 15 years after purchase. The interest rate shall be fixed at not less than the average cost of loans outstanding on the project. If no bonds are outstanding on the project the interest rate shall be fixed at not less than the going Federal rate applicable to the project.

The local housing authority may permit a purchaser to apply to the purchase price an amount equal to the net rent paid for his dwelling unit, over a period not exceeding 3 years prior to the entering into of a purchase contract.

TITLE VI—COLLEGE HOUSING

LOAN AUTHORIZATION

Section 601.—Amends section 401(d) of the Housing Act of 1950 to increase the total amount authorized for college housing loans (presently \$2,875 million) by \$300 million on July 1 in each of the years 1965 through 1968, for a total increase of \$1,200 million. Corresponding increases are made for the separate limitations on loans which can be outstanding for "other educational facilities" and for student nurse and intern housing.

INTEREST RATE ON COLLEGE HOUSING LOANS

Section 602.—Amends section 401 of the Housing Act of 1950 to place a ceiling of 3 percent (or the amount derived under the existing formula, if lower) on the interest rate applicable to college housing loans.

PARTICIPATION BY NEW COLLEGES AND CERTAIN PUBLIC VOCATIONAL AND TECHNICAL INSTITUTIONS

Section 603.—Amends section 404(b) of the Housing Act of 1950 to make the following additional educational institutions eligible for

college housing loans: (1) an educational institution which provides satisfactory assurance to the Housing and Home Finance Administrator that it will offer a baccalaureate degree within a reasonable time after completion of facilities for which a loan is requested; and (2) a public educational institution which (a) is administered by a nationally accredited college or university, (b) offers technical or vocational instruction, and (c) provides residential facilities for some or all of its students.

TECHNICAL AMENDMENTS

Section 604.—Amends section 404(b) of the Housing Act of 1950 to permit a college housing loan to be made to an eligible student housing cooperative corporation without requiring the educational institution to cosign the note for the college housing loan whenever State law in effect on September 2, 1964, prevents the educational institution from cosigning. However, the loan made may not be made to the student housing cooperative corporation without the educational institution cosigning the note unless the educational institution approves the proposed college housing project and the student housing cooperative corporation.

TITLE VII—COMMUNITY FACILITIES

PURPOSE

Section 701.—States that the purpose of title VII is to assist and encourage the communities of the Nation (1) to construct adequate basic water and sewer facilities needed to promote their efficient and orderly growth and development; (2) to construct neighborhood facilities needed to enable them to carry on programs of necessary social services; and (3) to acquire, in a planned and orderly fashion, land to be utilized in connection with the future construction of public works and facilities.

GRANTS FOR BASIC WATER AND SEWER FACILITIES

Section 702(a).—Authorizes the Housing and Home Finance Administrator to make grants to local public bodies and agencies to finance specific projects for basic public water and sewer facilities (other than "treatment works" as defined in the Federal Water Pollution Control Act). No grant for sewer facilities may be made unless the Secretary of Health, Education, and Welfare certifies to the Administrator that any waste material carried by the facilities will be adequately treated before it is discharged into any public waterway.

Section 702(b).—Provides that the amount of any grant may not exceed 50 percent of the development cost of a project. However, a very limited exception is provided. In the case of a community having a population of less than 10,000 and situated within a metropolitan area, the Administrator may increase the amount of a grant for a basic public sewer facility up to 90 percent if the community is unable to finance the construction of the facility without such increased grant assistance and if in such community (1) there does not exist a public or other adequate sewer facility serving a substantial por-

tion of the community's inhabitants; and (2) the rate of unemployment is, and has been continuously for the preceding calendar year, 100 percent or more above the national average.

Section 702(c).—Provides that no grant may be made for any project unless the Administrator determines that the project is necessary to provide adequate water or sewer facilities for the people to be served, and that the project is (1) designed so that an adequate capacity will be available to serve the reasonably foreseeable growth needs of the area; (2) consistent with a program for a unified or officially coordinated areawide water or sewer facilities system as part of the comprehensively planned development of the area; and (3) necessary to orderly community development. Prior to July 1, 1968, grants, in the discretion of the Administrator, may be made if the program for an areawide water or sewer facilities system is under active preparation but not yet completed, if the facility for which assistance is sought can reasonably be expected to be required as part of such program, and there is an urgent need for the facility.

GRANTS FOR NEIGHBORHOOD FACILITIES

Section 703(a).—Authorizes the Administrator to make grants to local public bodies and agencies to finance specific projects for neighborhood facilities. This can include neighborhood or community centers, youth centers, health stations, and other public buildings to provide health or recreational or similar social services to a neighborhood. A project may be undertaken directly by a local public body or agency or through a nonprofit organization approved by such body or agency if the Administrator determines (1) that the nonprofit organization has the legal, financial, and technical capacity to carry out the project, and (2) that the public body or agency to which the grant is made will have satisfactory continuing control over the use of the proposed facilities.

Section 703(b).—Provides that the amount of any grant may not exceed two-thirds of the development cost of a project (or three-fourths in the case of a project located in an area designated as a redevelopment area under the Area Redevelopment Act or any supplementary act).

Section 703(c).—Provides that no grant may be made for any project unless the Administrator determines that the project will provide a facility which is (1) necessary to carry out a program of health, recreational, social, or similar community service in the area; (2) consistent with comprehensive planning for the development of the community; and (3) so located as to be available for use by a significant portion (or number in the case of large urban places) of the area's low- or moderate-income residents.

Section 703(d).—Provides that no project assisted by a grant may be converted for a period of 20 years to other uses without the approval of the Administrator.

Section 703(e).—Requires the Administrator to give priority to applications for projects that will primarily benefit members of low-income families or otherwise further the objectives of a community action program approved under title II of the Economic Opportunity Act of 1964.

ADVANCE ACQUISITION OF LAND

Section 704(a). Authorizes the Housing Administrator to make grants to local public bodies and agencies to finance the acquisition of sites planned to be utilized in connection with the future construction of public works or facilities.

Section 704(b).—Provides that the amount of any such grant may not exceed the aggregate amount of reasonable interest charges on a loan or other financial obligation incurred to finance the acquisition of such land for a period not exceeding the lesser of (1) 5 years from the date such loan is made; or (2) the period of time between the date the loan is made and the date on which construction of the public work or facility is begun.

Section 704(c).—Provides that no grant may be made under this section unless the Administrator determines that the public work or facility for which the land is to be utilized is planned to be constructed or initiated within a reasonable period of time (not exceeding 5 years after a grant contract is entered into) and that construction of the public work or facility will contribute to economy, efficiency, and the comprehensively planned development of the area.

Section 704(d).—Provides that the Administrator may require repayment of grant assistance under the section if (1) the land purchased with the assistance is not utilized within 5 years for the construction of the public work or facility planned to be placed on the acquired land; or (2) the land is directed to other uses.

GENERAL PROVISIONS

Section 705(a).—Applies certain administrative provisions in section 402 of the Housing Act of 1950 to activities carried on under the provisions of this title.

Section 705(b).—Authorizes the Administrator to make advance or progress payments on account of any grant made under this title and provides that no part of any such grant can be used for payment of ordinary governmental or operating expenses.

DEFINITIONS

Section 706.—Defines terms used in this title.

LABOR STANDARDS

Section 707.—Provides that prevailing wages determined in accordance with the provisions of the Davis-Bacon Act are to be applicable to construction work financed with assistance under sections 702 and 703, and specifies that certain authority generally available to the Secretary of Labor with respect to the enforcement of such labor standards shall also apply.

APPROPRIATIONS

Section 708.—Authorizes to be appropriated for each fiscal year commencing after June 30, 1965, and ending prior to July 1, 1969, (1) \$200 million for grants for basic water and sewer facilities; (2) \$50

million for grants for neighborhood facilities; and (3) \$25 million for grants for the advance acquisition of land. Amounts appropriated remain available until expended.

TITLE VIII—FEDERAL NATIONAL MORTGAGE ASSOCIATION

INCREASE IN SPECIAL ASSISTANCE AUTHORITY

Section 801(a).—Amends section 305(c) of the National Housing Act to increase by \$1,625 million the amount of special assistance that the President of the United States can authorize the Federal National Mortgage Association to provide for residential mortgage financing. The first \$100 million of the increase is available as of the date of enactment of the Housing and Urban Development Act of 1965. The limit is further increased by \$450 million on July 1, 1966, by \$550 million on July 1, 1967, and by \$525 million on July 1, 1968.

Section 801(b).—Amends section 305(f) of the National Housing Act to increase the President's special assistance authority further by transferring to it, on the date of enactment of the Housing and Urban Development Act of 1965 and on each July 1 thereafter, the then available portions of the special assistance authority provided in that section for FHA title VIII insured mortgages on housing for military, NASA, and AEC personnel, except \$58,750,000 which is required to be kept available for mortgages insured under section 809.

PURCHASE OF MORTGAGES HELD BY FEDERAL INSTRUMENTALITIES

Section 802(a).—Amends section 302(b) of the National Housing Act to enable FNMA to purchase Government underwritten mortgages from Federal instrumentalities having authority to effect sales of such mortgages to FNMA. Section 302(c) of the National Housing Act is amended to make FNMA's financing services under its fiduciary powers available to any obligations offered to it by the Housing Agency or its constituents.

Section 802(b).—Amends section 306(e) of the National Housing Act to authorize FNMA, under its management and liquidating functions, to purchase any obligations offered by the Housing Agency or its constituents, or any mortgages covering residential property offered by any Federal instrumentality.

PURCHASE OF BELOW-MARKET INTEREST RATE MORTGAGES

Section 803.—Amends section 302(b) of the National Housing Act to authorize FNMA, under its special assistance authority, to purchase below-market interest rate mortgages on low- or moderate-income housing (insured under FHA's sec. 221(d)(3) program) having original principal amounts exceeding \$17,500 per dwelling unit, where such mortgages cover properties having the benefit of local tax abatement. The tax abatement must be in an amount sufficient to keep rentals at the level where they would be if the mortgage amount did not exceed \$17,500 per dwelling unit.

INCREASE IN LIMITS ON MORTGAGES FOR DWELLING UNITS HAVING FOUR OR MORE BEDROOMS

Section 804.—Amends section 302(b) of the National Housing Act to increase from \$17,500 to \$20,000 the general limit per dwelling unit on the amount of a mortgage FNMA can purchase under its special assistance authority in the case of a mortgage financing a family residence having four or more bedrooms.

TITLE IX—OPEN-SPACE LAND AND URBAN BEAUTIFICATION AND IMPROVEMENT

CHANGE IN THE NAME OF THE PROGRAM; FINDINGS AND PURPOSE

Section 901(a).—Amends the heading of title VII of the Housing Act of 1961 to include a reference to “urban beautification and improvement” and thus reflect the amendments of that title made by the Housing and Urban Development Act of 1965.

Section 901(b).—Amends the findings and purpose set forth in section 701 of the Housing Act of 1961 to add the additional finding by Congress that there is an urgent need both for the provision of parks and open-space areas in developed portions of urban areas and for greater and better coordinated local efforts to beautify and improve open-space and other public land throughout urban areas to facilitate their increased use and enjoyment by the urban population.

DEVELOPMENT GRANTS FOR OPEN-SPACE USES

Section 902.—Amends section 702 of the Housing Act of 1961 to permit grants under that section for the development of land (acquired under title VII) for open-space uses in addition to the acquisition of open-space land.

The term “open-space uses” is defined to mean any use of open-space land for (1) park and recreational purposes; (2) conservation of land and other natural resources; or (3) historic or scenic purposes.

INCREASED GRANT LEVEL FOR PRESERVATION AND DEVELOPMENT OF OPEN-SPACE LAND

Section 903.—Amends section 702(c) of the Housing Act of 1961 to authorize grants for open-space land acquisition and development up to 50 percent of the total cost of such acquisition and development. Prior to amendment the limit was 20 percent, except that grants could be up to 30 percent where the applicant exercised open-space responsibility for all or a substantial part of the urban area, and the grant was available only for the acquisition of open-space land.

AUTHORIZATION OF FUNDS

Section 904.—Amends section 702(b) of the Housing Act of 1961 to increase the authorization for grants from \$75 million to \$310 million. Not more than \$64 million of the total authorization can be used for the new open-space program in built-up areas (see sec. 906), and not more than \$36 million can be used for the new program of urban beautification and improvement (see sec. 906).

OPEN-SPACE PLANNING AND PROGRAM REQUIREMENTS

Section 905.—Amends section 703(a) of the Housing Act of 1961 to require a finding by the Housing Administrator that each grant for the acquisition and development of open-space land is needed for carrying out a unified or officially coordinated program, meeting criteria established by the Housing Administrator, for the provision and development of open-space land as part of the comprehensively planned development of the urban area. Under prior law the Administrator had to find that (1) the proposed use of the land for open space is important to the execution of a comprehensive plan for the urban area; and (2) a program of comprehensive planning is being actively carried on for the urban area.

PROVISION OF OPEN-SPACE LAND IN BUILT-UP AREAS

Section 906.—Adds a new section 705 to the Housing Act of 1961 authorizing the Housing Administrator to make grants to States and local public bodies to assist in the acquisition of developed land in built-up portions of urban areas to be cleared for use as permanent open-space land. The grants can be made only where the local governing body determines that adequate open-space land cannot be provided through the use of existing undeveloped or predominantly undeveloped land. The grants are limited to 50 percent of the cost of land acquisition and of necessary demolition and removal of improvements (and 50 percent of the cost of development for open-space uses under the authority provided by sec. 902 of this act).

URBAN BEAUTIFICATION AND IMPROVEMENT

Section 906.—Also adds a new section 706 authorizing the Administrator to make grants to States and local public bodies to assist in carrying out local programs for the greater use and enjoyment of open space and other public land in urban areas.

The Administrator is required to establish criteria to assure that each program (1) represents significant and effective efforts, involving all available public and private resources, for the beautification or open-space use of land; and (2) is important to the comprehensively planned development of the locality.

Grants cannot exceed 50 percent of the amount by which the cost of the urban beautification and improvement activities of the applicant during a fiscal year under an approved program exceeds its usual expenditures for comparable activities. However, the Administrator may make grants up to 90 percent of the cost of activities which he determines have special value in demonstrating new and improved methods and materials for use in urban beautification and improvement. These demonstration grants cannot exceed a total amount of \$5 million.

LABOR STANDARDS

Section 907.—Adds section 707 to the Housing Act of 1961 to make the prevailing wage requirements of the Davis-Bacon Act applicable

to the open-space land and urban beautification activities assisted by grants under title VII of the Housing Act of 1961.

USE OF FUNDS FOR STUDIES AND PUBLICATION

Section 908.—Amends the Housing Act of 1961 to authorize the Housing Administrator to use up to \$50,000 annually of the open-space land and urban beautification grant funds for studies in connection with the open-space land and urban beautification programs, and for publishing information on the programs.

CONFORMING AMENDMENTS

Section 909.—Makes necessary technical and conforming amendments in various sections of title VII of the Housing Act of 1961.

TITLE X—RURAL HOUSING

LOANS FOR PREVIOUSLY OCCUPIED BUILDINGS AND MINIMUM SITE ACQUISITION

Section 1001.—Amends section 501 of the Housing Act of 1949 to authorize the Secretary of Agriculture to make loans to farmers and rural residents for the purchase of previously occupied dwellings and related facilities and farm service buildings, and for minimum adequate building sites.

INTEREST RATE ON DIRECT RURAL HOUSING LOANS

Section 1002.—Amends section 502(a) of the Housing Act of 1949 to increase to 5 percent the maximum interest rate on direct loans under section 502 for housing on farms and on nonfarm rural homesites, except for loans to elderly persons. The maximum rate on such loans to the elderly, and on the specialized loans under sections 503 and 504, remains at 4 percent. The Secretary is also authorized to charge fees on all title V loans.

INSURED AND DIRECT RURAL HOUSING LOANS

Section 1003.—Adds sections 517 and 518 to the Housing Act of 1949.

The new section 517 authorizes the Secretary of Agriculture to insure loans, and make loans to be sold and insured, in accordance with section 502. Such loans to persons of low or moderate income will bear interest not above 5 percent and be limited to adequate housing modest in size, design, and cost and to an aggregate of \$300 million per year. Such loans to other persons will be made at rates and charges comparable to those in effect under FHA's regular sales-type housing program. To assure the marketability of these loans at face value and the participation of private lenders in the program, the Secretary is authorized to insure, or to sell and insure, any of these loans on terms giving the insured lender or purchaser a specified portion of the interest earnings and an optional right to resell to the Secretary within an agreed period.

The new section 517 also establishes a rural housing insurance fund to finance insured section 502 loans and to be utilized by the Secretary for various specified purposes. The new fund will be used in lieu of the agricultural credit insurance fund for section 514 domestic farm labor housing and section 515(b) elderly rental housing loans. Loans made out of the fund and held unsold may not exceed \$100 million at any one time. The Secretary is authorized to borrow from the Treasury to meet loan insurance obligations and to make other authorized expenditures from the fund.

The new section 518 establishes a rural housing direct loan account, and transfers to such account all rural housing direct loans made under sections 502, 503, 504, and 515(a) of the 1949 act, all collections therefrom, and any funds available from appropriations or Treasury borrowings for such loans. Amounts transferred to the account and such further amounts as may be appropriated will be available for making loans under those sections and for making repayments to the Treasury.

Section 1003(b).—Amends section 511 of the Housing Act of 1949 to extend for 4 years (to October 1, 1969) the unused balance (approximately \$75 million) of the existing borrowing authority under section 511, and to remove the existing special reservation of \$50 million exclusively for loans to elderly persons in accordance with section 501(a)(3).

PURCHASE OF RURAL HOUSING LOANS BY THE FEDERAL NATIONAL MORTGAGE ASSOCIATION

Section 1004.—Amends title III of the National Housing Act to authorize FNMA to deal in loans insured under title V of the Housing Act of 1949.

EXTENSION OF RURAL HOUSING AUTHORIZATIONS

Section 1005.—Amends title V of the Housing Act of 1949 to extend for 4 years (to October 1, 1969) the authority of the Secretary of Agriculture to make "contribution commitments" on loans for housing on potentially adequate farms (sec. 503), the authority for appropriations to finance assistance for certain housing improvements, research, and housing for farm labor (secs. 504(a), 504(b), 506, and 516), and the authority of the Secretary to make insured section 515(b) rental housing loans for elderly persons. It also increases from \$10 to \$50 million the total amount of appropriations authorized for section 516 assistance to provide low-rent housing for domestic farm labor, and extends the construction standards and technical services provisions of section 506(a) to operations under the new provisions added to title V by the Housing and Urban Development Act of 1965.

SUMS EXCESS TO THE NEEDS OF THE RURAL HOUSING INSURANCE FUND OR THE RURAL HOUSING DIRECT LOAN ACCOUNT

Section 1006.—Adds section 519 to the Housing Act of 1949 to direct the Secretary of Agriculture to pay into miscellaneous receipts of the Treasury any surpluses from the new rural housing insurance fund or the new rural housing direct loan account.

DEFINITION OF RURAL AREA

Section 1007.—Adds section 520 to the Housing Act of 1949 to define a “rural area” to mean any open country, or any place, town, village, or city which is not part of or associated with an urban area and which (1) has a population not in excess of 2,500 inhabitants; or (2) has a population in excess of 2,500 but not in excess of 5,500 if it is rural in character.

TITLE XI—MISCELLANEOUS

ANNUAL REPORT ON HOUSING AND URBAN DEVELOPMENT PROGRAMS

Section 1101.—Amends section 802(a) of the Housing Act of 1954 to require the Housing Administrator to make annual reports to the President for submission to the Congress on all its operations and programs. The reports shall contain recommendations for strengthening or improving the programs, or, when necessary to implement more effectively congressional policies and purposes, for establishing new or alternative programs.

URBAN PLANNING GRANTS

Authorization

Section 1102(a).—Amends section 701(b) of the Housing Act of 1954 to increase the authorization of appropriations for urban planning grants from \$105 to \$230 million.

Studies and demonstration projects

Section 1102(b).—Amends section 701(b) of the Housing Act of 1954 to permit up to 5 percent of the funds appropriated for urban planning grants to be used for studies, research, and demonstration projects, for the development and improvement of techniques and methods for comprehensive planning and for the advancement of the purposes of the urban planning assistance program.

Grants to metropolitan organizations

Section 1102(c).—Amends section 701 of the Housing Act of 1954 to authorize the Housing Administrator to make grants to organizations composed of public officials who are found to be representative of political jurisdictions within a metropolitan area or urban region to assist them to undertake studies, collect data, develop regional plans and programs, and engage in other activities desirable for the solution of their metropolitan or regional problems. The grants cannot exceed two-thirds of the cost of the work for which they are given.

AUTHORIZATION FOR FEDERAL-STATE TRAINING PROGRAMS

Section 1103.—Amends section 802(d) of the Housing Act of 1964 to increase the limit on appropriations for grants to assist Federal-State training programs from \$10 to \$30 million.

AUTHORIZATION FOR PUBLIC WORKS PLANNING ADVANCES

Section 1104.—Amends section 702(e) of the Housing Act of 1954 to increase the limit on appropriations for public works planning advances from \$20 to \$70 million.

AUTHORIZATION FOR LOW-INCOME HOUSING DEMONSTRATION PROGRAMS

Section 1105.—Amends section 207 of the Housing Act of 1961 by increasing the authorization for grants for low-income housing demonstrations from \$10 to \$15 million.

ADVISORY COMMITTEES—TECHNICAL PROVISION

Section 1106.—Deletes an obsolete provision from section 601 of the Housing Act of 1949 relating to advisory committees.

PUBLIC FACILITY LOANS

Section 1107.—Amends section 202(c) of the Housing Amendments of 1955 to authorize the Housing Administrator to make public facility loans to a private nonprofit corporation for the construction of works for the storage, treatment, purification, or distribution of water or the construction of sewage, sewage treatment, and sewer facilities, if the works or facilities are needed to serve a smaller municipality or rural area, and there is no existing public body able to construct and operate the works or facilities.

Section 202(b) (4) of the amendments is also amended to permit a public facility loan to be made to a community without regard to its population if a research or development installation of the National Aeronautics and Space Administration is located in or near the community.

FHA CONFORMING AMENDMENTS

Section 1108.—Amends various sections of the National Housing Act to make them conform to the consolidation of FHA insurance funds into the general insurance fund as authorized by section 214 of the Housing and Urban Development Act of 1965.

REPEAL OF SPECIAL PROVISION IN URBAN MASS TRANSPORTATION ACT

Section 1109.—Repeals section 9(c) of the Urban Mass Transportation Act of 1964 which requires that contractors, in providing facilities or equipment which have received loan or grant assistance under that act, "shall use only such manufactured articles as have been manufactured in the United States."

SAVINGS AND LOAN ASSOCIATIONS

Loans for colleges and hospitals

Section 1110(a).—Amends section 5(c) of the Home Owners' Loan Act of 1933 to liberalize the authority of Federal savings and loan associations to make loans on college, university, or hospital residential facilities. The general lending provision of that subsection is limited to "homes," "other dwelling units," and other specified types of residential property, subject to stated amount limitations and to a requirement that the property be within 100 miles of the association's home office, with a further provision that an association converted from a State-chartered institution may continue to make loans in the territory in which it made loans while operating under State charter and a pro-

vision that the Federal Home Loan Bank Board shall by regulation limit to not more than 15 percent of the association's assets the investments made thereunder on properties comprising or including more than four dwelling units or not constituting homes or combinations of homes and business property.

Loans under this general lending provision are not required to be included in the percentage restriction which provides that not exceeding 20 percent of an association's assets may be loaned on the security of first liens on improved real estate without regard to these limitations.

The amendment made by section 1110(a) provides that, subject to Board regulations, the term "other dwelling units" shall include structures or parts thereof designed or used as fraternity or sorority houses which include sleeping accommodations for students of a college or university, or designed or used principally for the provision of living accommodations for students, employees, or members of the staff of a college, university, or hospital. Under this amendment loans on such properties would not be included within the aforesaid 20-percent-of-assets limitation by reason of the type of property, although the amendment does not except them from that limitation if they do not meet the territorial and amount requirements of the general lending provision.

Leasehold lending

Section 1110(b).—Amends section 5(c) of the Home Owners' Loan Act of 1933 to liberalize the statutory authority of Federal savings and loan associations with respect to leasehold lending. The Housing Act of 1964 amended section 5(c) of the Home Owners' Loan Act of 1933 by providing that for the purpose of that section the terms "real property" and "real estate" shall include a leasehold or subleasehold whose term does not expire, or is renewable automatically or at the option of the holder or the association, for at least 15 years beyond the maturity of the debt. Section 1110(b) changes the 15-year figure to 10 years.

Branches in the District of Columbia—Moving of offices

Section 1110(c).—Amends section 5(c) of the Home Owners' Loan Act of 1933 to require the prior written approval of the Federal Home Loan Bank Board for the establishment of branches or the moving of offices by savings and loan associations and similar institutions incorporated under the laws of the District of Columbia or organized or doing business in the District, and for the establishment of branches or the moving of offices in the District by other savings and loan associations and similar institutions.

Deposits in Federal Savings and Loan Insurance Corporation

Section 1110(d).—Amends section 404 of the National Housing Act by adding a new provision which enables the Federal Savings and Loan Insurance Corporation to obtain, in case the need should arise, additional liquidity by calling on institutions insured by it to make deposits in the Corporation. No call can be made unless the Federal Home Loan Bank Board determines that the total amount of the call, plus any outstanding deposits, does not exceed 1 percent of the withdrawable or repurchasable shares, investment certificates, and deposits in all insured institutions.

FEDERAL RESERVE ACT

Section 1111.—Amends section 24 of the Federal Reserve Act to extend the maximum maturity of industrial, commercial, and residential construction loans from 18 months to 24 months.

REPAYMENT OF CERTAIN PLANNING GRANTS

Section 1112.—Waives repayment of public works planning advances which were used for projects built under the accelerated public works program and have neither been previously waived nor repaid.

STUDY CONCERNING RELIEF OF HOMEOWNERS IN PROXIMITY TO AIRPORTS

Section 1113.—Directs the Housing Administrator to undertake a study of methods to reduce loss and hardship to homeowners whose property is depreciated in value following the construction of airports in the vicinity of their homes. The study shall include feasible methods of insulating the homes from the noise of aircraft. Findings and recommendations are to be reported to the President for transmission to Congress within 1 year after the date of enactment of the Housing and Urban Development Act of 1965.

LEGISLATIVE HISTORY OF CONGRESSIONAL ACTION ON THE HOUSING AND URBAN DEVELOPMENT ACT OF 1965

The President submitted his message on the "Problems and Future of the Central City and Its Suburbs" to the Congress on March 2, 1965 (H. Doc. 99). Bills carrying out the bulk of the President's recommendations were introduced on March 4 by Wright Patman, chairman, House Committee on Banking and Currency (H.R. 5840), and by John Sparkman, chairman of the Subcommittee on Housing of the Senate Committee on Banking and Currency (S. 1354).

House action

The Subcommittee on Housing of the House Committee on Banking and Currency held public hearings from March 25 through April 7 on H.R. 5840 and related bills, including those introduced by the Housing Subcommittee chairman, Mr. Barrett, and the ranking minority member, Mr. Widnall. After consideration by the subcommittee in executive session on May 6, an amended bill was agreed to by a vote of 10 to 1 and a clean bill embodying these provisions was introduced by Chairman Patman (H.R. 7984). This bill was considered in executive session by the full Committee on Banking and Currency on May 17 through 19, and reported without amendment by a vote of 25 to 7 (H. Rept. 365). The bill was considered on the floor of the House on June 28, 29, and 30, and a number of amendments were adopted. There were rollcall votes on an amendment setting the income limits on the rent supplement program at public housing ceilings (adopted 240 to 179) and on the motion to recommit the bill striking the rent supplement program and the rehabilitation grants to low-income homeowners in urban renewal areas (rejected 208 to 202). The bill then passed by a vote of 245 to 169.

Senate action

The Subcommittee on Housing of the Senate Committee on Banking and Currency held hearings from March 29 through April 9, to consider S. 1354 and some 15 other related bills. Subsequently, the subcommittee met in executive session on April 28 and 29, May 12, 13, and 18, and June 4. At the conclusion of these sessions the subcommittee made its recommendations to the full committee. After executive sessions on June 22, 23, and 24 by the full Committee on Banking and Currency, an original bill was drafted by the committee (S. 2213) and was reported to the Senate by a vote of 10 to 4 (S. Rept. 378). S. 2213 was considered in the Senate on July 14 and 15 and a number of amendments were adopted. There were rollcall votes on an amendment striking the rent supplement program (rejected 47 to 40); an amendment reducing the rent supplement funds to \$10 million a year (rejected 49 to 38); and an amendment reducing the dollar amounts

of the rent supplement program to \$30 million upon enactment, \$35 million for fiscal 1967, \$40 million for fiscal 1968, and \$45 million for fiscal 1969 (adopted 79 to 6). The bill as amended passed the Senate by a vote of 54 to 30.

Conference

A conference was requested by the House and agreed to by the Senate on the differing versions and the conference committee met on July 20, 21, and 22. The conference report (H. Rept. 679) was approved by the Senate by a voice vote on July 26, and by the House on July 27 by a vote of 251 to 168. H.R. 7984 was transmitted to the White House and signed into law on August 10, 1965, Public Law 89-117.



89TH CONGRESS
1ST SESSION

S. 1354

IN THE SENATE OF THE UNITED STATES

APRIL 6, 1965

Referred to the Committee on Banking and Currency and ordered to be printed

AMENDMENTS

Intended to be proposed by Mr. JAVITS to the bill (S. 1354) to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities, viz:

- 1 On page 41, line 5, insert “(a)” after “403.”
- 2 On page 41, between lines 11 and 12, insert a new
- 3 subsection as follows:
- 4 “(b) Section 10 (e) of such Act is further amended by
- 5 striking out ‘*Provided, That*’ and inserting in lieu thereof the
- 6 following: ‘*Provided, That* the foregoing limitation with
- 7 respect to contracts for additional units in any one State may

1 be waived in the case of any State as to which the Administra-
 2 tor determines the enforcement of such limitation would cause
 3 hardship to large numbers of families of low income: *Pro-*
 4 *vided further, That'.*"

Amdt. No. 65

89TH CONGRESS
1ST SESSION

S. 1354

AMENDMENTS

Intended to be proposed by Mr. JAVINS to the bill (S. 1354) to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

APRIL 6, 1965

Referred to the Committee on Banking and Currency
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89TH CONGRESS
1ST SESSION

S. 1354

IN THE SENATE OF THE UNITED STATES

APRIL 6, 1965

Referred to the Committee on Banking and Currency and ordered to be printed

AMENDMENTS

Intended to be proposed by Mr. JAVITS to the bill (S. 1354) to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities, viz:

1 On page 9, between lines 19 and 20, insert a new section
2 as follows:

3 “GRANTS TO ENCOURAGE THE CONSTRUCTION OF HOUSING
4 PROJECTS FOR FAMILIES OF LOW AND MODERATE
5 INCOME

6 “SEC. 104. (a) In order to encourage State and local
7 units of government to assist private enterprise to provide
8 housing of sound design and construction for families whose

1 incomes are too high for admission to low-rent public housing
2 but too low to afford the rentals required to obtain adequate
3 private housing, the Housing and Home Finance Adminis-
4 trator is authorized to make, and to enter into contracts to
5 make, grants to States and local public bodies and agencies
6 which have made contributions to low- and moderate-income
7 housing projects.

8 “(b) The amount of any grant made under this section
9 shall not exceed the lesser of (1) 50 per centum of the value
10 of the contribution made by any State or local public body or
11 agency to any low- and moderate-income housing project, or
12 (2) 25 per centum of the development cost of such project.

13 “(c) The contribution of any State or local public body
14 or agency to a low- and moderate-income housing project,
15 for which a grant may be made under this section, may be
16 in the form of (1) cash, (2) by donation of land prior to
17 the construction of the project, (3) by annual payments to
18 the owner of the project on behalf of tenants of the project
19 to reduce the rental charges they would otherwise be re-
20 quired to pay, or (4) by the granting of a full or partial
21 exemption from real property taxes on the land on which the
22 project is located and the improvements thereon. If the con-
23 tribution of a State or local public body or agency is in the
24 form of annual payments to the owner of the project, or by
25 full or partial tax exemption, the Federal grant shall be paid

1 to the State or local public body or agency which has borne
2 the cost of such payments or tax exemption, and such Fed-
3 eral grant shall be paid on an annual basis, in an amount
4 equal to 50 per centum of the annual cost of such payments
5 or the value of such tax exemption, but the cumulative
6 amount of such Federal grants with respect to the cost of
7 such annual payments or the value of any tax exemption
8 granted a single low- and moderate-income housing project
9 shall not exceed 25 per centum of the development cost of
10 the project.

11 “(d) No grant shall be made under this section with re-
12 spect to any contribution by a State or local public body or
13 agency which was made, or contracted to be made, prior to
14 the date of enactment of this Act.

15 “(e) As used in this section—

16 “(1) The term ‘State’ means any of the several
17 States, the District of Columbia, and the Commonwealth
18 of Puerto Rico.

19 “(2) The term ‘local public bodies and agencies’
20 includes public corporate bodies or political subdivisions;
21 public agencies or instrumentalities of a State, munici-
22 pality, or political subdivision of a State (including
23 public agencies and instrumentalities of one or more
24 municipalities or political subdivision of a State) ; In-
25 dian tribes; and boards or commissions established under

1 the laws of any State to finance or assist low- and mod-
2 erate-income housing projects.

3 “(3) The term ‘low- and moderate-income project’
4 means a housing project (A) financed with a loan under
5 section 202 of the Housing Act of 1959 or a below-
6 market-interest-rate mortgage insured under section
7 221 (d) (3) of the National Housing Act, or (B) fi-
8 nanced or assisted by a State or local public body or
9 agency authorized to provide or extend financial assist-
10 ance to housing designed to serve families having in-
11 comes too high for admission to low-rent public housing,
12 but too low to afford the rentals required to obtain ade-
13 quate private housing.

14 “(4) The term ‘development cost’ means the costs
15 of constructing a low- and moderate-income housing
16 project and of acquiring the land on which it is located,
17 including necessary costs of site improvements to per-
18 mit its use as a site for a low- and moderate-income
19 housing project.

20 “(f) There are hereby authorized to be appropriated
21 such sums as may be necessary to carry out the provisions
22 of this section. All sums so appropriated shall remain avail-
23 able until expended.”

24 On page 9, line 22, strike out “104” and insert “105”.

25 On page 10, line 19, strike out “105” and insert “106”.

Amdt. No. 66

89TH CONGRESS
1ST Session

S. 1354

AMENDMENTS

Intended to be proposed by Mr. JAVRS to the bill (S. 1354) to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

APRIL 6, 1965

Referred to the Committee on Banking and Currency
and ordered to be printed

S. 1354

IN THE SENATE OF THE UNITED STATES

APRIL 6, 1965

Referred to the Committee on Banking and Currency and ordered to be printed

AMENDMENTS

Intended to be proposed by Mr. JAVITS to the bill (S. 1354) to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities, viz:

1 On page 39, between lines 17 and 18, insert a new
2 section as follows:

3 “RELOCATION PAYMENTS

4 “SEC. 304. Section 114 (b) (2) of the Housing Act
5 of 1949 is amended by striking out ‘\$1,500’ and inserting
6 in lieu thereof ‘\$10,000’.”

7 On page 39, line 19, strike out “304” and insert “305”.

Amdt. No. 67

Amdt. No. 67

89TH CONGRESS
1ST SESSION

S. 1354

AMENDMENTS

Intended to be proposed by Mr. JAVITS to the bill (S. 1354) to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

APRIL 6, 1965

Referred to the Committee on Banking and Currency
and ordered to be printed

89TH CONGRESS
1ST SESSION

S. 1354

IN THE SENATE OF THE UNITED STATES

APRIL 7, 1965

Referred to the Committee on Banking and Currency and ordered to be printed

AMENDMENT

Intended to be proposed by Mr. JAVITS to S. 1354, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities, viz: On page 41, between lines 18 and 19, insert a new section as follows:

- 1 INCREASE IN PER ROOM LIMITATIONS
- 2 SEC. 405. Paragraph (5) of section 15 of the United
- 3 States Housing Act of 1937 is amended—
- 4 (1) by striking out “\$2,000” and inserting in lieu
- 5 thereof “\$3,000”;
- 6 (2) by striking out “\$3,000”, each place it appears,
- 7 and inserting in lieu thereof “\$4,000”; and

AMENDMENT

Intended to be proposed by Mr. JAVITS to S. 1354, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

APRIL 7, 1965

Referred to the Committee on Banking and Currency
and ordered to be printed

1 (3) by striking out "\$3,500" and inserting in lieu
2 thereof "\$4,500".

89TH CONGRESS
1ST SESSION

S. 1354

IN THE SENATE OF THE UNITED STATES

APRIL 26, 1965

Referred to the Committee on Banking and Currency and ordered to be printed

AMENDMENT

Intended to be proposed by Mr. LONG of Missouri (for himself and Mr. SYMINGTON) to the bill (S. 1354) to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities, viz: On page 43, beginning with line 12, strike out all through line 10, on page 44, and insert in lieu thereof the following:

1 (b) No grant shall be made under this section unless
2 the Administrator determines—

3 (1) that the project (A) will serve an area which
4 is expected to experience significant population growth
5 in the reasonably foreseeable future, (B) is designed so

1 that an adequate capacity will be available to serve the
2 reasonably foreseeable growth needs of the area, (C) is
3 consistent with a program, meeting criteria established
4 by the Administrator, for a unified or officially coordinated
5 areawide water or sewer facilities system as part
6 of the comprehensively planned development of the area,
7 except that prior to July 1, 1968, grants may, in the
8 discretion of the Administrator, be made under this section
9 when such a program for an areawide water and
10 sewer facilities system is under active preparation, although
11 not yet completed, if the facility for which
12 assistance is sought can reasonably be expected to be
13 required as a part of such program, and there is urgent
14 need for the facility, and (D) is necessary to orderly
15 community development; or

16 (2) that the project will provide facilities which
17 (A) are necessary to a program (including a community
18 action program approved under title II of the Economic
19 Opportunity Act of 1964) to improve health
20 and sanitation conditions in the area, (B) are consistent
21 with any comprehensive planning, in effect or under
22 preparation, for the development of the community, and
23 (C) will serve the needs of a significant portion (or
24 number in the case of large urban places) of the area's
25 low- or moderate-income residents.

1 (c) The amount of any grant under the authority of this
2 section shall not exceed (1) 40 per centum of the develop-
3 ment cost of that portion of any project meeting the require-
4 ments of paragraph (1) of subsection (b) as may be
5 necessary to enable the project to serve adequately the rea-
6 sonably foreseeable growth needs of the area, or (2) 90 per
7 centum of the development cost of any project meeting the
8 requirements of paragraph (2) of subsection (b).

AMENDMENT

intended to be proposed by Mr. Long of Missouri (for himself and Mr. SYMINGTON) to the bill (S. 1354) to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

APRIL 26, 1965

Referred to the Committee on Banking and Currency
and ordered to be printed

S. 1354

APRIL 27, 1965

Referred to the Committee on Banking and Currency and ordered to be printed

AMENDMENT

Intended to be proposed by Mr. JAVITS to S. 1354, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities, viz: At the end of the bill add a new title as follows:

1 TITLE XI—MODERATE INCOME HOUSING

2 FINDINGS

3 SEC. 1101. (a) While the Congress, in the declaration
4 of national housing policy set forth in the Housing Act of
5 1949, established the goal of a decent home and a suitable
6 living environment for every American family, experience
7 has demonstrated that this goal is not being met for the mil-

1 lions of American families whose incomes are too high for
2 admission to low-rent public housing but too low to afford
3 the range of sales prices and rents required for satisfactory
4 new private housing being produced under existing govern-
5 mental programs of assistance to private enterprise in hous-
6 ing. Therefore, to further implement the declaration of
7 national housing policy, and consistent with the provision
8 thereof that any governmental assistance should be utilized
9 where feasible to enable private enterprise to serve more of
10 the total housing need, the Congress hereby determines that
11 there is an urgent need for a supplementary system of hous-
12 ing finance to enable private enterprise to provide homes
13 of sound standards of design and construction for families
14 of moderate income and for elderly persons.

15 (b) The Congress further determines that there are
16 means available to State and local governments to further
17 assist private enterprise to meet this need at little or no
18 direct cost to such governments by (1) granting exemptions,
19 in whole or in part, from taxation on the increased value
20 of real property, (2) assisting in the assembling of sites
21 through the use of the power of condemnation and eminent
22 domain, and (3) promoting the use for such housing of
23 sites which have been cleared under the slum clearance and
24 urban renewal provisions of the Housing Act of 1949, as
25 amended.

PURPOSE

SEC. 1102. The purpose of this title is to assist the States in providing satisfactory housing in well-planned, economically sound residential neighborhoods for families of moderate income and elderly persons whose needs are not being effectively served through existing programs of assistance to private and public enterprise. Such assistance is to be provided through the establishment of a Federal guarantee program for obligations issued by local housing agencies to raise funds in order to make loans to eligible borrowers for the construction of such housing.

FEDERAL GUARANTEE

SEC. 1103. (a) The Housing and Home Finance Administrator is authorized to guarantee the payment of the principal and interest on obligations issued by any local housing agency in accordance with the provisions of this title.

(b) Any local housing agency desiring to avail itself of the benefits of this title shall make application in writing to the Administrator stating—

(1) that such agency is authorized and desires to issue obligations to obtain funds to make mortgage loans to eligible borrowers for the provision of housing for families of moderate income and for elderly persons;

(2) that such mortgage loans will conform to the requirements of section 1104;

1 (3) that the local housing agency shall approve
2 applications for mortgage loans only with respect to
3 projects which will receive assistance in one or more of
4 the ways specified in section 1101 (b) of this title;

5 (4) that the interest on such obligations shall not
6 exceed a rate of 4 per centum per annum;

7 (5) that the principal amount of obligations to be
8 issued by the applicant for which a Federal guarantee is
9 sought shall not exceed in the aggregate \$;

10 (6) that such agency shall maintain at all times
11 such reserve fund to meet losses on mortgage loans made
12 by it as the Administrator shall, by regulation, require;

13 (7) that such agency will take steps to assure (A)
14 that mortgage loans are not dissipated through specu-
15 lative devices, (B) that the organization of any corpo-
16 rate borrower and its proposed methods of operation are
17 such as will avoid its use for speculative purposes or the
18 payment of excessive fees, salaries, or charges in con-
19 nection with any housing project, and (C) that bor-
20 rowers will adopt methods by which occupants of dwell-
21 ings may be permitted to reduce their rentals or other
22 occupancy charges by occupant maintenance and repair
23 or other means of self-help and methods whereby they
24 may acquire (subject to the right of a cooperative to

repurchase) ownership of their individual dwellings where such dwellings are free standing; and

(8) such further information as the Administrator may, by regulation, require.

(c) Upon the approval of any application under this section, the Administrator shall issue to the local housing agency a certificate stating that obligations issued by such agency in accordance with such approved application are fully and unconditionally guaranteed as to principal and interest by the United States.

(d) The total amount of obligations outstanding at any time which are guaranteed under this title shall not exceed \$.

CONDITIONS APPLICABLE TO MORTGAGE LOANS

SEC. 1104. (a) Any mortgage loan made by a local housing agency with funds obtained with assistance under this title shall be made only to an eligible borrower to finance the development by such borrower of a housing project. No such loan shall be made unless—

(1) such agency shall have determined that—

(A) the borrower is an eligible borrower and that, in the case of a cooperative ownership housing corporation, the subscribers thereof are predominantly families of moderate income, or elderly per-

1 sons (or both) or that, in the case of a borrower
2 other than a cooperative ownership housing cor-
3 poration, the dwellings in such housing project
4 are to be made available to families of moderate
5 income or elderly persons;

6 (B) the proposed housing project will meet a
7 need for housing of families of moderate income or
8 elderly persons;

9 (C) the location and physical planning of the
10 housing project will afford reasonable assurance as
11 to the stability of the neighborhood, and the dwell-
12 ings in the housing project will meet sound stand-
13 ards of design, construction, livability, and size for
14 adequate family life or for elderly persons; and

15 (D) the housing project will not be of elab-
16 orate or extravagant design or construction, and
17 such design and construction and the proposed
18 methods of construction and of operation and main-
19 tenance are such as will promote such economies
20 as are contemplated to be achieved through (i)
21 the nonprofit or limited-profit character of the bor-
22 rower, (ii) increased efficiency in production
23 through the use of new or improved materials and
24 techniques and methods of construction or other-
25 wise, (iii) increased efficiency in operation and

management, (iv) minimum necessary operating services, occupant maintenance, or otherwise; and (2) the borrower shall have agreed with such agency—

(A) not to incur or pay any excessive fees, salaries, or charges in connection with the housing project;

(B) to establish an initial schedule of rents or charges for the dwellings in the housing project which will permit such dwellings to be made available for families of moderate income, or for elderly persons, and such initial schedule of rents or charges and all revisions thereof shall be subject to the prior approval of such agency: *Provided*, That such agency shall not approve any initial schedule of rents or charges unless it has determined (i) that such rents or charges will permit the dwellings to be made available for families of moderate income or for elderly persons, and (ii) that such schedule is consistent, insofar as applicable, with the requirements of paragraph (2) (E) of this subsection, and reflects any savings derived by the borrower in one or more of the ways specified in section 1101 (b) of this title;

(C) to give preference in the selection of ten-

1 ants for the housing project (as among eligible ap-
2 plicants) first, to families displaced by public clear-
3 ance or enforcement action; second, to families
4 living in substandard homes; and, third, to families
5 living in overcrowded homes, veterans to have pref-
6 erence in each category: *Provided*, That in respect
7 to dwelling units specifically designed and desig-
8 nated for elderly persons, such persons shall have
9 a preference for the tenancy of such housing, with-
10 out regard to the foregoing preferences;

11 (D) to maintain the housing project, including
12 all equipment therein, and all appurtenances there-
13 to, in good condition throughout the life of the
14 mortgage loan, and to establish and maintain ade-
15 quate reserves for repairs, maintenance, and replace-
16 ments necessary to so maintain such housing project;

17 (E) to pay dividends, if the borrower is a lim-
18 ited dividend corporation or other entity, at a rate
19 which is not in excess of 6 per centum per annum:
20 *Provided*, That if in any year the Corporation is
21 unable to pay dividends at the rate agreed to here-
22 under, dividends may be paid out of surplus earned
23 in any subsequent year at a rate in excess of that
24 agreed to but only to the extent necessary to give
25 stockholders a return on their investment (not in-

cluding any allowance for interest) equal to that which they would have received if dividends had been paid consecutively at the approved rate; and (F) to comply with such other terms and conditions as the local housing agency determines to be necessary or desirable to carry out the purposes of this title; and

(3) in the case of a cooperative ownership housing corporation, prior to the receipt of any proceeds of any such mortgage loan, the subscribers of such cooperative borrower shall be equal to such percentage of the number of subscribers proposed to be served by the housing project as may be determined by the local housing agency.

(b) Any such mortgage loan shall involve a principal obligation in an amount (1) not exceeding 90 per centum of the development cost of the housing project as determined by the local housing agency, and (2) not exceeding 90 per centum of such amount such agency shall have determined to be the maximum within which the project must be constructed in order that it may be made available for families of moderate income at rentals or charges within their means. No such loan shall be made unless the mortgagor has agreed to certify the cost to the local housing

1 agency in the manner provided by section 227 of the Na-
2 tional Housing Act for Federal Housing Administration
3 mortgage insurance.

4 (c) (1) If any such mortgage loan made to any eligible
5 borrower involves a principal obligation which is less than
6 that authorized under subsection (b) of this section, and the
7 borrower proposes to raise additional funds through sources
8 other than the local housing agency to be secured through
9 insured or guaranteed mortgages, debentures, bonds, or other-
10 wise, the total mortgage loan and such other borrowing shall
11 not exceed in the aggregate the maximum principal obliga-
12 tion authorized under subsection (b), and the rights of such
13 agency under any such mortgage loan shall not be subordi-
14 nate to the rights of any other creditor supplying such addi-
15 tional funds.

16 (2) Any such mortgage loan may be made to an eligible
17 borrower involving a principal obligation which is less than
18 that authorized under subsection (b) of this section, to
19 represent part of the obligation secured by a single mortgage
20 with equal priorities, when the remainder of the funds obli-
21 gated under such single mortgage are secured from State or
22 local government funds, and the total mortgage loan and any
23 other borrowing under the provisions of paragraph (1) of
24 this subsection does not exceed in the aggregate the maxi-

1 mum principal obligation authorized under subsection (b)
2 of this section.

3 (d) Any such mortgage loan shall provide for complete
4 amortization within a period of fifty years by periodic pay-
5 ments upon such terms, including a program providing for
6 level payments of principal and interest, as the local housing
7 agency shall prescribe, and shall bear interest, on the amount
8 of the principal obligation of such mortgage loan outstanding
9 at any time, at a fixed rate, based on the cost to such agency
10 of capital investment and borrowings from the private mar-
11 ket, plus not more than one-half of 1 per centum to compen-
12 sate such agency for its estimated overhead and administra-
13 tive expenses in connection with such loan and for
14 proportionate payments to required reserves. In the event
15 of the refinancing of the loan (within such period as the local
16 housing agency shall prescribe), if the cost to such agency
17 of capital investment and borrowings from the private mar-
18 ket makes necessary an increase in the rate of interest which,
19 pursuant to this subsection, such agency is required to charge
20 on the mortgage loan, the amortization period may be
21 extended to a date not later than sixty years after the date
22 of the original mortgage: *Provided*, That no such extension
23 shall be made unless such agency determines that the increase
24 otherwise resulting in the rents or charges for the dwellings

1 in the housing project would adversely affect the stability of
2 such housing project. The mortgage loan may, in the dis-
3 cretion of such agency, include provision for the deferment
4 of payments of principal and interest thereunder: *Provided*
5 *further*, That such deferments shall not in the aggregate
6 result in an extension of the maturity of the mortgage for a
7 period of more than three years nor shall any such defer-
8 ments result in an extension of the maturity of the mortgage
9 for more than three years beyond the mortgage maturity
10 otherwise authorized herein.

11 (e) Subject to the provisions of this section, any such
12 mortgage loan shall be in such form, contain such provision
13 as to security, repayment, and redemption, and be subject
14 to such other terms and conditions as the local housing agency
15 shall determine: *Provided*, That in the case of any coopera-
16 tive mortgagor, the mortgage loan shall contain provisions
17 requiring that such borrower have, to the extent permitted
18 by State and local law, a priority for the purchase of the in-
19 terest of each of its members in the dwelling of such mem-
20 ber in the event of sale of such interest.

21 (f) The borrower under any such loan may, with the
22 consent of the local housing agency, pledge the contract or
23 commitment of such agency to make a mortgage loan here-
24 under as security for a loan of construction funds from other
25 sources.

1 (g) With respect to any such loan, the local housing
2 agency may charge to the borrower (in addition to any in-
3 terest charges) an amount not exceeding one-half of 1 per
4 centum of the principal amount of the mortgage loan for in-
5 spection and other services during the construction of any
6 housing project. Such agency may also charge to an appli-
7 cant for any such mortgage loan a reasonable fee for the cost
8 of processing applications, which shall be payable by the
9 applicant whether or not such application is approved. If
10 the borrower proposes to raise additional funds through
11 sources other than the local housing agency to be secured
12 through insured or guaranteed mortgages, debentures, bonds,
13 or otherwise, the inspection charge herein authorized shall
14 be computed on the total amount borrowed from such agency
15 and such other sources for the construction of such project.
16 Such service charges may be included as a part of the de-
17 velopment cost of the project and may be payable from the
18 proceeds of any mortgage loan or advances thereon.

19 (h) (1) Each recipient of any such mortgage loan shall
20 keep such records as the local housing agency shall prescribe,
21 including records which fully disclose the amount and dis-
22 position by such recipient of the proceeds of such mortgage
23 loan, the total cost of the housing project in connection with
24 which such loan is made, and the amount and nature of that

1 portion of the cost of the project or undertaking supplied by
2 other sources, and such other records as will facilitate an
3 effective audit.

4 (2) The Administrator and the Comptroller General
5 of the United States, or any of their duly authorized repre-
6 sentatives, shall have access for the purpose of audit and
7 examination to any books, documents, papers, and records
8 of the local housing agency and of eligible borrowers that
9 are pertinent to any such mortgage loans.

10 (i) After the expiration of twenty years from the date
11 of the original obligation under any such mortgage loan, a
12 borrower may relieve itself of further supervisions by the
13 local public housing agency upon repayment of the mort-
14 gage loan and of such portion of the value of any tax abate-
15 ment as may have been granted it by any State or local gov-
16 ernment and to which such government does not at such
17 time waive the rights of repayment.

18 **DEFAULTS**

19 SEC. 1105. (a) In the event any local housing agency
20 shall fail to make any payment of principal and/or interest due
21 on any obligation guaranteed under this title, and such de-
22 fault continues for a period of thirty days, the holder of such
23 obligation shall be entitled to receive debentures (in prin-
24 cipal amount equal to the unpaid principal of the defaulted
25 obligation plus any interest due and unpaid thereon) upon

1 assignment, transfer, and delivery to the Administrator,
2 within a period and in accordance with rules and regula-
3 tions to be prescribed by the Administrator, of the obliga-
4 tion in default.

5 (b) Debentures issued under this section shall be
6 executed in the name of Guarantee Loan Fund (established
7 pursuant to subsection (d)) as obligor, shall be signed by
8 the Administrator by either his written or engraved signa-
9 ture, and shall be negotiable. Such debentures shall be
10 negotiable, and shall bear interest at a rate determined by
11 the Administrator, with the approval of the Secretary of
12 the Treasury, at the time the defaulted obligation was issued,
13 but not to exceed the rate of interest applicable to the de-
14 faulted obligation, or the going Federal rate, whichever is
15 the lower, payable semiannually on the 1st day of January
16 and on the 1st day of July of each year, and shall mature
17 three years after the 1st day of July following the maturity
18 date of the defaulted obligation in exchange for which such
19 debentures were issued. Such debentures shall be paid out
20 of the Guarantee Loan Fund which shall be primarily liable
21 therefor, and shall be fully and unconditionally guaranteed
22 as to principal and interest by the United States, and such
23 guaranty shall be expressed on the face of the debenture.
24 In the event there is a failure to pay upon demand when
25 due, the principal of, or interest on, any debenture so guar-

1 anteed, the Secretary of the Treasury shall pay to the
2 holder or holders the amount thereof which is hereby au-
3 thorized to be appropriated, out of any money in the Treas-
4 ury not otherwise appropriated, and thereupon, to the ex-
5 tent of the amount so paid, the Secretary of the Treasury
6 shall succeed to all the rights of the holder or holders of
7 such debentures.

8 (c) Debentures issued under this section shall be in
9 such form and denominations in multiples of \$50, shall be
10 subject to such terms and conditions, and shall include such
11 provisions for redemption, if any, as may be prescribed by
12 the Administrator, with the approval of the Secretary of
13 the Treasury, and may be in coupon or registered form.
14 Any difference between the amount of debentures to which
15 the holder of the defaulted obligation is entitled under this
16 section and the aggregate principal amount of the debentures
17 issued, not to exceed \$50, shall be adjusted by the payment
18 of cash by the Administrator. The Administrator may, with
19 the approval of the Secretary of the Treasury, purchase in
20 the open market debentures issued under this section. De-
21 bentures so purchased shall be canceled and not reissued.

22 (d) There is hereby established a Guarantee Loan Fund
23 which shall be used by the Administrator to meet obligations
24 arising out of guarantees entered into under the provisions
25 of this title. Such fund shall consist of such sums as may

1 from time to time be appropriated to it. Any sums so
2 appropriated shall remain available until expended.

3 PROTECTION OF LABOR STANDARDS

4 SEC. 1106. All laborers and mechanics employed by
5 contractors of subcontractors on housing projects the financ-
6 ing of which is assisted under this title shall be paid wages
7 at rates not less than those prevailing on similar construction
8 in the locality as determined by the Secretary of Labor in
9 accordance with the Davis-Bacon Act, as amended (40
10 U.S.C. 276a—276a-5). No such project shall be approved
11 without first obtaining adequate assurance that these labor
12 standards will be maintained upon the construction work.
13 The Secretary of Labor shall have, with respect to the labor
14 standards specified in this provision, the authority and func-
15 tions set forth in Reorganization Plan Numbered 14 of 1950
16 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-15), and
17 section 2 of the Act of June 13, 1934, as amended (48 Stat.
18 948, as amended; 40 U.S.C. 276c).

19 AMENDMENTS OF OTHER ACTS

20 SEC. 1107. (a) The sixth sentence of paragraph seven
21 of section 5136 of the Revised Statutes, as amended (12
22 U.S.C. 24), is amended by striking out “, if the debentures
23 to be issued in payment of such insured obligations” and
24 inserting in lieu thereof the following: “or obligations guar-
25 anteed by the Housing and Home Finance Administrator

1 pursuant to section 1103 of the Moderate-Income Housing
2 Act of 1965, if the debentures to be issued in payment of
3 such insured or guaranteed obligations”.

4 (b) Section 5200 of the Revised Statutes, as amended
5 (12 U.S.C. 84), is amended by adding at the end thereof
6 the following:

7 “(14) Obligations of a local housing agency (as defined
8 in section 1108 (2) of the Moderate-Income Housing Act of
9 1965), which are guaranteed by the Housing and Home
10 Finance Administrator pursuant to section 1103 of such Act,
11 shall not be subject to any limitation based upon such capital
12 and surplus.”

13 DEFINITIONS

14 SEC. 1108. As used in this title, the term—

15 (1) “Administrator” means the Housing and Home
16 Finance Administrator.

17 (2) “Local housing agency” means any public corpora-
18 tion authorized to carry out, and created or designated by or
19 pursuant to State law for the purpose of carrying out, the
20 financing of the development of housing, including housing
21 for moderate-income families and for elderly persons.

22 (3) “Families of moderate income” means families, or
23 individuals, whose incomes preclude them from purchasing
24 or renting conventionally financed new housing with total
25 monthly housing expenditures of 20 per centum of their nor-

1 mal stable income as defined by the local public housing
2 agency.

3 (4) "Eligible borrower" or "borrower" means a pri-
4 vate nonprofit corporation or other entity, a limited dividend
5 corporation or other entity, or a nonprofit cooperative owner-
6 ship housing corporation.

7 (5) "Corporation" means either a corporation or a trust
8 and references to members of such corporations shall with
9 respect to trusts mean the beneficiaries thereof.

10 (6) "Housing project" means a project (including all
11 property, real and personal, contracts, rights, and choses in
12 action acquired, owned, or held by a borrower in connection
13 therewith) of a borrower designed and used primarily for the
14 purpose of providing dwellings; but nothing herein shall be
15 construed as prohibiting the inclusion in a housing project
16 of such stores, offices, or other commercial facilities, recrea-
17 tional or community facilities, or other nondwelling facilities
18 as are necessary appurtenances to such housing project.

19 (7) "Development cost" means (A) the amount of the
20 reasonable costs incurred by the borrower in, and necessary
21 for, carrying out all works and undertakings for the develop-
22 ment of a housing project and shall include the cost of all
23 necessary surveys, plans and specifications, architectural,
24 engineering, or other special services, land acquisition, site
25 preparation, construction and equipment, interest incurred

1 during the development of the housing project up to the time
2 of completion, initial working capital for the administration
3 of the housing project, necessary expenses (including any
4 initial operating deficit) in connection with the initial oc-
5 cupancy of the housing project, and the cost of such other
6 items as the local housing agency shall determine to be neces-
7 sary for the development of the housing project, less net
8 rents and other net income received from the housing project
9 prior to the time of its completion, as determined by such
10 agency, or (B) the cost, as approved by the local housing
11 agency, incurred by the borrower in, and necessary for the
12 acquisition of, a housing project developed with a loan
13 guaranteed under this title. For the purposes of this para-
14 graph, the local housing agency shall consider in determin-
15 ing the reasonable cost of land acquisition the effect of local
16 assistance for assembling and clearing the site and securing
17 title thereto as provided in section 1101 (b) of this title.

18 (8) "Mortgage" or "mortgage loan" means a first
19 mortgage on real estate, in fee simple, or on a leasehold (A)
20 under a lease for not less than ninety-nine years which is
21 renewable or (B) under a lease having a period of not less
22 than seventy-five years to run from the date the mortgage
23 was executed; and the term "first mortgage" means such
24 classes of first liens as are commonly given to secure advances
25 on, or the unpaid purchase price of, real estate, under the

1 laws of the State in which the real estate is located, together
2 with the credit instruments, if any, secured thereby.

3 (9) "Real estate" includes lands, lands and improve-
4 ments, lands under water, waterfront property, the water
5 of any lake, pond, or stream, and the air space over and
6 above any of the foregoing.

7 (10) "Veteran" means a person who has served in the
8 active military or naval service of the United States at any
9 time (A) on or after September 16, 1940, and prior to
10 July 26, 1947, (B) on or after April 6, 1917, and prior to
11 November 11, 1918, or (C) on or after June 27, 1950, and
12 prior to February 1, 1955, and who shall have been dis-
13 charged or released therefrom under conditions other than
14 dishonorable.

15 (11) "State" means the several States, the District of
16 Columbia, the Commonwealth of Puerto Rico, and the terri-
17 tories, dependencies, and possessions of the United States.

18 (12) "Elderly person" means a person sixty years of
19 age or over or a family the head of which or his spouse is
20 sixty years of age or over.

21 (13) "Going Federal rate" means the annual rate of
22 interest (or, if there shall be two or more such rates of in-
23 terest, the highest thereof) specified in the most recently
24 issued bonds of the Federal Government having a maturity
25 of ten years or more.

2

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8

8 SEC. 1110. This title may be cited as the “Moderate-
9 Income Housing Act of 1965”.

Amdt. No. 100

89TH CONGRESS
1ST Session

S. 1354

AMENDMENT

Intended to be proposed by Mr. JAVITS to S. 1354, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

APRIL 27, 1965

Referred to the Committee on Banking and Currency
and ordered to be printed

89TH CONGRESS
1ST SESSION

S. 1354

IN THE SENATE OF THE UNITED STATES

APRIL 28, 1965

Referred to the Committee on Banking and Currency and ordered to be printed

AMENDMENT

Intended to be proposed by Mr. HART to S. 1354, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities, viz: On page 39, after line 17, insert a new section 304 as follows and renumber the following section in title III accordingly:

- 1 DEMOLITION OF UNSAFE STRUCTURES
- 2 SEC. 304. A new section 116 is added to the Housing
- 3 Act of 1949 to read as follows:
- 4 “DEMOLITION
- 5 “SEC. 116. (a) The Administrator is authorized to make
- 6 grants to cities, other municipalities, or counties to assist

1 them in bearing the cost of demolishing structures in the com-
2 munity which under State or local law have been declared
3 structurally unsound or unfit for human habitation and which
4 such cities, other municipalities, or counties have authority to
5 demolish. Such grants shall not exceed two-thirds of the
6 cost of the demolition and may be made only to a community
7 which is carrying out a systematic program of demolishing
8 such structures.

9 “(b) In connection with making such grants, the Ad-
10 ministrator shall require that the full cost of the demolition
11 of a structure be recorded as a lien against the real property
12 on which it is located in accordance with State or local law,
13 and, when such lien is satisfied either through payment or
14 through sale of the real property to a private person, the
15 Federal share of the cost of demolishing such structure shall
16 be repaid to the Administrator to the extent that funds are
17 available from the sale.

18 “(c) Any funds repaid to the Administrator as a re-
19 sult of the provisions of subsection (b) shall become avail-
20 able for grant purposes under this title.”

Amdt. No. 101

89TH CONGRESS
1ST SESSION

S. 1354

AMENDMENT

Intended to be proposed by Mr. HART to S. 1354,
a bill to assist in the provision of housing
for low- and moderate-income families, to
promote orderly urban development, to im-
prove living environment in urban areas, and
to extend and amend laws relating to hous-
ing, urban renewal, urban mass transpor-
tation, and community facilities.

APRIL 28, 1965

Referred to the Committee on Banking and Currency
and ordered to be printed

S. 2213

IN THE SENATE OF THE UNITED STATES

JUNE 29, 1965

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. PROXMIRE to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities, viz:

- 1 On page 12, line 21, before the period insert the follow-
- 2 ing: “, or families whose present or former dwellings are
- 3 situated in areas determined by the Small Business Ad-
- 4 ministration, subsequent to April 1, 1965, to have been
- 5 affected by a natural disaster, and which have been exten-
- 6 sively damaged or destroyed as the result of such disaster”.

Amdt. No. 302

Amdt. No. 302

Calendar No. 366

**89TH CONGRESS
1ST SESSION**

S. 2213

AMENDMENT

Intended to be proposed by Mr. Proxmire to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

JUNE 29, 1965

Ordered to lie on the table and to be printed

S. 2213

IN THE SENATE OF THE UNITED STATES

JULY 7, 1965

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. TOWER (for himself and Mr. BENNETT) to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities, viz: On page 70, between lines 13 and 14, insert a new section as follows:

- 1** REPORTS
- 2** SEC. 609. On or before January 1, 1968, the Administra-
- 3** tor shall submit to the Congress a full report of operations
- 4** under this title, together with his recommendations with
- 5** respect thereto.

Amdt. No. 316

S. 2213

AMENDMENT

Intended to be proposed by Mr. Tower (for himself and Mr. BENNETT) to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

JULY 7, 1965

Ordered to lie on the table and to be printed

89TH CONGRESS
1ST SESSION

Calendar No. 366

S. 2213

IN THE SENATE OF THE UNITED STATES

JULY 7, 1965

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. TOWER (for himself and Mr. BENNETT) to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities, viz:

1 On page 2, beginning with line 3, strike out all through
2 line 19 on page 9.

3 Renumber succeeding sections in title I and cross-ref-
4 erences thereto accordingly.

Amdt. No. 319

S. 2213

AMENDMENTS

Intended to be proposed by Mr. Tower (for himself and Mr. BENNETT) to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

JULY 7, 1965

Ordered to lie on the table and to be printed

S. 2213

IN THE SENATE OF THE UNITED STATES

JULY 7, 1965

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. TOWER (for himself and Mr. BENNETT) to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities, viz:

1 On page 2, line 19, strike out "\$50,000,000" and insert
2 in lieu thereof "\$10,000,000".

3 On page 2, lines 20 and 21, strike out "\$50,000,000"
4 and insert in lieu thereof "\$10,000,000".

Amdt. No. 320

S. 2213

AMENDMENTS

Intended to be proposed by Mr. Tower (for himself and Mr. BENNETT) to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

JULY 7, 1965

Ordered to lie on the table and to be printed

S. 2213

IN THE SENATE OF THE UNITED STATES

JULY 7, 1965

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. TOWER (for himself and Mr. BENNETT) to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities, viz:

- 1 On page 2, line 19, strike out "\$50,000,000" and in-
- 2 sert in lieu thereof "\$25,000,000".
- 3 On page 2, lines 20 and 21, strike out "\$50,000,000"
- 4 and insert in lieu thereof "\$25,000,000".

Amdt. No. 321

AMENDMENTS

Intended to be proposed by Mr. Tower (for himself and Mr. BENNETT) to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

JULY 7, 1965

Ordered to lie on the table and to be printed

Calendar No. 366

89TH CONGRESS
1ST SESSION

S. 2213

IN THE SENATE OF THE UNITED STATES

JULY 7, 1965

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. TOWER (for himself and Mr. BENNETT) to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities, viz: On page 48, between lines 12 and 13, insert a new subsection as follows:

- 1 (d) The Housing and Home Finance Administrator, the
- 2 Director of the Bureau of the Budget, and the Comptroller
- 3 General of the United States shall undertake a joint study of
- 4 the slum clearance and urban renewal program under title I
- 5 of the Housing Act of 1949 with a view to determining the
- 6 feasibility of requiring localities receiving Federal grants for
- 7 the redevelopment of areas within such localities to repay all

1 or part of such grants from increases in tax revenues resulting
2 from such redevelopment. Findings and recommendations
3 resulting from such study shall be reported to the Commit-
4 tees on Banking and Currency of the Senate and House of
5 Representatives which shall participate in the study, not
6 later than two years after the appropriation of funds for such
7 study. Such sums as may be necessary to carry out the pro-
8 visions of this subsection are hereby authorized to be ap-
9 propriated.

AMENDMENT

Intended to be proposed by Mr. Tower (for himself and Mr. BENNETT) to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

JULY 7, 1965

Ordered to lie on the table and to be printed

S. 2213

IN THE SENATE OF THE UNITED STATES

JULY 7, 1965

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. TOWER (for himself and Mr. BENNETT) to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities, viz: On page 9, strike out lines 16 through 19 and insert in lieu thereof the following:

- 1 (k) The Administrator shall submit to the Congress
- 2 annual reports of operations under this section, together with
- 3 his recommendations with respect thereto. Such reports
- 4 shall be submitted on or before January 1 of each year.

Amdt. No. 322

AMENDMENT

Intended to be proposed by Mr. Tower (for himself and Mr. BENNETT) to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

JULY 7, 1965

Ordered to lie on the table and to be printed

Calendar No. 366

89TH CONGRESS
1ST SESSION

S. 2213

IN THE SENATE OF THE UNITED STATES

JULY 7, 1965

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. TOWER (for himself and Mr. BENNETT) to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities, viz:

- 1 On page 56, line 8, after "403." insert "(a)".
- 2 On page 56, between lines 14 and 15, insert a new
- 3 subsection as follows:
- 4 “(b) The Housing and Home Finance Administrator
- 5 shall undertake a study of the existing low-rent public hous-
- 6 ing program with a view to making recommendations for
- 7 strengthening such program, or for establishing a new or

Amdt. No. 324

1 alternative program to assist the States and their localities
2 in providing housing for low-income families. Such study
3 shall give special consideration to ways in which the re-
4 sources of private enterprise may be utilized more effectively
5 in meeting the needs for housing of such families. Findings
6 and recommendations resulting from such study shall be
7 reported to the President for submission to the Congress not
8 later than two years after the appropriation of funds for such
9 study. Such sums as may be necessary to carry out the
10 provisions of this subsection are hereby authorized to be
11 appropriated.”

AMENDMENTS

Intended to be proposed by Mr. Tower (for himself and Mr. BENNETT) to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

JULY 7, 1965

Ordered to lie on the table and to be printed

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1ST SESSION

Calendar No. 366

S. 2213

IN THE SENATE OF THE UNITED STATES

JULY 7, 1965

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. TOWER (for himself and Mr. BENNETT) to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities, viz:

1 On page 69, beginning with line 24, strike out all
2 through line 8, on page 70, and insert in lieu thereof the
3 following:

4 “SEC. 608. (a) There are authorized to be appropri-
5 ated for each fiscal year commencing after June 30, 1965,
6 and ending prior to July 1, 1969, not to exceed (1) \$100,-
7 000,000 for grants under section 602, (2) \$50,000,000 for

1 grants under section 603, and (3) \$25,000,000 for grants
2 under section 604."

3 On page 70, line 9, strike out "(c)" and insert in lieu
4 thereof "(b)".

Amdt. No. 325

Calendar No. 366

89TH CONGRESS
1ST SESSION

S. 2213

AMENDMENTS

Intended to be proposed by Mr. Tower (for himself and Mr. BENNETT) to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

July 7, 1965

Ordered to lie on the table and to be printed

Calendar No. 366

89TH CONGRESS
1ST SESSION

S. 2213

IN THE SENATE OF THE UNITED STATES

JULY 8, 1965

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. TOWER (for himself and Mr. BENNETT) to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities, viz: On page 3, be- and insert in lieu thereof the following:

- 1 (1) to have an income below the maximum amount
- 2 which can be established in the area, pursuant to the
- 3 limitations prescribed in section 2(2) of the United
- 4 States Housing Act of 1937, for occupancy in public
- 5 housing dwellings; and

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Amdt. No. 333

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**89TH CONGRESS
1ST SESSION**

S. 2213

AMENDMENT

Intended to be proposed by Mr. Tower (for himself and Mr. BENNETT) to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing; urban renewal, urban mass transportation, and community facilities.

JULY 8, 1965

Ordered to lie on the table and to be printed

S. 2213

IN THE SENATE OF THE UNITED STATES

JULY 8, 1965

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. TOWER (for himself and Mr. BENNETT) to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities, viz:

- 1 On page 31, line 7, strike out the quotation marks.
- 2 On page 31, between lines 7 and 8, insert a new section
- 3 as follows:

4 "REPORT

- 5 "SEC. 1013. On or before January 1, 1968, the Admin-
- 6 istrator shall submit to the Congress a full report of opera-
- 7 tions under this title, together with his recommendations
- 8 with respect thereto."

AMENDMENTS

Intended to be proposed by Mr. Tower (for himself and Mr. BENNETT) to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

JULY 8, 1965

Ordered to lie on the table and to be printed

89TH CONGRESS
1ST SESSION

Calendar No. 366

S. 2213

IN THE SENATE OF THE UNITED STATES

JULY 8, 1965

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. TOWER to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities, viz: On page 46, between lines 6 and 7, insert a new section as follows:

1 FHA MORTGAGE FINANCING FOR VETERANS

2 SEC. 214. (a) Section 203 (b) (2) of the National
3 Housing Act is amended—

4 (1) by striking out “and not to exceed” and insert-
5 ing in lieu thereof “and (except as provided in the last
6 sentence of this paragraph) not to exceed”; and

7 (2) by adding at the end thereof the following new

Amdt. No. 338

1 sentence: "If the mortgagor is a veteran (as defined in
2 section 101 (2) of title 38, United States Code) who
3 has not received any direct, guaranteed, or insured loan
4 under laws administered by the Veterans' Administra-
5 tion for the purchase, construction, or repair of a dwell-
6 ing (including a farm dwelling) which was to be owned
7 and occupied by him as his home, and the mortgage to
8 be insured under this section covers property upon which
9 there is located a dwelling designed principally for a
10 one-family residence, the principal obligation may be in
11 an amount equal to the sum of (i) 100 per centum of
12 \$20,000 of the appraised value of the property as of the
13 date the mortgage is accepted for insurance, and (ii) 85
14 per centum of such value in excess of \$20,000."

15 (b) Section 203 (b) (9) of such Act is amended by
16 inserting after "on account of the property" the following:
17 "(except in a case to which the last sentence of paragraph
18 (2) applies)".

AMENDMENT

Intended to be proposed by Mr. Tower to S.

2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

JULY 8, 1965

Ordered to lie on the table and to be printed

89TH CONGRESS
1ST SESSION

S. 1702

IN THE SENATE OF THE UNITED STATES

JULY 9 (legislative day, JULY 8), 1965

Referred to the Committee on Agriculture and Forestry and ordered to be printed

AMENDMENTS

Intended to be proposed by Mr. NELSON (for himself and Mr. MONDALE) to S. 1702, a bill to maintain farm income, to stabilize prices and assure adequate supplies of agricultural commodities, to reduce surpluses, lower Government costs and promote foreign trade, to afford greater economic opportunity in rural areas, and for other purposes, viz:

- 1 On page 43, line 9, immediately preceding the words
- 2 "The Secretary" insert the following new sentence: "The
- 3 rate or rates of annual adjustment payments as determined
- 4 hereunder shall be increased by an amount determined by
- 5 the Secretary to be appropriate as a wildlife service payment
- 6 based upon the benefit of wildlife uses established on the land
- 7 by producers who permit access to such land by the public

1 during the contract period for hunting, trapping, fishing, and
2 hiking under applicable State and Federal regulations.”

3 Insert on page 45, after line 16, a new subsection (d)
4 as follows:

5 “(d) The Secretary may, without regard to the civil
6 service laws, appoint an Advisory Board on Wildlife to
7 advise and consult on matters relating to his functions under
8 this title as he deems appropriate. The Board shall consist
9 of twelve persons chosen from members of wildlife organiza-
10 tions, farm organizations, State game and fish agencies, and
11 representatives of the general public. Members of such
12 Advisory Board who are not regular full-time employees of
13 the United States shall, while attending meetings or confer-
14 ences of such Board or otherwise engaged on business of such
15 Board, be entitled to receive compensation at a rate fixed
16 by the Secretary, but not exceeding \$100 per diem, including
17 travel time, and, while so serving away from their homes
18 or regular places of business, they may be allowed travel
19 expenses, including per diem in lieu of subsistence, as author-
20 ized by section 5 of the Administrative Expenses Act of
21 1946 (5 U.S.C. 73b-2) for persons in the Government
22 service employed intermittently.”

AMENDMENTS

Intended to be proposed by Mr. NELSON (for himself and Mr. MONDALE) to S. 1702, a bill to maintain farm income, to stabilize prices and assure adequate supplies of agricultural commodities, to reduce surpluses, lower Government costs and promote foreign trade, to afford greater economic opportunity in rural areas, and for other purposes.

JULY 9 (legislative day, JULY 8), 1965
Referred to the Committee on Agriculture and Forestry
and ordered to be printed

Calendar No. 366

89TH CONGRESS
1ST SESSION

S. 2213

IN THE SENATE OF THE UNITED STATES

JULY 12, 1965

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mrs. NEUBERGER to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities, viz: On page 46, line 7, after section 213 of S. 2213, insert:

- 1 REFINANCING OF HOUSING FOR ELDERLY PROJECTS
- 2 SEC. 214. Section 231 (c) (7) of the National Housing
- 3 Act is amended by striking out "with 50 per centum" and in-
- 4 serting in lieu thereof "or involves the refinancing of a mort-
- 5 gage covering an existing property or project in which it has
- 6 been determined by the Commissioner that such refinancing
- 7 is necessary or desirable in order to avoid hardship for elderly

- 1 or handicapped persons or families who are tenants or prospective tenants of such project: *Provided*, That, in either case,
 2
 3 such property or project shall contain 50 per centum."

Amdt. No. 340

Calendar No. 366

89TH CONGRESS
1ST SESSION

S. 2213

AMENDMENT

Intended to be proposed by Mrs. NEUBERGER to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

JULY 12, 1965

Ordered to lie on the table and to be printed

Calendar No. 366

89TH CONGRESS
1ST SESSION

S. 2213

IN THE SENATE OF THE UNITED STATES

JULY 12, 1965

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. TOWER to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities, viz: On page 60, between lines 14 and 15, insert a new section as follows:

1 LOW-RENT HOUSING IN PRIVATE ACCOMMODATIONS

2 SEC. 408. (a) The United States Housing Act of 1937
3 is amended by redesignating section 23 as section 24, and by
4 adding after section 22 a new section as follows:

5 “LOW-RENT HOUSING IN PRIVATE ACCOMMODATIONS

6 “SEC. 23. (a) For the purpose of providing a supple-
7 mentary form of low-rent housing which will aid in assuring
8 a decent place to live for every citizen and promote efficiency

1 and economy in the program under this Act by taking full
2 advantage of vacancies or potential vacancies in the private
3 housing market, each public housing agency shall, to the
4 maximum extent consistent with the achievement of the
5 objectives of this Act, provide low-rent housing under this
6 Act in the form of low-rent housing in private accommoda-
7 tions in accordance with this section where such housing in
8 private accommodations can be provided at a cost equal to or
9 less than housing in projects assisted under other provisions
10 of this Act. As used in this section the term 'low-rent hous-
11 ing in private accommodations' means dwelling units in an
12 existing structure, leased from a private owner, which provide
13 decent, safe, and sanitary dwelling accommodations and
14 related facilities effectively supplementing the accommoda-
15 tions and facilities in low-rent housing assisted under the
16 other provisions of this Act in a manner calculated to meet
17 the total housing needs of the community in which they are
18 located. As used in this section, the term 'owner' means
19 any person or entity having the legal right to lease or sub-
20 lease property containing one or more dwelling units as
21 described in this section.

22 " (b) Beginning as soon as practicable after the date of
23 the enactment of this section, each public housing agency
24 shall conduct a continuing survey and listing of the available
25 dwelling units within the community or communities under

1 its jurisdiction which provide decent, safe, and sanitary
2 dwelling accommodations and related facilities and are, or
3 may be made, suitable for use as low-rent housing in private
4 accommodations under this section.

5 “(c) Each public housing agency, by notification to
6 the owners of housing listed under subsection (b), or by
7 publication or advertisement, or otherwise, shall from time
8 to time make known to the public in the community or com-
9 munities under its jurisdiction the anticipated need for dwell-
10 ing units in such community or communities to be used as
11 low-rent housing in private accommodations under this sec-
12 tion, inviting the owners of such dwelling units to make
13 available for purposes of this section one or more of such
14 units (not exceeding 10 per centum of the units in any single
15 structure except to the extent that the agency, because of
16 the limited number of units in the structure or for any other
17 reason, determines that such limit should not be applied).
18 The public housing agency shall conduct appropriate inspec-
19 tions of the units offered to be made available in any
20 residential structure by the owner thereof in response to
21 such invitation, and if—

22 “(1) it finds that such units are, or may be made,
23 suitable for use as low-rent housing in private accom-
24 modations within the meaning of subsection (a), and

25 “(2) the rentals to be charged for such units, as

1 negotiated and agreed to by the agency and the owner
2 of the structure in a manner consistent with subsection
3 (d) (2), are within the financial range of families of
4 low income,

5 such agency may approve such units for use as low-rent
6 housing in private accommodations in accordance with (and
7 subject to the applicable limitations contained in) this sec-
8 tion. Each public housing agency shall maintain and keep
9 current a list of units approved by it under this subsection,
10 including such information with respect to each such unit
11 as it may consider necessary or appropriate.

12 “(d) To the extent of contracts for annual contributions
13 entered into by the Authority with a public housing agency
14 under section 10 (e), such agency may enter into contracts
15 with the owners of structures containing dwelling units ap-
16 proved under subsection (c) for the use of such units in
17 accordance with this section. Each such contract with an
18 owner shall provide (with respect to any unit) that—

19 “(1) the selection of tenants for such unit shall be
20 the function of the owner, subject to the provisions of
21 the contract between the Authority and the agency;

22 “(2) the rental and other charges to be received by
23 the owner shall be negotiated and agreed to by the
24 agency and the owner, and the rental and other charges
25 to be paid by the tenant shall be determined in accord-

1 ance with the standards applicable to units in low-rent
2 housing projects assisted under the other provisions of
3 this Act;

4 “(3) the agency shall have the sole right to give
5 notice to vacate, with the owner having the right to
6 make representations to the agency for termination of
7 a tenancy;

8 “(4) maintenance and replacements (including
9 redcoration) shall be in accordance with the standard
10 practice for the building concerned, as established by
11 the owner and agreed to by the agency; and

12 “(5) the agency and the owner shall carry out such
13 other appropriate terms and conditions as may be
14 mutually agreed to by them.

15 Each contract between a public housing agency and an
16 owner entered into under this subsection shall be for a term
17 of not less than twelve months nor more than thirty-six
18 months, and shall be renewable by such agency and owner
19 at the expiration of such term.

20 “(c) The annual contribution under this Act for a proj-
21 ect of a public housing agency for low-rent housing in private
22 accommodations under this section in lieu of any other guar-
23 anteed contribution authorized by section 10 shall not exceed
24 the amount of the fixed annual contribution which would be

1 established under this Act for a newly constructed project
2 by such public housing agency designed to accommodate the
3 comparable number, sizes, and kinds of families. The
4 period over which payments will be made to a public hous-
5 ing agency for a project of low-rent housing in private
6 accommodations under this section, and the aggregate
7 amount of such payments, under a contract for annual
8 contributions, shall be determined on the basis of the number
9 of units in the community or communities under the juris-
10 diction of such agency which are in use (or can reasonably
11 be expected to be placed in use) as low-rent housing in
12 private accommodations under this section, taking into ac-
13 count the terms of the leases under which such units are (or
14 will be) so used. In addition, contracts for financial assist-
15 ance entered into by the Authority with a public housing
16 agency pursuant to this section shall provide for reimburse-
17 ment of reasonable and necessary expenses incurred by such
18 agency in conducting surveys, listings, and inspections de-
19 scribed in subsections (b) and (c).

20 “(f) On or before January 1, 1968, the Authority shall
21 submit to the Congress a full report of operations under this
22 section, together with its recommendations with respect
23 thereto.”

24 (b) The last sentence of section 2(1) of such Act is
25 amended by striking out “Income limits for occupancy and

1 rents” and inserting in lieu thereof “Except as otherwise pro-
2 vided in section 23, income limits for occupancy and rents”.

3 (c) The provisions of sections 10(h) and 15(7) of the
4 United States Housing Act of 1937, and the workable pro-
5 gram requirement in section 10(e) of such Act and section
6 101(c) of the Housing Act of 1949, shall not apply to low-
7 rent housing in private accommodations provided under
8 section 23 of the United States Housing Act of 1937.

AMENDMENT

Intended to be proposed by Mr. Tower to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

JULY 12, 1965

Ordered to lie on the table and to be printed

Calendar No. 366

89TH CONGRESS
1ST SESSION

S. 2213

IN THE SENATE OF THE UNITED STATES

JULY 12, 1965

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. TOWER (for himself and Mr. BENNETT) to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities, viz:

- 1 On page 2, line 19, beginning with "prior" strike out all
- 2 through line 22 and insert in lieu thereof a period.

Amdt. No. 342

Amdt. No. 342

Calendar No. 366

**89TH CONGRESS
1ST SESSION**

S. 2213

AMENDMENT

Intended to be proposed by Mr. Tower (for himself and Mr. BENNETT) to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

JULY 12, 1965

Ordered to lie on the table and to be printed

S. 2213

IN THE SENATE OF THE UNITED STATES

JULY 13 (legislative day, JULY 12), 1965
Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. TOWER to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities, viz:

- 1 On page 48, strike out lines 13 through 23.
- 2 Renumber succeeding sections in title III accordingly.

Amdt. No. 346

S. 2213

AMENDMENTS

Intended to be proposed by Mr. Tower to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

July 13 (legislative day, July 12), 1965

Ordered to lie on the table and to be printed

Calendar No. 366

89TH CONGRESS
1ST SESSION

S. 2213

IN THE SENATE OF THE UNITED STATES

JULY 13 (legislative day, JULY 12), 1965
Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. JAVITS to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities, viz:

1 On page 54, line 24, after "by" insert the following:
2 "striking out '\$50,000,000' and inserting in lieu thereof
3 '\$100,000,000 for each fiscal year', and by".

4 On page 55, between lines 5 and 6, insert the following:

5 "(c) Section 312 of such Act is further amended by
6 adding at the end thereof the following new subsection:

7 "“(h) No loan shall be made under the authority of this
8 section after October 1, 1969, except pursuant to a contract,

1 commitment, or other obligation entered into pursuant to
 2 this section before that date.' ”

Amdt. No. 347

Calendar No. 366

89TH CONGRESS
1ST SESSION

S. 2213

AMENDMENTS

Intended to be proposed by Mr. JAVITS to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

JULY 13 (legislative day, JULY 12), 1965

Ordered to lie on the table and to be printed

Calendar No. 366

89TH CONGRESS
1ST SESSION

S. 2213

IN THE SENATE OF THE UNITED STATES

JULY 13 (legislative day, JULY 12), 1965

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. JAVITS to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities, viz: On page 22, between lines 4 and 5, insert a new section as follows:

- 1 STUDY CONCERNING RELIEF OF HOMEOWNERS IN
2 PROXIMITY TO AIRPORTS
- 3 SEC. 109. The Housing and Home Finance Adminis-
4 trator shall undertake a study to determine feasible methods
5 of reducing the economic loss and hardship suffered by home-
6 owners as the result of the depreciation in the value of their
7 properties following the construction of airports in the vicin-

Amdt. No. 348

1 ity of their homes. Findings and recommendations resulting
2 from such study shall be reported to the President for trans-
3 mission to the Congress at the earliest practicable date, but
4 in no event later than one year after the date of enactment
5 of this Act.

Amdt. No. 348

Calendar No. 366

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1ST SESSION

S. 2213

AMENDMENT

Intended to be proposed by Mr. JAVITS to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

JULY 13 (legislative day, JULY 12), 1965

Ordered to lie on the table and to be printed

Calendar No. 408

89TH CONGRESS
1ST SESSION

H. R. 7984

IN THE SENATE OF THE UNITED STATES

JULY 13 (legislative day, JULY 12), 1965
Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MILLER (for himself and Mr. MORSE) to H.R. 7984, an Act to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, and to extend and amend law relating to housing, urban renewal, and community facilities, viz: On page 61, after line 12, insert the following new subsection:

1 SEC. 315. (a) Section 110 (c) of the Housing Act of
2 1949 is amended by striking out the third sentence and in-
3 serting in lieu thereof the following: "For the purposes of
4 this title, the term 'project' shall not include (except as pro-
5 vided in paragraph (7) above) (A) the construction or
6 improvement of any building, or (B) the acquisition, dis-
7 position, or demolition of any building other than a sub-
8 standard building. The term 'redevelopment' and derivations

1 thereof shall mean development as well as redevelopment.”

2 (b) Section 110 of such Act is further amended by
3 adding at the end thereof a new subsection as follows:

4 “(1) ‘Substandard building’ means any building other
5 than a building (1) which can be economically improved
6 or modified to meet requirements reasonably established by
7 the local public agency for integration into an urban renewal
8 plan, and (2) whose owner or lessee promptly agrees, and
9 presents satisfactory evidence that he is able, to make such
10 improvements or modifications within a reasonable time limit
11 set by the local public agency.”

Amdt. No. 349

Calendar No. 408

89TH CONGRESS
1ST SESSION

H. R. 7984

AMENDMENT

Intended to be proposed by Mr. MILLER (for himself and Mr. MORSE) to H.R. 7984, an Act to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, and to extend and amend law relating to housing, urban renewal, and community facilities.

JULY 13 (legislative day, JULY 12), 1965

Ordered to lie on the table and to be printed

Calendar No. 408

89TH CONGRESS
1ST SESSION

H. R. 7984

IN THE SENATE OF THE UNITED STATES

JULY 13 (legislative day, JULY 12), 1965

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MILLER to H.R. 7984, an Act to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities, viz:

- 1 On page 3 strike the period at the end of line 7 and
- 2 insert the following: "or with respect to any property for
- 3 which the costs of operation (including wages and salaries)
- 4 are determined by the Administrator to be greater than
- 5 similar costs of operation of similar housing in the community
- 6 where the property is situated."

Amdt. No. 350

H. R. 7984

AMENDMENT

Intended to be proposed by Mr. MULLER to H.R. 7984, an Act to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities.

JULY 13 (legislative day, JULY 12), 1965

Ordered to lie on the table and to be printed

Calendar No. 408

89TH CONGRESS
1ST SESSION

H. R. 7984

IN THE SENATE OF THE UNITED STATES

JULY 13 (legislative day, JULY 12), 1965

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MILLER to H.R. 7984, an Act to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities, viz:

- 1 On page 4, line 11, insert the following after the period:
- 2 “For purposes of this Act, ‘income’ shall mean economic
- 3 income, and shall include the adjusted gross income for
- 4 Federal income tax purposes plus the amount of capital gain,
- 5 interest, gifts, annuities, or other retirement payments or
- 6 portions thereof not included in adjusted gross income.”

Amdt. No. 351

Amdt. No. 351

Calendar No. 408

89TH CONGRESS
1ST SESSION

H. R. 7984

AMENDMENT

Intended to be proposed by Mr. MULLER to H.R. 7984, an Act to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities.

JULY 13 (legislative day, JULY 12), 1965

Ordered to lie on the table and to be printed

Calendar No. 366

89TH CONGRESS
1ST SESSION

S. 2213

IN THE SENATE OF THE UNITED STATES

JULY 14, 1965

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. SCOTT to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities, viz: On page 54, between lines 9 and 10, insert the following:

- 1 (f) Notwithstanding the date of commencement of con-
- 2 struction of the Pulaski, Showalter, and Smedley Junior High
- 3 Schools, and the William Penn and Stetser Elementary
- 4 Schools in Chester, Pennsylvania, local expenditures made
- 5 in connection with such schools shall, to the extent otherwise
- 6 eligible, be counted as local grants-in-aid for federally
- 7 assisted urban renewal projects in Chester that will be served
- 8 by such schools.

Amdt. No. 352

Amdt. No. 352

Calendar No. 366

89TH CONGRESS
1ST SESSION

S. 2213

AMENDMENT

Intended to be proposed by Mr. Scott to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

JULY 14, 1965

Ordered to lie on the table and to be printed

Calendar No. 366

89TH CONGRESS
1ST SESSION

S. 2213

IN THE SENATE OF THE UNITED STATES

JULY 14, 1965

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. MONDALE to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities, viz:

1 On page 10, following line 7, insert the following lan-
2 guage:

3 “(c) The third sentence of section 212 (a) of such Act
4 is amended by striking out ‘described in subsection (d) (3)’
5 and all that follows and inserting in lieu thereof ‘described
6 in subsection (d) (3) or (d) (4),’ and adding before the
7 period at the end thereof ‘which covers property on which

Amdt. No. 353

1 there is located a dwelling or dwellings designed principally
2 for residential use for twelve or more families.’”

3 On page 32, following line 6, insert the following lan-
4 guage:

5 “(4) Section 212 (a) of the National Housing Act is
6 amended by inserting at the end thereof the following new
7 sentence: ‘The provisions of this section shall also apply to
8 insurance under title X with respect to laborers or mechanics
9 employed in land development financed with the proceeds of
10 any mortgage insured under that title.’”

11 One page 78, following line 8, insert the following lan-
12 guage:

13 “SEC. 806. Title VII of the Housing Act of 1961 is
14 further amended by inserting after section 706 (as added by
15 section 805 of this Act) the following new section:

16 “‘LABOR STANDARDS

17 “‘SEC. 707. (a) The Administrator shall take such ac-
18 tion as may be necessary to insure that all laborers and me-
19 chanics employed by contractors or subcontractors in the
20 performance of construction work financed with the assist-
21 ance of grants under this title shall be paid wages at rates
22 not less than those prevailing on similar construction in the
23 locality as determined by the Secretary of Labor in accord-
24 ance with the Davis-Bacon Act, as amended. The Adminis-
25 trator shall not approve any such grant without first obtain-

1 ing adequate assurance that these labor standards will be
2 maintained upon the construction work.

3 “ ‘(b) The Secretary of Labor shall have, with respect
4 to the labor standards specified in subsection (2), the author-
5 ity and functions set forth in Reorganization Plan Numbered
6 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-
7 15), and section 2 of the Act of June 13, 1934, as amended
8 (48 Stat. 948; 40 U.S.C. 276c).’ ”

S. 2213

AMENDMENTS

Intended to be proposed by Mr. MONDACE to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

JULY 14, 1965

Ordered to lie on the table and to be printed

Calendar No. 366

89TH CONGRESS
1ST SESSION

S. 2213

IN THE SENATE OF THE UNITED STATES

JULY 14, 1965

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. KUCHEL (for himself, Mr. JAVITS, and Mr. MONDALE) to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities, viz:

- 1 On page 10, between lines 7 and 8, insert the following:
- 2 “(c) The third sentence of section 212 (a) of such Act
- 3 is amended by striking out ‘described in subsection (d) (3)’
- 4 and all that follows and inserting in lieu thereof ‘described
- 5 in subsection (d) (3) or (d) (4).’”

- 6 On page 32, between lines 6 and 7, insert the following:

- 7 “(4) Section 212 (a) of the National Housing Act is

1 amended by inserting at the end thereof the following new
 2 sentence: 'The provisions of this section shall also apply to
 3 insurance under title X with respect to laborers and
 4 mechanics employed in land development financed with the
 5 proceeds of any mortgage insured under that title.' "

6 On page 76, line 1, strike out "707 and 708" and insert
 7 "708 and 709".

8 On page 78, between lines 8 and 9, insert the following:

9 "LABOR STANDARDS

10 "SEC. 807. Title VII of the Housing Act of 1961 is
 11 further amended by inserting after section 706 (as added
 12 by section 806 of this Act) the following new section:

13 " 'LABOR STANDARDS

14 " 'SEC. 707. (a) The Administrator shall take such ac-
 15 tion as may be necessary to insure that all laborers and me-
 16 chanics employed by contractors or subcontractors in the per-
 17 formance of construction work financed with the assistance
 18 of grants under this title shall be paid wages at rates not less
 19 than those prevailing on similar construction in the locality
 20 as determined by the Secretary of Labor in accordance with
 21 the Davis-Bacon Act, as amended. The Administrator shall
 22 not approve any such grant without first obtaining adequate
 23 assurance that these labor standards will be maintained upon
 24 the construction work.

25 " ' (b) The Secretary of Labor shall have, with respect

1 to the labor standards specified in subsection (a), the author-
2 ity and functions set forth in Reorganization Plan Numbered
3 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-
4 15), and section 2 of the Act of June 13, 1934, as amended
5 (48 Stat. 948; 40 U.S.C. 276c).’”

6 On page 78, line 10, strike out “807” and “707” and
7 insert in lieu thereof “808” and “708”, respectively.

8 On page 78, line 17, strike out “808” and insert in lieu
9 thereof “809”.

AMENDMENTS

25513

32428

AMENDMENTS

Intended to be proposed by Mr. KucHEL (for himself, Mr. JAVITS, and Mr. MONDALE) to S. 2213, a bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, urban mass transportation, and community facilities.

JULY 14, 1965

Ordered to lie on the table and to be printed

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